

**CITY OF ANTLERS
PUSHMATAHA COUNTY, OKLAHOMA**

**AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED
JUNE 30, 2015**

WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA

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

Mike Burrage,
Michael Riser
Mike Baggett
Madge Gentry
Athelta Harmon

Mayor
Vice-Mayor
Councilmember
Councilmember
Councilmember

Joel Taylor

City Manager

Robin Bynum

City Clerk/Treasurer

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City officials

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WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT

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

WATONGA, OKLAHOMA 73772
FAX 580-623-5072

WGAUER@GAUERCPA.MYBIZ.COM

INDEPENDENT AUDITOR'S REPORT

To the City Council
Antlers, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Antlers, State of Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the aggregate non-major governmental funds, the aggregate non-major enterprise funds, the internal service fund type, and each fiduciary fund type of the City of Antlers, State of Oklahoma, as of and for the year ended June 30, 2015, as displayed in the City's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

City of Antlers
November 2, 2015

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as well as the aggregate non-major governmental funds, the aggregate non-major enterprise funds, the internal service fund type, and each fiduciary fund type of the City of Antlers, State of Oklahoma, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Antlers, State of Oklahoma's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in

City of Antlers
November 2, 2015

relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "Bill K. Brown". The signature is written in a cursive style with a long horizontal stroke at the end.

Watonga, Oklahoma
November 2, 2015

CITY OF ANTLERS, OKLAHOMA
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 456,965	\$ 355,319	\$ 812,284
Due from Governmental Fund	-	-	-
Taxes Receivable	110,155	-	110,155
Accounts Receivable	-	97,490	97,490
Total Current Assets	567,119	452,809	1,019,929
Non-current Assets:			
Restricted Cash	62,371	179,810	242,180
BancFirst-Restricted Debt Service	-	102,012	102,012
Capital Assets (Note 4)			
Land, infrastructure	71,722	504,667	576,389
Capital assets, net of depreciation	2,758,319	17,448,028	20,206,347
Total Non-Current Assets	2,892,412	18,234,517	21,126,929
Total Assets	3,459,532	18,687,326	22,146,857
LIABILITIES			
Current Portion of Long-Term Debt	-	249,776	249,776
Current Portion of Bonds Payable	-	170,000	170,000
Due to Other Funds/Governments	55,077	-	55,077
Due to Depositors	-	59,345	59,345
Compensated Absences	27,074	11,194	38,267
Total Current Liabilities	82,151	490,314	572,465
Long-term Liabilities (Note 6)	-	5,502,101	5,502,101
Long-Term Portion of Bonds Payable	-	545,000	545,000
Less: Current Portion of Long-Term, Debt	-	(249,776)	(249,776)
Total Liabilities	82,151	6,287,639	6,369,790
NET POSITION			
Invested in capital assets, net of related debt	2,830,041	12,450,594	15,280,635
Restricted	62,371	222,477	284,848
Unrestricted	484,969	(273,385)	211,584
Total Net Position	\$ 3,377,381	\$ 12,399,686	\$ 15,777,067
	-	-	-

See accompanying notes to the basic financial statements.

CITY OF ANTLERS, OKLAHOMA
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Functional Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 1,178,888	\$ 1,718	\$ -	\$ -	\$ (1,177,170)	\$ -	\$ (1,177,170)
Public Safety	1,257,498	608,513	4,484	-	(644,500)	-	(644,500)
Airport	25,169	16,526	-	-	(8,642)	-	(8,642)
Cemetery	16,006	5,438	-	-	(10,569)	-	(10,569)
Street and Alley	204,962	-	10,084	-	(194,878)	-	(194,878)
Culture, Parks and Recreation	152,957	13,973	14,213	-	(124,771)	-	(124,771)
Depreciation	145,368	-	-	-	(145,368)	-	(145,368)
Total governmental activities	<u>2,980,848</u>	<u>646,168</u>	<u>28,782</u>	<u>-</u>	<u>(2,305,898)</u>	<u>-</u>	<u>(2,305,898)</u>
		2,765,911	2,901,353				
Business-Type Activities:							
Water	830,508	646,566	-	-	\$ -	(183,942)	(183,942)
Sewer	365,457	280,607	-	112,811	-	27,960	27,960
Sanitation	157,755	186,014	-	-	-	28,259	28,259
Administrative and Operations	222,494	-	-	-	-	(222,494)	(222,494)
Industrial Trust Authority	102,997	174,481	-	-	-	71,484	71,484
Total business-type activities	<u>1,679,211</u>	<u>1,287,667</u>	<u>-</u>	<u>112,811</u>	<u>-</u>	<u>(278,733)</u>	<u>(278,733)</u>
Total Primary Government	<u>4,660,058</u>	<u>1,933,835</u>	<u>28,782</u>	<u>112,811</u>	<u>(2,305,898)</u>	<u>(278,733)</u>	<u>(2,584,630)</u>
General Revenues:							
Taxes:							
Sales, Tobacco and Other Tax					1,684,927	143,430	1,828,357
Use Tax					69,248	-	69,248
EMS Authority					83,333	-	83,333
Franchise Tax					70,549	-	70,549
E-911 Taxes, Restricted for Public Safety					36,296	-	36,296
Investment Income					601	781	1,383
Miscellaneous					146,006	-	146,006
Transfers-External Activity					96,000	-	96,000
Transfers-Internal Activity					644,633	(644,633)	-
Total general revenues and transfers					<u>2,831,593</u>	<u>(500,421)</u>	<u>2,331,172</u>
Changes in Net Assets					525,696	(779,154)	(253,458)
Net Position - Beginning					<u>2,851,685</u>	<u>13,178,840</u>	<u>16,030,525</u>
Net Position - Ending					<u>3,377,380</u>	<u>12,399,686</u>	<u>15,777,066</u>

See accompanying notes to the basic financial statements.

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS - CASH BASIS
JUNE 30, 2015

	General Fund	Other Funds	Total
ASSETS			
Cash and cash equivalents	\$ 284,609	\$ 172,356	\$ 456,965
Accounts receivable	-	-	-
Total Unrestricted Assets	<u>284,609</u>	<u>172,356</u>	<u>456,965</u>
Restricted cash and cash equivalents	62,371	-	62,371
Capital Assets			
Land, inexhaustible assets and construction-in-process	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-
Total Restricted Assets	<u>62,371</u>	<u>-</u>	<u>62,371</u>
Total Assets	<u>346,979</u>	<u>172,356</u>	<u>519,335</u>
LIABILITIES			
Due to Other Funds/Governmental Entities	-	-	-
Compensated Absences	-	-	-
Long-term debt			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Non-Spendable:			
Invested in Capital Assets, net of debt	-	-	-
Restricted			
Capital Outlay	-	16,218	16,218
Committed			
911 Fund	-	2,426	2,426
Cemetery Fund	-	1,368	1,368
Assigned			
Library	-	19,042	19,042
Street & Alley	-	130,368	130,368
Senior Citizens	-	2,934	2,934
General Fund - EMS/Fire/Ambulance	62,371	-	62,371
Unrestricted			
General Fund	284,609	-	284,609
Total Net Position	<u>346,979</u>	<u>172,356</u>	<u>519,335</u>

Reconciliation to Statement of Net Assets:

Capital assets	2,830,041
Street and Alley Fund Pledged Sales Tax Held	55,077
Compensated Abscences not accrued on fund statements	<u>(27,074)</u>
	<u>\$ 3,377,381</u>

See accompanying notes to the basic financial statements,

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

ASSETS	Public Works Authority		Industrial Authority	Total
	Water/Trash	Sewer		
Cash and cash equivalents	\$ 167,051	\$ 112,356	\$ 75,912	\$ 355,319
Accounts receivable	71,266	26,224	-	97,490
Total Unrestricted Assets	<u>238,318</u>	<u>138,580</u>	<u>75,912</u>	<u>452,809</u>
Cash in bank - restricted	102,769	77,041	-	179,810
BancFirst Restricted for Debt Service	69,014	32,998	-	102,012
Taxes receivable	-	-	-	-
Capital Assets				
Land, inexhaustible assets and construction-in-process	49,637	-	455,030	504,667
Other capital assets, net of accumulated depreciation	<u>12,676,890</u>	<u>3,660,106</u>	<u>1,111,032</u>	<u>17,448,028</u>
Total Restricted Assets	<u>12,898,310</u>	<u>3,770,145</u>	<u>1,566,062</u>	<u>18,234,517</u>
Total Assets	<u>13,136,627</u>	<u>3,908,725</u>	<u>1,641,974</u>	<u>18,687,326</u>
LIABILITIES				
Current Portion of Long-Term Debt	150,470	76,270	23,036	249,776
Current Portion of Bonds Payable	170,000	-	-	170,000
Meter Deposit Liability	59,345	-	-	59,345
Compensated absences	<u>11,194</u>	<u>-</u>	<u>-</u>	<u>11,194</u>
Current Liabilities	391,009	76,270	23,036	490,314
Long-Term Debt	3,101,191	2,235,455	165,455	5,502,101
Long-Term Portion of Bonds Payable	545,000	-	-	545,000
Less: Current Portion of Long-Term Debt	<u>(150,470)</u>	<u>(76,270)</u>	<u>(23,036)</u>	<u>(249,776)</u>
Total Long-Term Liabilities	<u>3,495,720</u>	<u>2,159,185</u>	<u>142,419</u>	<u>5,797,325</u>
Total Liabilities	<u>3,886,729</u>	<u>2,235,455</u>	<u>165,455</u>	<u>6,287,639</u>
Invested in Capital Assets, net of debt	9,080,336	1,424,651	1,400,607	11,905,594
Restricted	112,438	110,039	-	222,477
Unrestricted	<u>57,124</u>	<u>138,580</u>	<u>75,912</u>	<u>271,615</u>
Total Net Position	<u>\$ 9,249,898</u>	<u>\$ 1,673,270</u>	<u>\$ 1,476,518</u>	<u>\$ 12,399,686</u>

See accompanying notes to the basic financial statements,

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

	General Fund	Other Funds	Total
Revenues:			
Taxes	\$ 1,441,839	\$ 421,430	\$ 1,863,269
Intergovernmental	109,560	123,387	232,947
Charges for services	606,401	2,113	608,513
Fines and forfeitures	24,043	24,256	48,299
Licenses and permits	1,718	-	1,718
Investment income	377	224	601
Miscellaneous	71,654	74,351	146,006
Total Revenues	<u>2,255,592</u>	<u>645,761</u>	<u>2,901,353</u>
Expenditures:			
Administration	82,615	-	82,615
City Clerk	143,366	-	143,366
Receipt Clerk	37,146	-	37,146
Police Department	386,120	-	386,120
Fire/EMS Department	697,453	-	697,453
Animal Control	4,692	-	4,692
Municipal Court	13,192	3,345	16,537
Public Safety	47,223	62,712	109,935
Inmate	42,760	-	42,760
Airport:	21,219	3,950	25,169
Cemetery	5,898	10,108	16,006
Streets and Alley	51,108	350,330	350,330
Library	17,492	31,150	82,258
Swimming Pool	838,950	-	838,950
General Government	5,140	76,811	915,761
General Citizens Nutrition	2,394,373	48,067	2,980,848
Total Expenditures	<u>2,394,373</u>	<u>586,474</u>	<u>2,980,848</u>
Excess (deficiency) of revenues over expenditures	(138,782)	59,287	(79,495)
Other Financing Sources			
Transfers In	129,187	30,140	159,327
Transfers Out	-	116,910	116,910
Total Other Financing Sources	<u>129,187</u>	<u>(86,770)</u>	<u>42,417</u>
Net Changes in Fund Balances	(9,594)	(27,483)	(37,078)
Fund Balance - Beginning	355,639	199,839	555,478
Fund Balance - Ending	<u>\$ 346,045</u>	<u>\$ 172,356</u>	<u>\$ 518,401</u>
Reconciliation to the Statement of Activities:			
Net change in fund balances			(27,074)
Compensated Abscenses not accrued on fund statements			
Governmental Funds reported as expenditures while activities report depreciation			586,445
Street Improvements paid for for BancFirst Bond Account			148,769
Capitalized purchases			(145,368)
Depreciation expense			
Changes in Net Assets of Governmental Activities			<u>\$ 525,696</u>

See Accompanying notes to the basic financial statements.

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

	Public Works Authority	Sewer	Industrial Authority	Total
	Water/Trash			
Revenues:				
Charges for services:				
Water	\$ 592,928	\$ -	\$ -	\$ 592,928
Sanitation	186,014	-	-	186,014
Sewer	-	265,607	-	265,607
Rental	-	-	43,950	43,950
Miscellaneous receipts	53,638	15,000	130,531	199,168
Total Revenues	<u>832,580</u>	<u>280,607</u>	<u>174,481</u>	<u>1,287,667</u>
Expenses:				
Administration and operations	222,494	-	-	222,494
Industrial Trust Expenditures	-	-	79,254	79,254
Water	296,257	-	-	296,257
Sewer	-	220,655	-	220,655
Sanitation	157,755	-	-	157,755
Depreciation	337,009	90,394	22,674	450,078
Total Expenses	<u>1,013,515</u>	<u>311,049</u>	<u>101,928</u>	<u>1,426,492</u>
Operating Income (Loss)	<u>(180,935)</u>	<u>(30,442)</u>	<u>72,552</u>	<u>(138,825)</u>
Non-operating revenues (expenses):				
Tax Receipts	33,026	96,593	13,810	143,430
Investment Income	754	-	28	781
Bond Borrowing costs	(100,700)	-	-	(100,700)
Interest expense & Admin Fees	(96,542)	(54,408)	(1,069)	(152,019)
Grant Receipts	-	112,811	-	112,811
Total Non-operating Revenues (Expenses)	<u>(163,462)</u>	<u>154,996</u>	<u>12,769</u>	<u>4,303</u>
Net Income (Loss) before contributions and transfers	<u>(344,397)</u>	<u>124,554</u>	<u>85,321</u>	<u>(134,521)</u>
Transfers in	-	-	-	-
Transfers out	619,633	-	25,000	644,633
Changes in Net Assets	(964,029)	124,554	60,321	(779,154)
Net Position - Beginning	10,213,927	1,548,716	1,416,197	13,178,840
Net Position - Ending	<u>\$ 9,249,898</u>	<u>\$ 1,673,270</u>	<u>\$ 1,476,518</u>	<u>\$ 12,399,686</u>

See Accompanying notes to the basic financial statements.

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

	Line			Total
	Public Works Authority	Sewer	Improvement Fund	
Cash Flows from Operating Activities				
Receipts from customers	\$ 772,945	\$ 261,754	\$ 43,950	\$ 1,078,649
Other income	53,638	15,000	130,531	199,168
Payments to Suppliers	(530,729)	(178,108)	(79,254)	(788,091)
Payments to Employees	(145,776)	(42,547)	-	(188,323)
Net Cash Provided (Used) by Operating Activities	<u>150,077</u>	<u>56,100</u>	<u>95,227</u>	<u>301,403</u>
Cash Flows from Capital and Related Financing Activities				
Receipt of Taxes	34,910	96,593	13,810	145,313
CDBG Grant	-	112,811	-	112,811
Grant Disbursements with City Match	-	(134,729)	-	(134,729)
Proceeds from 2014 OWRB Note	3,110,000	-	-	3,110,000
Repayments of Principal from Loans	(3,178,820)	(74,645)	(22,881)	(3,276,346)
Repayment of Bond Principle	(160,000)	-	-	(160,000)
Interest Paid on Debt	(96,542)	(54,408)	(1,069)	(152,019)
Bond Borrowing Costs	(100,700)	-	-	(100,700)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(391,152)</u>	<u>(54,378)</u>	<u>(10,140)</u>	<u>(455,669)</u>
Cash Flows from Investing Activities				
Investment Receipts	754	-	28	781
Transfers	(619,633)	-	(25,000)	(644,633)
Cash Flows provided (Used) by Investing Activities	<u>(618,879)</u>	<u>-</u>	<u>(24,972)</u>	<u>(643,851)</u>
Net Increase (Decrease) in Cash	(859,954)	1,722	60,115	(798,117)
Cash, Beginning of Fiscal Year	1,198,788	162,357	15,797	1,376,942
Prior Period Adjustment (Bond Trust Account)	-	58,317	-	58,317
Total Cash, End of Year	<u>\$ 338,834</u>	<u>\$ 222,396</u>	<u>\$ 75,912</u>	<u>\$ 578,825</u>
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities:				
Operating Loss	\$ (180,935)	\$ (30,442)	\$ 72,552	\$ (138,825)
Adjustments to reconcile Net Income to Net Cash				
Depreciation	337,009	90,394	22,674	450,078
Gain on Sale of Land	-	-	-	-
(Increase) Decrease in Accounts Receivable	(5,997)	(3,853)	-	(9,850)
Increase (Decrease) in Accrued Expenses	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 150,077</u>	<u>\$ 56,100</u>	<u>\$ 95,227</u>	<u>\$ 301,403</u>

See Accompanying notes to the basic financial statements.

Notes to Financial Statements
City of Antlers
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Blended Component Unit—Antlers Public Works Authority

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

Blended Component Unit—Industrial Trust Authority

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

The City reports the following major enterprise fund:

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

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

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

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

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

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

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

D. Assets, Liabilities and Net Assets

1. Deposits and Investments

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

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

2. Receivables and Payables

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

3. Inventories and prepaid items

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

4. Capital Assets

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

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

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

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

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

See Figure No. 1 for detail of Capital Assets.

5. Compensated Absences

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

6. Long-term Obligations

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

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

7. Fund Equity

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

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

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

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

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

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

8. Use of Estimates

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

9. New Pronouncements

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this \$3,377,381 are as follows:

Capital assets, net	\$	2,830,041
Compensated Absences		(27,074)
Pledged Sales Tax Held in Street & Alley Fund		55,077
Net Position of Governmental Funds-Cash Basis		<u>519,335</u>
Net adjustment to increase fund balance—total governmental funds		
to arrive at net assets—governmental activities	\$	3,377,381

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

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

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$525,696 difference is as follows:

Capital outlay	\$ 148,769
Street Improvements paid by Bond Account	586,445
Compensated Absences	(27,074)
Depreciation expense	(145,368)

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

\$ 525,696

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Primary government:

As of June 30, 2015, the policy of the primary government is to invest in certificate of deposits, only.

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

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

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

B. Receivables

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

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

D. Interfund Balances and Transfers

The composition of interfund balances as of June 30, 2015, is as follows. The due to/from balances result from receipts and disbursements being made through the General Fund cash accounts. These balances will be eliminated when cash transfers are made to the appropriate funds. The advances are interfund loans from the general fund.

Transfers:

Receiving Fund	Disbursing Fund	Amount
General Fund	PWA Bond Fund	\$ 586,445
Nutrition Fund	General Fund	5,140
General Fund	PWA Trash	33,100
General Fund	Industrial Development Auth	30,000
General Fund	PWA Meter Fund	87
Capital Outlay fund	Industrial Trust Fund	25,000

Other Governmental Units

911 Fund Pushmataha County

96,000

E. Leases

The City has no operating or capital leases as of June 30, 2015 that are presented separately.

F. Long-Term Debt

Business-type long-term debt payable from net revenues generated by the utility resources pledged to the debt includes the following:

2014 Sales Tax Bond; Dated February 20, 2014

\$ 715,000

Interest Rate of 1.72% Payable to BancFirst Trust Account in Monthly installments of \$11,593 with semi-annual principal payments to be made from the Trust Account. The Public Works Authority is the debtor and the Bond is funded by ½ cent sales tax.

Maturities of Long-Term debt are as follows:	Total	Principle
Payments due by June 30, 2016	181,567	170,000
June 30, 2017	188,600	180,000
June 30, 2018	185,504	180,000
June 30, 2019	187,408	185,000

Notes Payable:

BUSINESS-TYPE ACTIVITIES

Public Works Authority:

Department of Commerce Note in the amount of \$125,000	\$ 26,040
Payable in monthly installments of \$520.84with interest at 0.00%	
Oklahoma Water Resource Board (OWRB) \$2,352,000	
payable in monthly installments to a trustee, \$10,713 at 2.32%	
and pledged with sewer revenues and sales tax	\$2,235,455
Oklahoma Water Resource Board (OWRB) \$3,110,000	
Payable in monthly installments to a trustee, \$17,937 at 2.17%	
And pledged with water revenues and sales tax	\$3,050,122
FirstBank to complete Library Expansion \$50,250	
Payable in monthly installments with interest at 5.50%	\$25,029

Industrial Trust Authority:

Department of Commerce Note in the amount of \$400,000

Payable in monthly installments of \$1,666.66 with interest at 0.00% \$ 146,667

First American Bank to purchase Land \$30,000

Payable in monthly installments of \$329.15 with interest at 4.24% 18,788

Total Notes Payable \$ 5,502,101

Notes Payable:

Public Works AuthorityDepartment of Commerce **Beg Bal** **Additions** **Retirements** **End Bal**

OWRB Series 2013 32,290 0 6,250 26,040

OWRB Series 2014 2,310,100 0 74,645 2,235,455

USDA 04 3,110,000 0 59,878 3,050,122

USDA 02 1,569,330 0 1,569,330 0

FirstBank 1,532,927 0 1,532,927 0

Total PWA 35,464 0 10,435 25,029

Less Current 5,480,111 3,110,000 3,253,465 5,336,646

226,740

5,109,906

Industrial Park Authority

Department of Commerce \$ 166,667 0 20,000 146,666

First State Bank 21,669 0 2,881 18,788Total IDA \$ 188,336 22,881 165,45523,036

142,419

Less Current 142,419

Maturities of Long-Term debt are as follows:

Total

Principle

Payments due June 30, 2016 386,002

249,776

June 30, 2017 386,002

256,354

June 30, 2018 377,021

253,618

June 30, 2019 374,001

256,543

June 30, 2020 368,792

257,109

June 30, 2021 to June 30, 2025 1,767,588

1,305,188

June 30, 2026 to June 30, 2030 1,719,008

1,405,386

June 30, 2031 to June 30, 2035 1,288,512

1,148,128

June 30, 2036 to June 30, 2040	382,072	370,000
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The new debt issuance with the Oklahoma Water Resources Board has a debt coverage requirement of 1.25 revenue over expenses, excluding depreciation

<u>Revenue Bond Coverage</u>	OWRB 2013	OWRB 2014
Pledged utility revenue	\$ 280,607	\$ 646,566
Pledged sales tax	96,593	96,593
Utility operating expenses	(311,049)	(855,760)
Exclude depreciation	90,394	337,009
Net revenues available	156,545	224,408
Annual debt service	117,841	215,248
Computed coverage	1.32	1.04
Required	1.25	1.25

G. Short-Term Debt

The City did not issue or retire any short-term debt during the fiscal year and had none outstanding at June 30, 2015. The proprietary funds have a current portion of their long-term debt of \$170,000(Sales Tax Bond), \$226,740 (Public Works Authority), and \$23,036 (Industrial Park Authority).

H. Components of Fund Balances

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

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

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and other risks for which the City insurance. There have been no significant changes in insurance coverage during the past fiscal year. For the three fiscal years ended June 30, 2015, 2014 and 2013 there have been no settlements in excess of coverage.

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

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

B. Contingent Liabilities

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

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

C. Deferred Compensation Plan

The City offers no deferred compensation plan to its employees.

D. Employee Retirement System and Plan

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

Substantially all of the City's regular, full time employees participate in a defined contribution plan. Participants are required to contribute 3% of their covered compensation. The City contributes 3.69% of covered payroll. Participants are permitted to make voluntary deductible contributions to the plan.

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

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

June 30, 2013	\$ 38,029
June 30, 2014	42,085
June 30, 2015	36,907

Funding Status and Progress

<u>Valuation Date</u>	<u>Value of Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>
01/01/12	\$ 663,705	\$ 224,453
01/01/13	\$ 781,806	\$ 138,919
01/01/14	\$ 871,908	\$ 106,519
01/01/15	\$ 969,573	\$ 33,759

The Employee Retirement System of Antlers, Oklahoma as July 1, 2014, the most current report, is funded at a ratio of 130%. The Accumulated Benefit Obligation as of that date is \$221,063 over funded. Therefore no Accrued Pension Liability is required to be presented on the face of the basic financial statements.

*Firefighters pension plan*Contributions required and contributions made

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

The City of Antlers made contributions to Oklahoma Firefighters Pension and Retirement System during the fiscal year ended June 30, 2014 in the amount of \$32,319. For the current fiscal year the City has made payments into the pension fund of \$29,080.

Per information provided by the Oklahoma Firefighters Pension and Retirement System the June 2014 pension expense for the City of Antlers was \$79,618.

E. Other Post Employment Benefits

The City has no OPED as of June 30, 2015.

F. Overlapping Debt

The City has no overlapping debt as of June 30, 2015.

G. Quasi-Municipal Debt

The City does not have any debt or obligation that would be defined as Quasi-Municipal Debt, as of June 30, 2015.

H. Joint Venture

The City is not and has not entered into any joint ventures as of June 30, 2015.

I. Commitments

As of June 30, 2015, the City had various contractual commitments. No significant commitments are material to the financial position of the City.

J. Long-Term Receivables

The city has no long-term receivables as of June 30, 2015.

K. Subsequent Events

As of November 2, 2015, the issuance date of this report, the City has not entered into any contract or experienced any events that would have a material effect on the financials.

L. Recently Issued Accounting Standards

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

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

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

GASB Statement No. 69—*Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The term, “government combinations,” includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This standard is effective for government combinations and disposals of government operations occurring in financial reporting

periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged. The City has no Combinations or Disposals as of June 30, 2014.

GASB Statement No. 70—Accounting and Financial Reporting for Nonexchange Financial Guarantees.

This statement will improve accounting and financial reporting of state and local governments that extend and receive nonexchange financial guarantees. Some governments extend financial guarantees for the obligations of another government, a not-for-profit organization, a private entity, or individual without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity or individual that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The provisions of this statement are effective for periods beginning after June 15, 2013 and would be applied retroactively. The City has no nonexchange-financial guarantees as of June 30, 2015.

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

	July 1, 2014	Additions	Disposals	June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 71,722	\$ -	\$ -	\$ 71,722
Other inexhaustible assets	-	-	-	-
Construction in progress	253,580	586,445	840,026	-
Total capital assets not being depreciated	325,302	586,445	840,026	71,722
Other capital assets				
Buildings	2,017,198	-	-	2,017,198
Machinery and equipment	1,246,897	121,061	-	1,367,957
Improvements	631,328	840,026	-	1,471,353
Total other capital assets at historical costs	3,895,422	961,086	-	4,856,508
Less accumulated depreciation for:				
Buildings	965,696	67,240	-	1,032,936
Machinery and equipment	978,220	62,345	-	1,040,565
Improvements	8,905	15,783	-	24,688
Total accumulated depreciation	1,952,821	145,368	-	2,098,189
Other capital assets, net	1,942,601	815,718	-	2,758,319
Governmental activities capital assets, net	\$ 2,267,903	\$ 1,402,164	\$ 840,026	\$ 2,830,041
Business-type activities:				
Capital assets not being depreciated:				
Land	504,667	-	-	504,667
Other	-	-	-	-
Construction in progress	-	-	-	-
Total capital assets not being depreciated	504,667	-	-	504,667
Other capital assets				
Buildings	739,800	-	-	739,800
Ethanol Plant	74,053	-	-	74,053
Machinery and equipment	781,553	-	-	781,553
Improvements	19,131,874	134,729	-	19,266,603
Total other capital assets at historical costs	20,727,280	134,729	-	20,862,008
Less accumulated depreciation for:				
Buildings	-	24,660	-	451,541
Ethanol Plant	26,712	3,703	-	30,415
Machinery and equipment	731,660	39,078	-	770,738
Improvements	1,778,650	382,637	-	2,161,288
Total accumulated depreciation	2,963,903	450,078	-	3,413,981
Other capital assets, net	17,763,377	(315,349)	-	17,448,028
Business-type activities capital assets, net	\$ 18,268,044	\$ (315,349)	\$ -	\$ 17,952,695

WILLIAM K. GAUER

CERTIFIED PUBLIC ACCOUNTANT

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

WATONGA, OKLAHOMA 73772
FAX 580-623-5072

WGAEUER@GAUERCPA.MYGBIZ.COM

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

To the City Council
City of Antlers, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Antlers, State Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Antlers, State of Oklahoma's basic financial statements and have issued our report thereon dated November 2, 2015.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

2015-01; The Auditor assisted in the preparation of the basic financial statements and the accompanying notes.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Antlers, State of Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose 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,

City of Antlers
November 2, 2015

this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "W. R. ...", written over the printed name "Watonga, Oklahoma".

Watonga, Oklahoma
November 2, 2015

SUPPLEMENTAL INFORMATION

CITY OF ANTLERS, OKLAHOMA
STATEMENT OF NET ASSETS - COMBINING OF OTHER FUNDS
GOVERNMENTAL FUNDS - CASH BASIS
JUNE 30, 2015

	Library Funds	Capital Outlay	911 Fund	Street & Alley	Senior Nutrition	Cemetery Fund	Municipal Court Fund	Total Other Funds
ASSETS								
Cash and cash equivalents	\$ 19,042	\$ 16,218	\$ 2,426	\$ 130,368	\$ 2,934	\$ 1,368	\$ -	\$ 172,356
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Capital Assets								
Land, inexhaustible assets and construction-in-process	-	-	-	-	-	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-	-	-	-	-	-
Total Assets	19,042	16,218	2,426	130,368	2,934	1,368	-	172,356
LIABILITIES								
Accrued expenses	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Compensated Absences	-	-	-	-	-	-	-	-
Long-term debt								
Due within one year	-	-	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-
NET ASSETS								
Invested in Capital Assets, net of debt	-	-	-	-	-	-	-	-
Restricted								
Debt Service	-	-	-	-	-	-	-	-
Other	19,042	16,218	2,426	130,368	2,934	1,368	-	172,356
Unrestricted								
Total Net Assets	19,042	16,218	2,426	130,368	2,934	1,368	-	172,356

See accompanying notes to the basic financial statements.

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

	Library	Capital Improvement	911 Fund	Street & Alley	Senior Nutrition	Cemetery Fund	Municipal Court Fund	Total Other Funds
Revenues:								
Taxes	\$ -	\$ 69,248	\$ 36,296	\$ 315,886	\$ -	\$ -	\$ -	\$ 421,430
Intergovernmental	-	-	96,000	27,387	-	-	-	123,387
Charges for services	-	-	-	-	-	2,113	-	2,113
Fines and forfeitures	-	-	-	-	-	-	24,256	24,256
Licenses and permits	-	-	-	-	-	-	-	-
Investment income	-	31	33	155	-	6	-	224
Miscellaneous	21,479	10,360	-	-	42,513	-	-	74,351
Total Revenues	21,479	79,638	132,329	343,428	42,513	2,119	24,256	645,761
Expenditures:								
City Clerk	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-
Police Department	-	-	-	-	-	-	-	-
Fire Department	-	-	-	-	-	-	-	-
EMS/Ambulance	-	-	-	-	-	-	-	-
Animal Control	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	3,345	3,345
Public Safety	-	-	62,712	-	-	-	-	62,712
City Bus	-	-	-	-	-	-	-	-
Inmate	-	-	-	-	-	-	-	-
Airport:	-	3,950	-	-	-	-	-	3,950
Cemetery	-	-	-	-	-	10,108	-	10,108
Streets and Alley	-	-	-	350,330	-	-	-	350,330
Library	18,945	12,205	-	-	-	-	-	31,150
Swimming Pool	-	-	-	-	-	-	-	-
General Government	-	76,811	-	-	-	-	-	76,811
Senior Citizens Nutrition	-	-	-	-	48,067	-	-	48,067
Total Expenditures	18,945	92,966	62,712	350,330	48,067	10,108	3,345	586,474
Excess (deficiency) of revenues over expenditures	2,534	(13,328)	69,617	(6,903)	(5,554)	(7,989)	20,910	59,287
Other Financing Sources								
Transfers In	-	25,000	-	-	5,140	-	-	30,140
Transfers Out	-	-	96,000	-	-	-	20,910	116,910
Total Other Financing Sources	-	25,000	(96,000)	-	5,140	-	(20,910)	(86,770)
Net Changes in Fund Balances	2,534	11,672	(26,383)	(6,903)	(414)	(7,989)	-	(27,483)
Fund Balance - Beginning	16,508	4,546	28,809	137,271	3,348	9,357	-	199,839
Fund Balance - Ending	\$ 19,042	\$ 16,218	\$ 2,426	\$ 130,368	\$ 2,934	\$ 1,368	\$ -	\$ 172,356

See Accompanying notes to the basic financial statements.

CITY OF ANTLERS, OKLAHOMA
 Pushmataha County, Oklahoma
 Schedule of Expenditures of Federal Awards
 For Year Ended June 30, 2015

Federal/State Grantor Pass through Grantor Program Title	Federal CDFA Number	Pass- Through Grantor's Number	Program or Award Amount	Cash/ Accrued or (Deferred) Revenue at July 1, 2014	Contract Receipts or Revenue Recognized	Contract Disbursements/ Expenditures	Interest Earned Federal Funds	Match Receipts or Revenue Recognized	Match Disbursements/ Expenditures	Cash/ Accrued or (Deferred) Revenue at June 30, 2015
Department of Commerce										
CDBG 15621-2013 Sewer Collection Improvement Project			144,109	-	112,811	112,811	-	-	13,680	-
Federal Emergency Management Administration										
FEMA Ice Storm Reimbursement	97.048		-	-	10,084	-	-	-	-	-
Total Federal Programs			144,109	-	122,895	112,811	-	-	13,680	-
State of Oklahoma:										
State Aid - Library			-	-	14,213	14,213	-	-	-	-
Department of Agriculture - Fire			4,484	-	4,484	4,484	-	-	-	-
			-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-
Total State Programs			4,484	-	18,697	18,697	-	-	-	-
Total All Programs			148,593	-	141,593	131,508	-	-	13,680	-

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