



CITY OF
KINGFISHER, OKLAHOMA

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

**THE CITY OF KINGFISHER,
OKLAHOMA**

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

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

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

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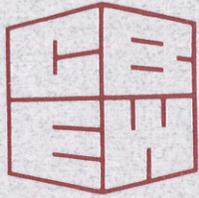
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INDEPENDENT AUDITOR'S REPORT

January 14, 2015

Honorable Board of City Commissioners
City of Kingfisher
Kingfisher, Oklahoma

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in conformity 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 and related notes on pages 8 – 16 and 52 – 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements 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 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 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 January 14, 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
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Our discussion and analysis of the City of Kingfisher's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2014, the City's total net position increased by \$541,861 or 1.7% from the prior year.
- During the year, the City's expenses for governmental activities were \$7 million and were funded by program revenues of \$4.2 million and further funded with taxes and other general revenues and transfers that totaled \$4.3 million.
- In the City's business-type activities, such as utilities, expenses exceeded program revenues by \$202,975.
- For budgetary reporting purposes, the General Fund reported revenues greater than estimates by \$12,656 or 0.26%, while expenditures were under the final appropriations by \$189,804 or 3.65%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Kingfisher (the "City") and its component units using the integrated approach as prescribed by GASB Statements No. 14, 34, 39, and 61. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type including the four blended component units.

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

About the City

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

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

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

The City's Financial Reporting Entity

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

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

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

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

Using This Annual Report

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

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

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

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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Management's Discussion and Analysis
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Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets exceeded liabilities by \$32.6 million at the close of the most recent fiscal year.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2014	2013		2014	2013		2014	2013	
Current assets	\$ 5,205	\$ 4,066	28%	\$ 3,877	\$ 4,657	-17%	\$ 9,082	\$ 8,723	4%
Non-current assets	10,589	10,607	0%	15,841	16,042	-1%	26,430	26,649	-1%
Total assets	15,794	14,673	8%	19,718	20,699	-	35,512	35,372	0%
Current liabilities	764	1,128	-32%	682	687	-1%	1,446	1,815	-20%
Non-current liabilities	282	265	6%	1,189	1,239	-4%	1,471	1,504	-2%
Total liabilities	1,046	1,393	-25%	1,871	1,926	-3%	2,917	3,319	-12%
Net position									
Net investment in capital assets	10,173	10,034	1%	14,896	15,019	-1%	25,069	25,053	0%
Restricted	3,114	1,896	64%	284	353	-20%	3,398	2,249	51%
Unrestricted	1,461	1,350	8%	2,667	3,401	-22%	4,128	4,751	-13%
Total net position	\$ 14,748	\$ 13,280	11%	\$ 17,847	\$ 18,773	-	\$ 32,595	\$ 32,053	2%

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2014, this net investment in capital assets amounted to \$25.1 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$3,398,320, also represents resources that are subject to external restrictions or internal legislation on how they may be used. The remaining balance of unrestricted net position approximately, \$4.1 million, is available to meet the government's ongoing obligations to citizens and creditors.

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
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At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for both the governmental and business-type activities.

Changes in Net Position

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

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2014	2013		2014	2013		2014	2013	
Revenues									
Charges for service	\$ 671	\$ 806	-17%	\$ 6,951	\$ 7,349	-5%	\$ 7,622	\$ 8,155	-7%
Operating grants and contributions	3,462	1,304	165%	-	-	-	3,462	1,304	165%
Capital grants and contributions	26	398	-93%	-	-	-	26	398	-93%
Taxes	3,353	3,335	1%	-	-	-	3,353	3,335	1%
Intergovernmental revenue	86	86	-	-	18	-100%	86	104	-17%
Investment income	47	33	42%	11	15	-27%	58	48	21%
Miscellaneous	58	67	-13%	32	118	-73%	90	185	-51%
Total revenues	7,703	6,029	28%	6,994	7,500	-7%	14,697	13,529	9%
Expenses									
General government	2,084	1,016	105%	-	-	-	2,084	1,016	105%
Public safety	2,695	2,542	6%	-	-	-	2,695	2,542	6%
Highways and streets	525	535	-2%	-	-	-	525	535	-2%
Culture and recreation	561	529	6%	-	-	-	561	529	6%
Health and welfare	141	156	-10%	-	-	-	141	156	-10%
Airport	30	51	-41%	-	-	-	30	51	-41%
Hospital sales tax payment	963	934	3%	-	-	-	963	934	3%
Interest on long-term debt	1	2	-50%	-	-	-	1	2	-50%
Light and power	-	-	-	5,023	4,763	5%	5,023	4,763	5%
Water	-	-	-	657	658	-	657	658	-
Sewer	-	-	-	396	359	10%	396	359	10%
Sanitation	-	-	-	619	518	19%	619	518	19%
Golf course	-	-	-	155	159	-3%	155	159	-3%
Swimming pool	-	-	-	299	301	-1%	299	301	-1%
Economic development	-	-	-	5	5	-	5	5	-
Total expenses	7,000	5,765	21%	7,154	6,763	6%	14,154	12,528	13%
Excess (deficiency) before transfers	703	264	166%	(160)	737	-122%	543	1,001	-46%
Transfers	766	816	-6%	(766)	(816)	6%	-	-	-
Change in net position	1,469	1,080	36%	(926)	(79)	-1072%	543	1,001	-46%
Beginning net position	13,279	12,199	9%	18,773	18,852	-	32,052	31,051	3%
Ending net position	\$ 14,748	\$ 13,279	11%	\$ 17,847	\$ 18,773	-5%	\$ 32,595	\$ 32,052	2%

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

Governmental Activities:

Current Assets – 28% increase or \$1,123,062 related to an increase in Flood Control cash of \$723,329 and Flood accounts receivable in the amount of \$444,825.

Current Liabilities – 32% decrease or \$263,000 related to accounts payable decreasing \$234,800 from prior year.

Restricted Net Position – 64% increase or \$1,218,688 related to the increase in flood control cash and accounts receivable mentioned above.

Operating grants and contributions – 165% increase or \$2,158,000 related to the flood grant revenue of \$2,594,086 being received.

General Government Expense – 105% increase or \$1,068,000 related to the flood grant expenses increasing from prior year with the current year totaling \$3,038,911.

Business-type Activities:

Unrestricted Net Position – 22% decrease or \$734,000 related to a decrease of approximately \$400,000 in the authorities investments.

Governmental Activities

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

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Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2014

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	<u>2014</u>	<u>2013</u>	(Dec.)	<u>2014</u>	<u>2013</u>	(Dec.)
General government	\$ 2,084	\$ 1,016	105%	\$991	\$1	99000%
Public safety	2,695	2,542	6%	(1,843)	(1,545)	19%
Highways and streets	525	535	-2%	(480)	(448)	7%
Culture and recreation	561	529	6%	(439)	(512)	-14%
Health and welfare	141	156	-10%	(108)	(120)	-10%
Airport	30	51	-41%	2	303	-99%
Hospital sales tax payment	963	934	3%	(963)	(934)	3%
Interest on long-term debt	1	2	-50%	(1)	(2)	-50%
Total	<u>7,000</u>	<u>\$ 5,765</u>	21%	<u>(\$2,841)</u>	<u>(\$3,257)</u>	-13%

Explanations for significant changes are listed above under Table 2.

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)		
	<u>2014</u>	<u>2013</u>	Dec.	<u>2014</u>	<u>2013</u>	Dec.
Light and power	\$ 5,023	\$ 4,763	5%	\$ 41	\$ 781	-95%
Water	657	658	-	133	167	-20%
Sewer	396	359	10%	56	54	4%
Sanitation	619	518	19%	(58)	(53)	9%
Golf course	155	159	-	(155)	(148)	5%
Swimming pool	299	301	-1%	(215)	(210)	2%
Economic development	5	5	-	(5)	(5)	-
Total	<u>\$ 7,154</u>	<u>\$ 6,763</u>	6%	<u>\$ (203)</u>	<u>\$ 586</u>	-135%

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

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

- Total business-type activities reported net expense of \$202,975 for the year ended June 30, 2014.
- While the light and power, water, and sewer activities reported net revenues for the year ended June 30, 2014, sanitation, golf course, swimming pool and economic development had net expenses.

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A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2014 fiscal year, the governmental funds reported a combined fund balance of \$4,283,658 or a 53.2% increase from 2013. The enterprise funds reported combined net position of approximately \$17.8 million or a 4.9% decrease from 2013.

Other fund highlights include:

- For the year ended June 30, 2014, the Flood Control total fund balance increased by \$1,365,100 or 214.2%.
- In the General Fund there was an \$118,119 restriction for insurance, a \$900,786 commitment for economic stabilization, and a \$195,795 assignment for capital improvements.
- Proprietary fund net position restrictions included \$9,024 for debt service and \$275,029 for capital projects.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections (including transfers in) of 1.7% or \$82,303 and an increase in appropriations (including transfers out) of 7.7% or \$372,977. Actual revenues and transfers were over estimates by \$12,656 or .26%, while expenditures and transfers were under final appropriations by \$189,804 or 3.65%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2014, the City had approximately \$26.2 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and electric, water and sewer lines. (See Table 5). This represents a net decrease of approximately \$221,000 over last year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 1,150	\$ 1,150	\$ 1,249	\$ 1,249	\$ 2,399	\$ 2,399
Buildings and Improvements	3,252	1,830	3,251	3,332	6,503	5,162
Machinery and Equipment	862	865	742	631	1,604	1,496
Infrastructure	5,247	4,659	908	946	6,155	5,605
Utility Property	-	-	9,395	9,631	9,395	9,631
Construction in progress	78	2,103	41	-	119	2,103
Totals	<u>\$ 10,589</u>	<u>\$ 10,607</u>	<u>\$ 15,586</u>	<u>\$ 15,789</u>	<u>\$ 26,175</u>	<u>\$ 26,396</u>

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This year's more significant capital asset additions included:

West bottom drainage project	\$434,127
Drainage E of 19 th & S of Will Rogers	371,498
Building on 401 W Will Rogers	200,132
Pool Boiler's for Aquatic Center	74,280

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

Long- Term Debt

At year-end, the City had \$1.7 million in long-term debt outstanding which represents a \$56,412 or 3.3% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accrued absences	\$ 314	\$ 286	\$ 243	\$ 227	\$ 557	\$ 513
Capital lease	7	44	-	-	7	44
Notes payable	-	-	690	770	690	770
Meter deposit liability	-	-	401	383	401	383
Totals	\$ 321	\$ 330	\$ 1,334	\$ 1,380	\$ 1,655	\$ 1,710

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

The Economic Outlook

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

- The City will continue to with its flood and drainage projects.
- They City is also going to continue with the airport runway lighting project.

Contacting the City's Financial Management

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

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

Statement of Net Position– June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,931,816	\$ 169,728	\$ 2,101,544
Restricted cash and cash equivalents	-	430,030	430,030
Investments	1,461,145	1,450,000	2,911,145
Deposits with insurance pool	118,119	-	118,119
Accounts receivable, net	104,235	1,397,447	1,501,682
Court fine receivable, net	21,727	-	21,727
Internal balances	(19,693)	19,693	-
Due from other governments	1,586,940	-	1,586,940
Inventory	-	410,249	410,249
Total Current Assets	<u>5,204,289</u>	<u>3,877,147</u>	<u>9,081,436</u>
Noncurrent Assets:			
Restricted investments	-	254,714	254,714
Capital Assets:			
Land and construction in progress	1,228,751	1,290,409	2,519,160
Other capital assets, net of depreciation	9,360,483	14,295,493	23,655,976
Total Noncurrent Assets	<u>10,589,234</u>	<u>15,840,616</u>	<u>26,429,850</u>
Total Assets	<u>15,793,523</u>	<u>19,717,763</u>	<u>35,511,286</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	130,427	535,091	665,518
Other payables	700	-	700
Sales tax due to hospital	184,388	-	184,388
Accrued interest payable	-	2,358	2,358
Short-term note payable	410,042	-	410,042
Current portion of:			
Due to depositors	-	40,069	40,069
Capital lease payable	6,747	-	6,747
Notes payable	-	80,000	80,000
Accrued compensated absences	31,350	24,273	55,623
Total Current Liabilities	<u>763,654</u>	<u>681,791</u>	<u>1,445,445</u>
Noncurrent liabilities:			
Due to depositors	-	360,622	360,622
Notes payable	-	610,000	610,000
Accrued compensated absences	282,154	218,478	500,632
Total Noncurrent Liabilities	<u>282,154</u>	<u>1,189,100</u>	<u>1,471,254</u>
Total Liabilities	<u>1,045,808</u>	<u>1,870,891</u>	<u>2,916,699</u>
NET POSITION			
Net investment in capital assets	10,172,445	14,895,902	25,068,347
Restricted by:			
External contracts and groups:			
Nonspendable	50,000	-	50,000
Other contracts/groups/legislation	3,064,267	284,053	3,348,320
Unrestricted	1,461,003	2,666,917	4,127,920
Total Net Position	<u>\$ 14,747,715</u>	<u>\$ 17,846,872</u>	<u>\$ 32,594,587</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

Statement of Activities –Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General government	\$ 2,084,531	\$ 24,577	\$ 3,051,446	\$ -	\$ 991,492	\$ -	\$ 991,492
Public safety	2,695,410	576,261	263,357	12,919	(1,842,873)	-	(1,842,873)
Highways and streets	524,551	-	44,134	-	(480,417)	-	(480,417)
Culture and recreation	561,423	5,996	102,877	13,059	(439,491)	-	(439,491)
Health and welfare	140,529	32,051	-	-	(108,478)	-	(108,478)
Airport	30,192	31,695	-	-	1,503	-	1,503
Hospital sales tax payment	963,260	-	-	-	(963,260)	-	(963,260)
Interest on Long-term debt	956	-	-	-	(956)	-	(956)
Total governmental activities	<u>7,000,852</u>	<u>670,580</u>	<u>3,461,814</u>	<u>25,978</u>	<u>(2,842,480)</u>	<u>-</u>	<u>(2,842,480)</u>
Business-type activities:							
Light and power	5,022,402	5,063,044	-	-	-	40,642	40,642
Water	656,600	789,728	-	-	-	133,128	133,128
Sewer	396,441	452,393	-	-	-	55,952	55,952
Sanitation	619,119	561,708	-	-	-	(57,411)	(57,411)
Golf course	155,379	-	-	-	-	(155,379)	(155,379)
Swimming pool	299,342	84,497	-	-	-	(214,845)	(214,845)
Economic development	5,062	-	-	-	-	(5,062)	(5,062)
Total business-type activities	<u>7,154,345</u>	<u>6,951,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(202,975)</u>	<u>(202,975)</u>
Total primary government	<u>\$ 14,155,197</u>	<u>\$ 7,621,950</u>	<u>\$ 3,461,814</u>	<u>\$ 25,978</u>	<u>(2,842,480)</u>	<u>(202,975)</u>	<u>(3,045,455)</u>
General revenues:							
Taxes:							
Sales and use taxes					3,240,384	-	3,240,384
Franchise taxes and public service taxes					100,429	-	100,429
Hotel/motel taxes					12,670	-	12,670
Intergovernmental revenue not restricted to specific programs					86,091	-	86,091
Unrestricted investment earnings					46,837	11,024	57,861
Miscellaneous					58,150	31,731	89,881
Transfers - internal activities					766,000	(766,000)	-
Total general revenues and transfers					<u>4,310,561</u>	<u>(723,245)</u>	<u>3,587,316</u>
Change in net position					1,468,081	(926,220)	541,861
Net position - beginning					13,279,634	18,773,092	32,052,726
Net position - ending					<u>\$ 14,747,715</u>	<u>\$ 17,846,872</u>	<u>\$ 32,594,587</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

Governmental Funds Balance Sheet - June 30, 2014

	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 261,444	\$ 1,073,606	\$ 596,766	\$ 1,931,816
Investments	1,000,000	-	461,145	1,461,145
Receivables:				
Ambulance receivable, net	104,235	-	-	104,235
Court fines receivable, net	21,727	-	-	21,727
Due from other governments	624,542	933,064	7,502	1,565,108
Other receivables	21,833	-	-	21,833
Deposits in insurance pool	118,119	-	-	118,119
Total assets	<u>\$ 2,151,900</u>	<u>2,006,670</u>	<u>\$ 1,065,413</u>	<u>\$ 5,223,983</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 123,638	4,289	\$ 2,500	\$ 130,427
Other payables	-	-	700	700
Due to other funds	19,693	-	-	19,693
Short-term note payable	410,042	-	-	410,042
Sales tax due to hospital	184,388	-	-	184,388
Total liabilities	<u>737,761</u>	<u>4,289</u>	<u>3,200</u>	<u>745,250</u>
Deferred Inflows of resources:				
Deferred revenue	<u>179,706</u>	<u>-</u>	<u>-</u>	<u>179,706</u>
Fund balances:				
Nonspendable	-	-	50,000	50,000
Restricted for:				
Cemetery Capital Improvements	-	-	137,774	137,774
Airport	-	-	1,846	1,846
Library	-	-	362,809	362,809
Streets	-	-	246,957	246,957
Insurance	118,119	-	-	118,119
Flood Control	-	1,995,680	-	1,995,680
Military Memorial	-	-	104,512	104,512
Improvements benefiting citizens	-	-	96,570	96,570
Committed to:				
Economic stabilization	900,786	-	-	900,786
Assigned to:				
Library	-	-	9,889	9,889
Capital Improvements	195,795	-	-	195,795
Airport	-	-	51,481	51,481
Improvements benefiting citizens	-	-	375	375
Flood Control	-	6,701	-	6,701
Sick leave buy back	19,733	-	-	19,733
Total fund balances	<u>1,234,433</u>	<u>2,002,381</u>	<u>1,062,213</u>	<u>4,299,027</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,151,900</u>	<u>\$ 2,006,670</u>	<u>\$ 1,065,413</u>	<u>\$ 5,223,983</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Fiscal Year Ended June 30, 2014

	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 3,373,955	\$ -	\$ 12,670	\$ 3,386,625
Intergovernmental	324,281	3,051,446	44,134	3,419,861
Charges for services	557,120	-	23,066	580,186
Fines and forfeitures	75,235	-	-	75,235
Licenses and permits	21,377	-	-	21,377
Investment income	8,740	3,383	3,186	15,309
Donations	5,510	-	94,816	100,326
Miscellaneous	81,203	-	50,774	131,977
Total revenues	<u>4,447,421</u>	<u>3,054,829</u>	<u>228,646</u>	<u>7,730,896</u>
EXPENDITURES				
Current:				
Administrative	8,925	-	-	8,925
City Treasurer	76,967	-	-	76,967
City Attorney	43,814	-	-	43,814
Municipal Court	22,722	-	-	22,722
Police	989,440	-	-	989,440
Fire	1,431,861	-	-	1,431,861
Streets	348,947	-	74	349,021
Culture, tourism and recreation	143,175	-	14,293	157,468
General government	279,005	1,689,729	-	1,968,734
Library	268,211	-	-	268,211
Cemetery	126,194	-	-	126,194
Airport	-	-	25,449	25,449
Capital Outlay	485,400	-	35,507	520,907
Debt Service:				
Principal	37,361	-	-	37,361
Interest and other charges	2,920	-	-	2,920
Total expenditures	<u>4,264,942</u>	<u>1,689,729</u>	<u>75,323</u>	<u>6,029,994</u>
Excess (deficiency) of revenues over expenditures	<u>182,479</u>	<u>1,365,100</u>	<u>153,323</u>	<u>1,700,902</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	751,267	400,000	31,000	1,182,267
Transfers out	(15,000)	(400,000)	(1,267)	(416,267)
Sales tax payment to hospital	(963,260)	-	-	(963,260)
Total other financing sources (uses)	<u>(226,993)</u>	<u>-</u>	<u>29,733</u>	<u>(197,260)</u>
Net change in fund balances	(44,514)	1,365,100	183,056	1,503,642
Fund balances - beginning	1,278,947	637,281	879,157	2,795,385
Fund balances - ending	<u>\$ 1,234,433</u>	<u>\$ 2,002,381</u>	<u>\$ 1,062,213</u>	<u>\$ 4,299,027</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$ 4,299,027
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	10,589,233
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	179,706
Accrued Compensated Absences are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(313,504)
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Capital lease payable	(6,747)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 14,747,715</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds:	\$	1,503,642
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Capital asset purchases capitalized		465,112
Depreciation expense		(482,399)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenue		(27,963)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p>		
Principal payments on long-term debt		37,361
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Change in accrued compensated absences		(27,672)
Change in net position of governmental activities	<u>\$</u>	<u>1,468,081</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

Proprietary Funds Statement of Net Position - June 30, 2014

	<u>Kingfisher Public Works Authority</u>	<u>Kingfisher Special Projects Authority</u>	<u>Kingfisher Recreation Authority</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 80,000	\$ 57,640	\$ 32,088	\$ 169,728
Investments	1,450,000	-	-	1,450,000
Restricted:				
Cash and cash equivalents	430,030	-	-	430,030
Accounts receivable, net	1,397,447	-	-	1,397,447
Due from other funds	19,693	-	-	19,693
Inventory	410,249	-	-	410,249
Total current assets	<u>3,787,419</u>	<u>57,640</u>	<u>32,088</u>	<u>3,877,147</u>
Non-current assets:				
Restricted:				
Investments	254,714	-	-	254,714
Capital assets:				
Land and construction in progress	240,284	50,000	1,000,125	1,290,409
Other capital assets, net of accumulated depreciation	12,281,564	60,316	1,953,613	14,295,493
Total non-current assets	<u>12,776,562</u>	<u>110,316</u>	<u>2,953,738</u>	<u>15,840,616</u>
Total assets	<u>\$ 16,563,981</u>	<u>\$ 167,956</u>	<u>\$ 2,985,826</u>	<u>\$ 19,717,763</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 507,494	\$ -	\$ 27,597	\$ 535,091
Accrued interest payable	2,358	-	-	2,358
Due to depositors	40,069	-	-	40,069
Notes payable	80,000	-	-	80,000
Accrued compensated absences	23,446	-	827	24,273
Total current liabilities	<u>653,367</u>	<u>-</u>	<u>28,424</u>	<u>681,791</u>
Non-current liabilities:				
Due to depositors	360,622	-	-	360,622
Notes payable	610,000	-	-	610,000
Accrued compensated absences	211,027	-	7,451	218,478
Total non-current liabilities	<u>1,181,649</u>	<u>-</u>	<u>7,451</u>	<u>1,189,100</u>
Total liabilities	<u>1,835,016</u>	<u>-</u>	<u>35,875</u>	<u>1,870,891</u>
NET POSITION				
Net investment in capital assets	11,831,848	110,316	2,953,738	14,895,902
Restricted for debt service	9,024	-	-	9,024
Restricted for capital projects	275,029	-	-	275,029
Unrestricted (deficit)	2,613,064	57,640	(3,787)	2,666,917
Total net position	<u>\$ 14,728,965</u>	<u>\$ 167,956</u>	<u>\$ 2,949,951</u>	<u>\$ 17,846,872</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position – Fiscal Year Ended June 30, 2014

	<u>Kingfisher Public Works Authority</u>	<u>Kingfisher Special Projects Authority</u>	<u>Kingfisher Recreation Authority</u>	<u>Total</u>
REVENUES				
Charges for services:				
Light and power charges	\$ 4,861,915	\$ -	\$ -	\$ 4,861,915
Water charges	726,446	-	-	726,446
Sewer charges	416,142	-	-	416,142
Penalties	49,159	-	-	49,159
Sanitation charges	516,698	-	-	516,698
Recreation	-	-	84,497	84,497
Refunds and reimbursements	280,875	-	-	280,875
Miscellaneous	11,636	4,002	-	15,638
Total operating revenues	<u>6,862,871</u>	<u>4,002</u>	<u>84,497</u>	<u>6,951,370</u>
OPERATING EXPENSES				
Administration	654,636	-	-	654,636
Light and power	4,240,366	-	-	4,240,366
Power plant	161,182	-	-	161,182
Water	406,162	-	-	406,162
Sanitation	537,835	-	-	537,835
Sewer	246,359	-	-	246,359
Recreation	-	-	369,900	369,900
Depreciation expense	417,545	5,062	84,821	507,428
Total operating expenses	<u>6,664,085</u>	<u>5,062</u>	<u>454,721</u>	<u>7,123,868</u>
Operating income (loss)	<u>198,786</u>	<u>(1,060)</u>	<u>(370,224)</u>	<u>(172,498)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	11,024	-	-	11,024
Miscellaneous	31,731	-	-	31,731
Interest expense	(30,477)	-	-	(30,477)
Total non-operating revenue (expenses)	<u>12,278</u>	<u>-</u>	<u>-</u>	<u>12,278</u>
Income (loss) before transfers	211,064	(1,060)	(370,224)	(160,220)
Transfers in	400,000	-	310,000	710,000
Transfers out	(1,470,000)	-	(6,000)	(1,476,000)
Change in net position	(858,936)	(1,060)	(66,224)	(926,220)
Total net position - beginning	15,587,901	169,016	3,016,175	18,773,092
Total net position - ending	<u>\$ 14,728,965</u>	<u>\$ 167,956</u>	<u>\$ 2,949,951</u>	<u>\$ 17,846,872</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014

Proprietary Funds Statement of Cash Flows – Fiscal Year Ended June 30, 2014

	Kingfisher Public Works Authority	Kingfisher Special Projects Authority	Kingfisher Recreation Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 7,076,515	\$ 4,002	\$ 84,497	\$ 7,165,014
Payments to suppliers	(5,153,626)	-	(135,099)	(5,288,725)
Payments to employees	(1,098,590)	-	(216,375)	(1,314,965)
Receipts of customer deposits	61,347	-	-	61,347
Refunds of customer meter deposits	(43,779)	-	-	(43,779)
Net cash provided by (used in) operating activities	841,867	4,002	(266,977)	578,892
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	400,000	-	310,000	710,000
Transfers to other funds	(1,470,000)	-	(6,000)	(1,476,000)
Receipts from governmental grants	11,043	-	-	11,043
Net cash provided by (used in) noncapital financing activities	(1,058,957)	-	304,000	(754,957)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(161,407)	-	(143,071)	(304,478)
Accounts Receivable from disposed asset	80,500	-	-	80,500
Principal paid on debt	(80,000)	-	-	(80,000)
Interest and fiscal agent fees paid on debt	(30,750)	-	-	(30,750)
Net cash provided by (used in) capital and related financing activities	(191,657)	-	(143,071)	(334,728)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	398,561	-	-	398,561
Interest and dividends	11,024	-	-	11,024
Net cash provided by investing activities	409,585	-	-	409,585
Net increase (decrease) in cash and cash equivalents	838	4,002	(106,048)	(101,208)
Balances - beginning of year	509,192	53,638	138,136	700,966
Balances - end of year	\$ 510,030	\$ 57,640	\$ 32,088	\$ 599,758
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 80,000	\$ 57,640	\$ 32,088	\$ 169,728
Restricted cash and cash equivalents - current	430,030	-	-	430,030
Total cash and cash equivalents, end of year	\$ 510,030	\$ 57,640	\$ 32,088	\$ 599,758
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 198,786	\$ (1,060)	\$ (370,224)	\$ (172,498)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	417,545	5,062	84,821	507,428
Other non-operating revenues	31,731	-	-	31,731
Change in assets and liabilities:				
Accounts receivable	181,913	-	-	181,913
Inventory	5,604	-	-	5,604
Accounts payable	(26,498)	-	17,934	(8,564)
Deposits subject to refund	17,568	-	-	17,568
Accrued compensated absences	15,218	-	492	15,710
Net cash provided by (used in) operating activities	\$ 841,867	\$ 4,002	\$ (266,977)	\$ 578,892

See accompanying notes to the basic financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," as amended by Statement 61, and includes all component units for which the City is financially accountable.

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

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

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

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

Component Units:

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

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

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

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

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

Governmental Funds:

The City's governmental funds include:

Major Funds:

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

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

Special Revenue Funds:

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

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

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

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

Proprietary Funds:

The City's proprietary funds include:

Enterprise Funds

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

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus.

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

D. Assets, Liabilities, Deferred Inflows and Equity

Cash and Investments

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

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

Receivables

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

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

Inventories

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

Capital Assets

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

Government-Wide Statements

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

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

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

Fund Financial Statements

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

Restricted Assets

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

Long-Term Debt

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

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

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

Compensated Absences

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

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Net Position and Fund Balances

Net position is displayed in three components:

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

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

Fund Balances:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

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

E. Revenues, Expenditures, and Expenses

Sales Tax

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

Property Tax

At the present time the City levies no property tax. Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Proprietary Fund - By Operating and Non-Operating

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

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

G. Use of Estimates

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

2. Cash, Cash Equivalents, and Investments

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

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

Primary Government:

Type	Credit Rating	Carrying Value
Deposits:		
Demand deposits		\$ 2,522,550
Time deposits, due within one year		3,165,859
		5,688,409
Investments:		
Cavanal Hill US Treasury Funds	AAAm	9,024
		9,024
Total deposits and investments		\$ 5,697,433
 Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 2,101,544
Restricted cash and cash equivalents		430,030
Investments		2,911,145
Noncurrent restricted investments		254,714
		\$ 5,697,433

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. At June 30, 2014, the City had no custodial credit risk as described above.

Investment Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s investment policy indicates that the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one year from the date of purchase.

Investment Credit Risk - The City’s investment policy limits investments to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements.

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

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

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

Restricted Cash and Investments – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts held by the Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill), amounts held by the trustee bank for debt retirement, and amounts held in a capital improvement fund. The restricted assets as of June 30, 2014 are as follows:

	Current Cash and cash equivalents	Noncurrent Investments
Utility Deposits	\$ 145,977	\$ 254,714
Capital Improvement	275,029	-
Trustee Accounts: 2006 Interest Fund	9,024	-
Total	\$ 430,030	\$ 254,714

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3. Accounts and Notes Receivable

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

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Ambulance receivable	\$ 848,700	\$ (744,465)	\$ 104,235
Court fines	43,455	(21,728)	21,727
Total Governmental Activities	\$ 892,155	\$ (766,193)	\$ 125,962
Business-Type Activities:			
Utilities	\$ 1,454,425	\$ (56,978)	\$ 1,397,447
Total Business-Type Activities	\$ 1,454,425	\$ (56,978)	\$ 1,397,447

4. Capital Assets and Depreciation

Capital Assets:

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

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For the year ended June 30, 2014, capital assets balances changed as follows:

	Balance at July 1, 2013	Additions	Disposals	Balance at June 30, 2014
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,150,441	\$ -	\$ -	\$ 1,150,441
Construction in progress	2,102,524	38,778	2,062,992	78,310
Total capital assets not being depreciated	<u>3,252,965</u>	<u>38,778</u>	<u>2,062,992</u>	<u>1,228,751</u>
Other capital assets:				
Buildings	2,084,585	285,953	-	2,370,538
Improvements	1,368,064	1,257,368	-	2,625,432
Infrastructure	6,669,521	810,884	26,622	7,453,783
Machinery, furniture and equipment	3,178,270	135,122	-	3,313,392
Total other capital assets at historical cost	<u>13,300,440</u>	<u>2,489,327</u>	<u>26,622</u>	<u>15,763,145</u>
Less accumulated depreciation for:				
Buildings	1,054,215	55,379	-	1,109,594
Improvements	568,097	66,784	-	634,881
Infrastructure	2,010,963	195,597	-	2,206,560
Machinery, furniture and equipment	2,313,609	164,640	26,622	2,451,627
Total accumulated depreciation	<u>5,946,884</u>	<u>482,400</u>	<u>26,622</u>	<u>6,402,662</u>
Other capital assets, net	<u>7,353,556</u>	<u>2,006,927</u>	<u>-</u>	<u>9,360,483</u>
Governmental activities capital assets, net	<u>\$ 10,606,521</u>	<u>\$ 2,045,705</u>	<u>\$ 2,062,992</u>	<u>\$ 10,589,234</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,249,269	\$ -	\$ -	\$ 1,249,269
Construction in progress	-	41,140	-	41,140
Total capital assets not being depreciated	<u>1,249,269</u>	<u>41,140</u>	<u>-</u>	<u>1,290,409</u>
Other capital assets:				
Buildings	3,475,745	41,315	-	3,517,060
Improvements	2,098,986	-	-	2,098,986
Machinery, furniture and equipment	2,854,470	222,024	-	3,076,494
Utility property	14,004,718	-	-	14,004,718
Infrastructure	1,308,580	-	-	1,308,580
Total other capital assets at historical cost	<u>23,742,499</u>	<u>263,339</u>	<u>-</u>	<u>24,005,838</u>
Less accumulated depreciation for:				
Buildings	1,276,316	76,106	-	1,352,422
Improvements	966,091	46,933	-	1,013,024
Machinery, furniture and equipment	2,223,737	111,154	-	2,334,891
Utility property improvements	4,373,721	235,823	-	4,609,544
Infrastructure	363,051	37,412	-	400,463
Total accumulated depreciation	<u>9,202,916</u>	<u>507,428</u>	<u>-</u>	<u>9,710,344</u>
Other capital assets, net	<u>14,539,583</u>	<u>(244,089)</u>	<u>-</u>	<u>14,295,494</u>
Business-type activities capital assets, net	<u>\$ 15,788,852</u>	<u>\$ (202,949)</u>	<u>\$ -</u>	<u>\$ 15,585,903</u>

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

Governmental Activities:		Business-Type Activities:	
General government	\$ 25,704	Power and light	\$ 106,013
Public safety	144,933	Water	170,647
Highways and streets	199,648	Sewer	120,171
Culture, tourism, and recreation	93,556	Sanitation	15,984
Health and welfare	13,817	Administration	4,730
Airport	4,742	Pool	74,711
	<u>\$ 482,400</u>	Golf	10,110
		Economic development	5,062
			<u>\$ 507,428</u>

5. Debt and Debt Service Requirements

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

<u>Type of Debt</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Capital lease payable	\$ 44,108	\$ -	\$ 37,361	\$ 6,747	\$ 6,747
Accrued compensated absences	285,833	55,342	27,671	313,504	31,350
Total Governmental Activities	<u>\$ 329,941</u>	<u>\$ 55,342</u>	<u>\$ 65,032</u>	<u>\$ 320,251</u>	<u>\$ 38,097</u>
Business-Type Activities:					
Notes Payable	\$ 770,000	\$ -	\$ 80,000	\$ 690,000	\$ 80,000
Deposits subject to refund	383,123	61,347	43,779	400,691	40,069
Accrued compensated absences	227,041	31,420	15,710	242,751	24,273
Total Business-Type Activities	<u>1,380,164</u>	<u>92,767</u>	<u>139,489</u>	<u>1,333,442</u>	<u>144,342</u>
Total Long-Term Debt	<u>\$ 1,710,105</u>	<u>\$ 148,109</u>	<u>\$ 204,521</u>	<u>\$ 1,653,693</u>	<u>\$ 182,439</u>

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

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Governmental activities long-term debt:

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

Capital Lease Payable:

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

		\$	6,747
Total Capital Leases Payable		\$	<u>6,747</u>
Current portion			6,747
Noncurrent portion			-
Total Capital Leases Payable		\$	<u><u>6,747</u></u>

Accrued Compensated Absences:

		\$	31,350
Current portion			31,350
Noncurrent portion			282,154
Total Accrued Compensated Absences		\$	<u><u>313,504</u></u>

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

Notes Payable:

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

		\$	690,000
Total Notes Payable		\$	<u>690,000</u>
Current portion		\$	80,000
Noncurrent portion			610,000
Total Notes Payable		\$	<u><u>690,000</u></u>

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Meter Deposit Liability:

	Current portion	\$ 40,069
	Noncurrent portion	<u>360,622</u>
	Total Meter Deposit Liability	<u><u>\$ 400,691</u></u>

Accrued Compensated Absences:

	Current portion	\$ 24,273
	Noncurrent portion	<u>218,478</u>
	Total Accrued Compensated Absences	<u><u>\$ 242,751</u></u>

Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>		<u>Governmental Activities</u>	
		Capital Lease obligations	
		<u>Principal</u>	<u>Interest</u>
	2015	<u>6,747</u>	<u>55</u>
Totals		<u><u>\$ 6,747</u></u>	<u><u>\$ 55</u></u>

The asset acquired through capital lease is recorded as follows:

Machinery and equipment	\$173,000
Less: Accumulated depreciation	<u>(139,361)</u>
Total	<u><u>\$33,639</u></u>

<u>Year Ending June 30,</u>		<u>Business-Type Activities</u>	
		Notes Payable	
		<u>Principal</u>	<u>Interest</u>
	2015	80,000	27,470
	2016	80,000	24,190
	2017	85,000	20,808
	2018	95,000	17,220
	2019	95,000	13,325
	2020-2022	255,000	15,888
Totals		<u><u>\$ 690,000</u></u>	<u><u>\$ 118,901</u></u>

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Non-Commitment Debt:

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

Outstanding balance at June 30, 2014 \$3,945,000

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

Outstanding balance at June 30, 2014 \$23,980,000

Governmental activities short-term debt:

Note Payable:

Promissory note for the Starlight project dated August 1, 2013, original amount \$817,384, due in monthly installments of \$10,000 for the first 11 months then a single balloon payment for the unpaid balance due August 1, 2014 with an interest rate of 2.500%.

		\$ 410,042
Total Notes Payable	\$	<u>410,042</u>
Current portion	\$	410,042
Noncurrent portion		-
Total Notes Payable	\$	<u>410,042</u>

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one cent (or 33%) of future sales tax revenues to repay \$25,000,000 of Series 2007 Hospital and Sales Tax Revenue Bonds. Proceeds from the notes provided financing for certain hospital facilities. The bonds are payable through 2042, however, the pledged sales tax revenues are only pledged through 2032. The total principal and interest payable for the remainder of the life of these bonds is \$53,101,300. Pledged sales taxes received in the current year were \$947,671. When the pledged sales tax revenue is received it is sent to the trustee bank to be held for debt service on the bonds. As noted above, the City of Kingfisher and the Kingfisher Hospital Authority are not liable for this debt and have no obligation other than the annual appropriation and remittance of the pledged sales taxes. The payments made to the trustee bank were \$963,260 and were 100.2% of the pledged sales tax received.

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Sales Tax Pledge - The City has pledged one half cent (or 16.5%) of future sales tax revenues to repay \$1,135,000 of Series 2006 Sales Tax Revenue Note. Proceeds from the note provided financing for capital assets. The bonds are payable from pledged sales tax revenues and are payable through 2021. The total principal and interest payable for the remainder of the life of these bonds is \$808,900. Pledged sales taxes received in the current year were \$469,097. Debt service payments of \$110,750 for the current fiscal year were 23.6% of the pledged sales taxes.

6. Internal and Interfund Balances and Transfers

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

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2014 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Airport	\$ 15,000	Operating subsidy
KPWA	Airport	16,000	Operating subsidy
KPWA	General Fund	750,000	Operating subsidy
KRA	KRACIP	6,000	Operating subsidy
KPWA	KRA	304,000	Operating subsidy
Flood	KPWA	400,000	Operating subsidy
KPWA	Flood	400,000	Operating subsidy
Hotel/Motel Fund	General Fund	1,267	Administrative fee
Total		<u>\$ 1,892,267</u>	
Reconciliation to Fund Financial Statements:			
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,182,267	\$ (416,267)	\$ 766,000
Proprietary Funds	710,000	(1,476,000)	(766,000)
	<u>\$ 1,892,267</u>	<u>\$ (1,892,267)</u>	<u>-</u>

Balances:

Interfund receivable and payables at June 30, 2014 were comprised of an Enterprise Fund receivable of \$19,693 due from the General Fund for operations.

7. Risk Management

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

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

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

8. Contingencies

Litigation:

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

Federal and State Award Programs:

The City of Kingfisher participates in various federal and state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

9. Pension Plan Participation

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

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

Firefighters' Plan:

Pursuant to the requirements of Title 11, section 49-102, the City of Kingfisher participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighters Pension Board on behalf of both paid and volunteer firefighters. The paid firefighter contributes 9% to the plan. The City is required by state law to contribute 14% per year per paid firefighter to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

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

Police Plan:

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

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

The state made on-behalf payments of \$56,170 for the police pension system and \$202,322 for the fire pension during the current fiscal year. These payments are reported as both intergovernmental revenues and public safety expenses.

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Employee Plan:

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

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

Summary of Contributions – Cost Sharing Plans:

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System			Oklahoma Public Employees Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2012	53,344	100%	2012	79,765	100%	2012	171,639	100%
2013	57,353	100%	2013	84,948	100%	2013	176,774	100%
2014	63,930	100%	2014	91,970	100%	2014	174,324	100%

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Flood Control Fund – Fiscal Year Ended June 30, 2014

	FLOOD CONTROL			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 637,281	\$ 637,281	\$ 637,281	\$ -
Resources (Inflows):				
Grants	2,000,000	2,500,000	2,593,786	93,786
Reimbursements	-	-	12,835	12,835
Interest	500	500	3,383	2,883
Transfer in	-	400,000	400,000	-
Total Revenue	<u>2,000,500</u>	<u>2,900,500</u>	<u>3,010,004</u>	<u>109,504</u>
Amounts available for appropriation	<u>\$2,637,781</u>	<u>\$3,537,781</u>	<u>\$3,647,285</u>	<u>\$ 109,504</u>
FLOOD:				
Other services and charges	\$1,500,000	\$2,450,000	\$1,886,675	\$ 563,325
Capital outlay	1,000,000	50,000	-	50,000
Transfer out	-	400,000	400,000	-
Total Expenditures	<u>2,500,000</u>	<u>2,900,000</u>	<u>2,286,675</u>	<u>613,325</u>
Ending Budgetary Fund Balance	<u>\$ 137,781</u>	<u>\$ 637,781</u>	<u>\$1,360,610</u>	<u>\$ 722,829</u>

See accompanying notes to budgetary comparison schedules.

Footnotes to Budgetary Comparison Schedules:

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

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

Sales tax transfer to hospital	2,671
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3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

General Fund:

Total budgetary revenues and transfers	\$ 4,931,059
Less: budgetary expenses and transfers	<u>(5,016,883)</u>
Net Change to Budgetary Fund Balance	(85,824)
Change in revenue accruals	173,854
Change in expenditure accruals	(127,830)
Capital Improvement sub-account change in balance	<u>(4,714)</u>
Change in Fund Balance- Modified Accrual	<u><u>\$ (44,514)</u></u>

Flood Fund:

Total budgetary revenues and transfers	\$ 3,010,004
Less: budgetary expenses and transfers	<u>(2,286,675)</u>
Net Change to Budgetary Fund Balance	723,329
Change in revenue accruals	444,825
Change in expenditure accruals	196,946
Change in Fund Balance- Modified Accrual	<u><u>\$ 1,365,100</u></u>

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – General Fund Accounts – June 30, 2014

	General Fund	Sick Leave Buy Back Account	Total General Fund Accounts
ASSETS			
Cash and cash equivalents	\$ 241,711	\$ 19,733	\$ 261,444
Investments	1,000,000	-	1,000,000
Due from other governments	624,542	-	624,542
Court fines receivable, net	21,727	-	21,727
Ambulance receivable, net	104,235	-	104,235
Other receivables	21,833	-	21,833
Deposits with insurance pool	118,119	-	118,119
Total assets	\$ 2,132,167	\$ 19,733	\$ 2,151,900
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 123,638	\$ -	\$ 123,638
Due to other funds	19,693	-	19,693
Short-term note payable	410,042	-	410,042
Sales tax due to hospital	184,388	-	184,388
Total liabilities	737,761	-	737,761
Deferred Inflows of resources:			
Deferred revenue	179,706	-	179,706
Fund balances:			
Restricted for:			
Insurance	118,119	-	118,119
Committed to:			
Economic Stabilization	900,786	-	900,786
Assigned to:			
Capital Improvements	195,795	-	195,795
Sick leave buy back	-	19,733	19,733
Total fund balances	1,214,700	19,733	1,234,433
Total liabilities, deferred inflows and fund balances	\$ 2,132,167	\$ 19,733	\$ 2,151,900

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

	General Fund	Sick Leave Buy Back Account	Total General Fund Accounts
REVENUES			
Taxes	\$ 3,373,955	\$ -	\$ 3,373,955
Fines and forfeitures	75,235	-	75,235
Licenses and permits	21,377	-	21,377
Intergovernmental	324,281	-	324,281
Charges for services	557,120	-	557,120
Investment earnings	8,740	-	8,740
Miscellaneous	81,203	-	81,203
Donations	5,510	-	5,510
Total revenues	<u>4,447,421</u>	<u>-</u>	<u>4,447,421</u>
EXPENDITURES			
Current:			
General government	279,005	-	279,005
City Treasurer	76,967	-	76,967
City Attorney	43,814	-	43,814
Municipal Court	22,722	-	22,722
Police	989,440	-	989,440
Fire	1,431,861	-	1,431,861
Highways and streets	348,947	-	348,947
Culture, tourism and recreation	143,175	-	143,175
Cemetery	126,194	-	126,194
Administrative	8,925	-	8,925
Library	268,211	-	268,211
Principal	37,361	-	37,361
Interest and other charges	2,920	-	2,920
Capital Outlay	485,400	-	485,400
Total Expenditures	<u>4,264,942</u>	<u>-</u>	<u>4,264,942</u>
Revenues over (under) expenditures	<u>182,479</u>	<u>-</u>	<u>182,479</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	751,267	-	751,267
Transfers out	(15,000)	-	(15,000)
Sales tax payment to hospital	(963,260)	-	(963,260)
Total other financing sources (uses)	<u>(226,993)</u>	<u>-</u>	<u>(226,993)</u>
Revenues and other sources over (under) expenditures and other uses	(44,514)	-	(44,514)
Fund balances - beginning	1,259,214	19,733	1,278,947
Fund balances - ending	<u>\$ 1,214,700</u>	<u>\$ 19,733</u>	<u>\$ 1,234,433</u>

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2014

	Street and Alley Fund	Cemetery Care Fund	Hotel Motel Tax Fund	Military Memorial Fund	Overstreet Memorial Fund	Library Endowment Fund	Airport Fund	Total-Other Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 239,455	\$ 77,695	\$ -	\$ 12,012	\$ 86,945	\$ 126,632	\$ 54,027	\$ 596,766
Investments	-	60,079	-	95,000	10,000	296,066	-	461,145
Due from other governments	7,502	-	-	-	-	-	-	7,502
Total assets	<u>\$ 246,957</u>	<u>\$ 137,774</u>	<u>\$ -</u>	<u>\$ 107,012</u>	<u>\$ 96,945</u>	<u>\$ 422,698</u>	<u>\$ 54,027</u>	<u>\$ 1,065,413</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500
Other payables	-	-	-	-	-	-	700	700
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>700</u>	<u>3,200</u>
Fund balances:								
Nonspendable	-	-	-	-	-	50,000	-	50,000
Restricted for:								
Cemetery Capital Improvements	-	137,774	-	-	-	-	-	137,774
Airport	-	-	-	-	-	-	1,846	1,846
Library	-	-	-	-	-	362,809	-	362,809
Streets	246,957	-	-	-	-	-	-	246,957
Military Memorial	-	-	-	104,512	-	-	-	104,512
Improvements benefiting citizens	-	-	-	-	96,570	-	-	96,570
Assigned to:								
Library	-	-	-	-	-	9,889	-	9,889
Airport	-	-	-	-	-	-	51,481	51,481
Improvements benefiting citizens	-	-	-	-	375	-	-	375
Total fund balances	<u>246,957</u>	<u>137,774</u>	<u>-</u>	<u>104,512</u>	<u>96,945</u>	<u>422,698</u>	<u>53,327</u>	<u>1,062,213</u>
Total liabilities and fund balances	<u>\$ 246,957</u>	<u>\$ 137,774</u>	<u>\$ -</u>	<u>\$ 107,012</u>	<u>\$ 96,945</u>	<u>\$ 422,698</u>	<u>\$ 54,027</u>	<u>\$ 1,065,413</u>

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

	Street and Alley Fund	Cemetery Care Fund	Hotel Motel Tax Fund	Military Memorial Fund	Overstreet Memorial Fund	Library Endowment Fund	Airport Fund	Total-Other Governmental Funds
REVENUES								
Taxes	\$ -	\$ -	\$ 12,670	\$ -	\$ -	\$ -	\$ -	\$ 12,670
Intergovernmental	44,134	-	-	-	-	-	-	44,134
Charges for services	-	10,617	-	-	-	-	12,449	23,066
Investment earnings	-	450	-	706	60	1,970	-	3,186
Miscellaneous	-	-	-	-	31,528	-	19,246	50,774
Donations	-	-	-	305	-	94,511	-	94,816
Total revenues	<u>44,134</u>	<u>11,067</u>	<u>12,670</u>	<u>1,011</u>	<u>31,588</u>	<u>96,481</u>	<u>31,695</u>	<u>228,646</u>
EXPENDITURES								
Current:								
Highways and streets	-	-	-	-	74	-	-	74
Culture, tourism and recreation	-	-	11,403	2,890	-	-	-	14,293
Airport	-	-	-	-	-	-	25,449	25,449
Capital Outlay	-	30,995	-	-	-	112	4,400	35,507
Total Expenditures	<u>-</u>	<u>30,995</u>	<u>11,403</u>	<u>2,890</u>	<u>74</u>	<u>112</u>	<u>29,849</u>	<u>75,323</u>
Revenues over (under) expenditures	<u>44,134</u>	<u>(19,928)</u>	<u>1,267</u>	<u>(1,879)</u>	<u>31,514</u>	<u>96,369</u>	<u>1,846</u>	<u>153,323</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	31,000	31,000
Transfers out	-	-	(1,267)	-	-	-	-	(1,267)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,267)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,000</u>	<u>29,733</u>
Revenues and other sources over (under) expenditures and other uses	44,134	(19,928)	-	(1,879)	31,514	96,369	32,846	183,056
Fund balances - beginning	202,823	157,702	-	106,391	65,431	326,329	20,481	879,157
Fund balances - ending	<u>\$ 246,957</u>	<u>\$ 137,774</u>	<u>\$ -</u>	<u>\$ 104,512</u>	<u>\$ 96,945</u>	<u>\$ 422,698</u>	<u>\$ 53,327</u>	<u>\$ 1,062,213</u>

**CITY OF KINGFISHER, OKLAHOMA
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As of and for the Fiscal Year Ended June 30, 2014**

Schedule of Expenditures of State Awards

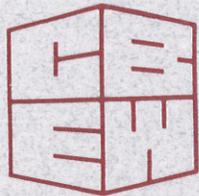
State Grantor/Pass Through Agency Grantor/Program Title	Pass-thru Grant #	Award Amount	Awards Expended
STATE AWARDS:			
Department of Libraries:			
State Aid FY 2014	N/A	<u>\$ 8,366</u>	<u>\$ 8,366</u>
Kingfisher County Conservation District:			
Flood Control Project	N/A	<u>108,806</u>	<u>108,806</u>
Department of Agriculture:			
State Aid FY 2013	N/A	<u>4,474</u>	<u>4,474</u>
TOTAL STATE AWARDS		<u><u>\$ 121,646</u></u>	<u><u>\$ 121,646</u></u>

Footnotes to Schedule of Expenditures of State Awards:

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

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014**

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION



CBEW
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Certified Public Accountants

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**INDEPENDENT AUDITOR'S 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**

January 14, 2015

Honorable Board of City Commissioners
City of Kingfisher
Kingfisher, 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, and the aggregate remaining fund information of the City of Kingfisher, 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 Kingfisher, Oklahoma's basic financial statements, and have issued our report thereon dated January 14, 2015

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 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 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.

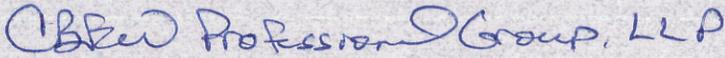
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

January 14, 2015

Honorable Board of City Commissioners
City of Kingfisher
Kingfisher, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Kingfisher, Oklahoma (City)'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 the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance

Opinion on Each Major Federal Program

In our opinion, City of Kingfisher, Oklahoma, complied, in all material respects, with the types of 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.

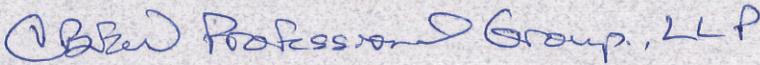
Report on Internal Control Over Compliance

Management of City of Kingfisher, Oklahoma (the City), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



CBEW Professional Group, LLP
Certified Public Accountants

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2014**

Schedule of Expenditures of Federal Awards

Federal/State Grantor/Pass Through Agency Grantor/Program Title	CFDA #	Pass-thru Grant #	Award Amount	Awards Expended
FEDERAL AWARDS:				
U.S. Department of Homeland Security:				
Passed through Oklahoma Department of Emergency Management:				
Hazard Mitigation Flood Proofing Project	97.039	FEMA-1876-DR-OK Project #16	160,254	10,953
Hazard Mitigation	97.039	FEMA-1883-DR-OK Project #34	5,823,842	2,919,152
Total U.S. Department of Homeland Security			<u>5,984,096</u>	<u>2,930,105</u>
TOTAL FEDERAL AWARDS			<u>\$ 5,984,096</u>	<u>\$ 2,930,105</u>

CITY OF KINGFISHER
Kingfisher, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of Auditor's Report Issued: An unqualified opinion on the basic financial statements.

Internal Control Over Financial Reporting:

Material Weakness(es) identified? Yes No

Significant Deficiencies identified not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Type of auditors report issued on compliance for major programs: Unqualified

Internal Control Over Major Programs:

Material Weakness(es) identified? Yes No

Significant Deficiencies identified not considered to be material weaknesses? None reported

Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

Dollar threshold used to distinguish Type A and Type B programs \$300,000

Auditee Qualified as low-risk auditee? Yes No

Identification of Major Programs:

CFDA#

97.039 Hazard Mitigation Grant – Drainage & Detention Pond

FINDINGS - FINANCIAL STATEMENT AUDIT

1. None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. None

**CITY OF KINGFISHER
Kingfisher, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2014**

There were no prior year audit findings.