

ANNUAL FINANCIAL REPORT
CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK
MUNICIPAL AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2012

**CITY OF NEWKIRK
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
ANNUAL FINANCIAL REPORT
KAY COUNTY
FOR THE YEAR ENDED JUNE 30, 2012**

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KAY COUNTY, OKLAHOMA
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PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

Honorable Governing Board
City of Newkirk, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newkirk, including the Newkirk Municipal Authority, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The City prepares its annual financial statements and schedules on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis—of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newkirk, as of June 30, 2012, and the respective changes in financial position—modified cash basis, thereof for the year then ended in conformity with the basis of accounting described above.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013, on our consideration of the City's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the accounting records concerning capital assets and related depreciation been susceptible to satisfactory audit tests, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole on the basis of accounting described above.

A handwritten signature in cursive script that reads "Putnam & Company".

Putnam & Company, PLLC

Edmond, Oklahoma
May 31, 2013

PUTNAM & COMPANY, PLLC

Certified Public Accountants
169 E. 32nd Street
Edmond, Oklahoma 73013
(405) 348-3800

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

Honorable Governing Board
City of Newkirk, Oklahoma

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newkirk, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 31, 2013. The report was a special report on the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Management Discussion and Analysis is not presented as required by the Governmental Accounting Standards Board. 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.

Internal Control Over Financial Reporting

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

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

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

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

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


Putnam & Company

Edmond, Oklahoma
May 31, 2013

BASIC FINANCIAL STATEMENTS

CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
STATEMENT OF NET ASSETS--MODIFIED CASH BASIS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Totals
CURRENT ASSETS			
Cash and Cash Equivalents	1,767,077	2,542	1,769,619
NON-CURRENT ASSETS			
Property and Equipment		3,078,928	3,078,928
TOTAL ASSETS	\$1,767,077	3,081,470	4,848,547
CURRENT LIABILITIES			
Warrants Outstanding	\$58,998		58,998
Accounts Payable	32,758		32,758
Customer Deposits Payable	129,882		129,882
Long-Term Debt--Current Portion	30,000	46,700	76,700
Total Current Liabilites	251,638	46,700	298,338
NON-CURRENT LIABILITIES			
Long-Term Debt--Non-Current Portion	540,000	376,500	916,500
TOTAL LIABILITIES	791,638	423,200	1,214,838
NET ASSETS			
Invested in Capital Assets, Net of Related Debt Restricted for Debt Service		3,078,928	3,078,928
Unrestricted	91,197		91,197
	884,242	-420,658	463,584
TOTAL NET ASSETS	975,439	2,658,270	3,633,709
TOTAL LIABILITIES AND NET ASSETS	\$1,767,077	3,081,470	4,848,547

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

**CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
STATEMENT OF ACTIVITIES--MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

FUNCTIONS/PROGRAMS:	Expenses	Program Revenue		Net (Expense) Revenue
		Charges For Services	Operating Grants	
Governmental Activities				
City of Newkirk	\$4,437,851	176,326	49,028	(4,212,497)
Business-Type Activities				
Newkirk Municipal Authority	0	3,392,222		3,392,222
Total Primary Government	\$4,437,851	3,568,548	49,028	(820,275)

CHANGES IN NET ASSETS:	Primary Government		
	Governmental Activities	Business Type Activities	Total
Net (Expense) Revenue	(\$4,212,497)	3,392,222	(820,275)
General Revenue			
Sales Taxes	131,387	262,773	394,160
Other Taxes	63,920	44,217	108,137
Interest	7,264	2,495	9,759
Other Income	222,362		222,362
Total General Revenue	(3,787,564)	3,701,707	(85,857)
Transfers--In (Out)	3,761,187	(3,658,558)	102,629
Other Financing Sources (Uses)	(91,050)		
Change in Net Assets	(117,427)	43,149	16,772
Net Assets--Beginning	1,092,866	2,615,121	3,707,987
Net Assets--Ending	\$975,439	2,658,270	3,724,759

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

THE CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
COMBINED BALANCE SHEET
ALL FUND TYPES—MODIFIED CASH BASIS
AS OF JUNE 30, 2012

	CITY OF NEWKIRK			NEWKIRK MUNICIPAL AUTHORITY				TOTALS		
	GOVERNMENTAL FUND TYPES	FIDUCIARY FUND TYPE	ENTERPRISE FUND TYPE	GOVERNMENTAL FUND TYPES	Special Revenue	Capital Projects	Debt Service	FIDUCIARY FUND TYPE	(Memorandum Only)	
	Special Revenue	Capital Projects	Trust and Agency	Revenue				Trust and Agency	2012	2011
ASSETS										
Cash, including time deposits Property, Plant and Equipment	\$538,226	66,189	8,686	154,197	2,542	143,262	91,197	130,167	1,769,619	1,940,282
Total Assets	<u>538,226</u>	<u>66,189</u>	<u>8,686</u>	<u>154,197</u>	<u>3,078,928</u>	<u>143,262</u>	<u>91,197</u>	<u>130,167</u>	<u>3,078,928</u>	<u>3,078,928</u>
LIABILITIES										
Warrants Outstanding	\$56,965	1,127	402		219	570,000		285	58,998	94,335
Bonds Payable					423,200			129,882	570,000	600,000
Note Payable (OWRB)									423,200	466,400
Refundable Meter Deposits									129,882	126,646
Total Liabilities	<u>56,965</u>	<u>1,127</u>	<u>402</u>	<u>0</u>	<u>423,200</u>	<u>570,000</u>	<u>0</u>	<u>130,167</u>	<u>1,182,080</u>	<u>1,287,381</u>
FUND EQUITY										
Reserve for Encumbrance	32,758								32,758	23,842
Reserved for Debt Service							91,197		91,197	91,231
Reserved for Capital Projects		8,284				65,153			73,437	79,008
Reserved for Cemetery Care				154,197					154,197	156,568
Fund Balance - Unreserved	448,503	65,062					143,043		656,608	766,059
Retained Earnings - Unreserved					2,658,270				2,658,270	2,615,121
Total Fund Equity	<u>481,261</u>	<u>65,062</u>	<u>8,284</u>	<u>154,197</u>	<u>2,658,270</u>	<u>65,153</u>	<u>91,197</u>	<u>0</u>	<u>3,666,467</u>	<u>3,731,829</u>
Total Liabilities and Fund Equity	<u>\$538,226</u>	<u>66,189</u>	<u>8,686</u>	<u>154,197</u>	<u>3,081,470</u>	<u>635,153</u>	<u>91,197</u>	<u>130,167</u>	<u>4,848,547</u>	<u>5,019,210</u>

See accompanying letter and notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

(a) Reporting Entity

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

INCLUDED ENTITY – (Blended Component Unit)

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

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

(b) Fund Accounting

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

Governmental Fund Types

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

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

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

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

Proprietary Fund Types

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

Fiduciary Funds

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

(c) Government-wide financial statements

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

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

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

(c) Government-wide financial statements

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

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

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

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

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

(e) Basis of presentation – Fund Financial Statements

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

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

(f) Total (Memorandum Only)

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

(g) Budget

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

(h) Compensated Absences

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

(2) DEPOSITS, INVESTMENTS, AND COLLATERAL

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

At June 30, 2012, the City was not exposed to custodial credit risk as defined above.

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

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

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

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

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

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

At June 30, 2012, the City had no concentration of credit risk as defined above.

(3) **LONG-TERM DEBT**

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

Oklahoma Water Resources Board Series 1991 Promissory Note

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

The following is a summary of the Authority's transactions with respect to this promissory note for the year ended June 30, 2012.

Loan Payable, June 30, 2011	\$ 466,400
Principal Payments	<u>43,200</u>
Loan Payable, June 30, 2012	<u>\$ 423,200</u>

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

(3) LONG-TERM DEBT – (continued)

Utility System Revenue Bonds

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

The following is a summary of the Authority's transactions with respect to the revenue bonds for the year ended June 30, 2012.

Bonds Payable, June 30, 2011	\$ 600,000
Additions	0
Retirements	<u>30,000</u>
Balance, June 30, 2012	<u>\$ 570,000</u>

(4) DEDICATED SALES TAX

1% Sales Tax

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

2% Sales Tax

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

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

(5) **PENSION AND RETIREMENT PLANS**

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

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

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

5) **PENSION AND RETIREMENT PLANS (continued)**

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

(6) **RISK MANAGEMENT**

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

(6) **RISK MANAGEMENT (continued)**

Management estimates that the amount of actual or potential claims against the city as of June 30, 2012, will not materially affect the financial condition of the City. Therefore, none of the City's funds contains any provisions for any type of loss.

(7) **COMMITMENTS AND CONTINGENT LIABILITIES**

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

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

(8) **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 31, 2013, which is the date the financial statements were available.

**COMBINING FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULE**

THE CITY OF NEWKIRK, OKLAHOMA
 SCHEDULE OF REVENUES BY SOURCE—GENERAL FUND
 BUDGET AND ACTUAL—MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
TAXES:			
Franchise Tax	\$15,000	15,143	143
LICENSES AND PERMITS:			
Dog Tax	150	545	395
Building Permits	1,000	2,047	1,047
Total Licenses and Permits	1,150	2,592	1,442
INTERGOVERNMENTAL:			
Alcoholic Beverage Tax	7,000	8,909	1,909
Tobacco Tax	5,000	5,880	880
Total Intergovernmental	12,000	14,789	2,789
CHARGES FOR SERVICE:			
Library	450	838	388
Swimming Pool	2,500	3,030	530
Cemetery	14,000	19,836	5,836
Ambulance	135,000	149,637	14,637
Country Club	4,000	2,985	(1,015)
Total Charges for Service	155,950	176,326	20,376
FINES AND FORFEITURES:	16,000	27,532	11,532
INTEREST:	7,050	4,621	(2,429)
MISCELLANEOUS:			
Rent and Royalty	13,500	23,597	10,097
Insure Oklahoma	18,000	36,378	18,378
Worker's Comp. Refund	10,000		(10,000)
Weed Tax	100	835	735
Nuisance Clean Up	510	25	(485)
Other	5,000	14,928	9,928
Total Miscellaneous	47,110	75,763	28,653
TOTALS	<u>\$254,260</u>	<u>316,766</u>	<u>62,506</u>

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
POLICE:			
Personal Services	\$304,151	301,041	3,110
Maintenance and Operation	25,000	20,671	4,329
Total Police	329,151	321,712	7,439
FIRE:			
Personal Services	229,198	225,564	3,634
Maintenance and Operation	10,000	9,944	56
Total Fire	239,198	235,508	3,690
STREETS:			
Personal Services	89,558	86,187	3,371
Maintenance and Operation	11,800	9,400	2,400
Capital Outlay			0
Total Streets	101,358	95,587	5,771
WATER:			
Personal Services	158,688	157,119	1,569
Maintenance and Operation	83,050	82,388	662
Capital Outlay	15,000	14,222	778
Total Water	256,738	253,729	3,009
SANITATION:			
Maintenance and Operation	138,000	137,177	823
Capital Outlay	3,000		3,000
Total Water	141,000	137,177	3,823
SEWER:			
Personal Services	40,000	38,985	1,015
Maintenance and Operation	21,000	20,649	351
Total Sewer	61,000	59,634	1,366
CITY TREASURER:			
Personal Services	26,304	25,912	392
Maintenance and Operation	400	380	20
Capital Outlay			0
Total City Treasurer	26,704	26,292	412

THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
PARKS:			
Personal Services	90,133	87,620	2,513
Maintenance and Operation	21,370	19,632	1,738
Total Parks	<u>111,503</u>	<u>107,252</u>	<u>4,251</u>
LIBRARY:			
Personal Services	61,006	60,159	847
Maintenance and Operation	10,400	10,350	50
Capital Outlay	7,300	5,558	1,742
Total Library	<u>78,706</u>	<u>76,067</u>	<u>2,639</u>
AMBULANCE:			
Personal Services	134,517	131,628	2,889
Maintenance and Operation	15,031	14,685	346
Capital Outlay	10,457	10,457	0
Total Ambulance	<u>160,005</u>	<u>156,770</u>	<u>3,235</u>
CEMETERY:			
Personal Services	44,488	44,113	375
Maintenance and Operation	7,580	6,425	1,155
Total Cemetery	<u>52,068</u>	<u>50,538</u>	<u>1,530</u>
GENERAL GOVERNMENT:			
Maintenance and Operation	169,700	166,748	2,952
Capital Outlay			0
Total General Government	<u>169,700</u>	<u>166,748</u>	<u>2,952</u>
MANAGERIAL:			
Maintenance and Operation	3,600	3,600	0
CITY ATTORNEY:			
Personal Services	7,247	7,247	0

THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
SWIMMING POOL:			
Personal Services	18,286	19,359	(1,073)
Maintenance and Operation	5,000	2,065	2,935
Total Swimming Pool	<u>23,286</u>	<u>21,424</u>	<u>1,862</u>
ELECTRIC:			
Personal Services	216,597	214,334	2,263
Maintenance and Operation	1,637,800	1,627,554	10,246
Capital Outlay	23,733	23,733	0
Total Electric	<u>1,878,130</u>	<u>1,865,621</u>	<u>12,509</u>
MUNICIPAL COURT:			
Personal Services	48,824	48,569	255
Maintenance and Operation	2,000	429	1,571
Total Municipal Court	<u>50,824</u>	<u>48,998</u>	<u>1,826</u>
CITY CLERK:			
Personal Services	222,060	221,078	982
Maintenance and Operation	5,833	5,754	79
Capital Outlay	1,656	1,656	0
Total City Clerk	<u>229,549</u>	<u>228,488</u>	<u>1,061</u>
SERVICE CENTER:			
Maintenance and Operation	85,500	79,990	5,510
CITY SENIOR DIRECTOR			
Personal Services	13,176	12,511	665
Maintenance and Operation	17,935	17,782	153
Capital Outlay	38,032	38,032	0
Total City Senior Director	<u>69,143</u>	<u>68,325</u>	<u>818</u>
TOTALS	<u>\$4,074,410</u>	<u>4,010,707</u>	<u>63,703</u>

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS-MODIFIED CASH BASIS
 AS OF JUNE 30, 2012

	INSURANCE FUND	STREET & ALLEY FUND	JUVENILE CASH FUND	LIBRARY CASH FUND	PARK & RECREATION FUND	SENIOR BUILDING FUND	TOTALS (Memorandum Only)	
							2012	2011
<u>ASSETS</u>								
Cash, including time deposits	\$7,644	27,454	3,743	1,232	22,371	3,745	66,189	50,195
Total Assets	<u>\$7,644</u>	<u>27,454</u>	<u>3,743</u>	<u>1,232</u>	<u>22,371</u>	<u>3,745</u>	<u>66,189</u>	<u>50,195</u>
<u>LIABILITIES</u>								
Warrants Outstanding	\$0	1,030		97			1,127	2,194
Total Liabilities	0	1,030	0	97	0	0	1,127	2,194
<u>FUND EQUITY</u>								
Fund Balance: Unreserved	7,644	26,424	3,743	1,135	22,371	3,745	65,062	48,001
Total Fund Equity	<u>7,644</u>	<u>26,424</u>	<u>3,743</u>	<u>1,135</u>	<u>22,371</u>	<u>3,745</u>	<u>65,062</u>	<u>48,001</u>
Total Liabilities and Fund Equity	<u>\$7,644</u>	<u>27,454</u>	<u>3,743</u>	<u>1,232</u>	<u>22,371</u>	<u>3,745</u>	<u>66,189</u>	<u>50,195</u>

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS-MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2012

	INSURANCE FUND	STREET & ALLEY FUND	JUVENILE CASH FUND	LIBRARY CASH FUND	PARK & RECREATION FUND	SENIOR BUILDING FUND	TOTALS	
							2012	2011 (Memorandum Only)
REVENUES:								
Intergovernmental	\$0	20,143					20,143	21,600
Interest		29	3			2	34	40
Utility Reimbursement					12,949		12,949	13,018
Insurance Proceeds		100	1,017	6,191		8,870	0	0
Miscellaneous							16,178	17,347
Total Revenues	0	20,272	1,020	6,191	12,949	8,872	49,304	52,005
EXPENDITURES:								
Capital Outlay	246	10,542	3	7,229	8,624	5,624	32,268	50,232
Total Expenditures	246	10,542	3	7,229	8,624	5,624	32,268	50,232
Revenues Over/(Under) Expenditures	(246)	9,730	1,017	(1,038)	4,325	3,248	17,036	1,773
Other Financing Sources (Uses):								
Transfer in							0	0
Deobligation of prior year funds				25			25	0
Total Other Financing Sources (Uses):	0	0	0	25	0	0	25	0
Fund Balance, Beginning of Year	7,890	16,694	2,726	2,148	18,046	497	48,001	46,228
Fund Balance, End of Year	\$7,644	26,424	3,743	1,135	22,371	3,745	65,062	48,001

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	INSURANCE FUND			JUVENILE CASH FUND			STREET & ALLEY FUND		
	Budget	Actual	Variance- Favorable/ (Unfavorable)	Budget	Actual	Variance- Favorable/ (Unfavorable)	Budget	Actual	Variance- Favorable/ (Unfavorable)
REVENUES:									
Intergovernmental	\$0	0	0			0		20,143	20,143
Interest		0	0	3	3	3		29	29
Donations		0	0			0		0	0
State Aid		0	0			0		0	0
Grants		0	0			0		0	0
Utility Reimbursement		0	0			0		0	0
FEMA		0	0			0		0	0
Insurance Proceeds		0	0			0		0	0
Miscellaneous		0	0	1,017	1,017	1,017		100	100
Total Revenues	0	0	0	0	1,020	1,020	0	20,272	20,272
EXPENDITURES:									
Capital Outlay	7,890	246	7,644	2,726	3	2,723	16,694	10,542	6,152
Total Expenditures	7,890	246	7,644	2,726	3	2,723	16,694	10,542	6,152
Revenues Over/(Under) Expenditures	(7,890)	(246)	7,644	(2,726)	1,017	3,743	(16,694)	9,730	26,424
Other Financing Sources (Uses):									0
Transfer in									0
Fund Balance, Beginning of Year	7,890	7,890	0	2,726	2,726	0	16,694	16,694	0
Fund Balance, End of Year	\$0	7,644	7,644	0	3,743	3,743	0	26,424	26,424

THE CITY OF NEWKIRK, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	LIBRARY CASH FUND			PARK & RECREATION FUND			SENIOR BUILDING FUND			TOTALS (Memorandum Only)		
	Budget	Actual	Variance-Favorable/(Unfavorable)	Budget	Actual	Variance-Favorable/(Unfavorable)	Budget	Actual	Variance-Favorable/(Unfavorable)	Budget	Actual	Variance-Favorable/(Unfavorable)
REVENUES:												
Intergovernmental		0	0									
Interest		0	0					2	0		0	20,143
Donations		0	0								34	34
State Aid		0	0								0	0
Grant		0	0								0	0
Utility Reimbursement		0	12,949		12,949	12,949					0	12,949
FEMA		0	0								0	0
Insurance Proceeds		0	0								0	0
Miscellaneous		6,191	6,191					8,870	8,870		0	16,178
Total Revenues	0	6,191	6,191	0	12,949	12,949	0	8,872	8,872	0	49,304	49,304
EXPENDITURES:												
Capital Outlay	2,148	7,229	(5,081)	18,046	8,624	4,878	497	5,624	4,878	48,001	32,268	15,733
Total Expenditures	2,148	7,229	(5,081)	18,046	8,624	4,878	497	5,624	4,878	48,001	32,268	15,733
Revenues Over/(Under) Expenditures	(2,148)	(1,038)	1,110	(18,046)	4,325	22,371	(497)	3,248	3,745	(48,001)	17,036	65,037
Other Financing Sources (Uses):												
Transfer in		25	25								25	25
Deobligation of Prior Year's funds												
Total other Financing Sources(Uses):												
Fund Balance, Beginning of Year	2,148	2,148	0	18,046	18,046	0	497	497	0	48,001	48,001	0
Fund Balance, End of Year	0	1,135	1,135	0	22,371	22,371	0	3,745	3,745	0	65,062	65,062

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS-MODIFIED CASH BASIS
 AS OF JUNE 30, 2012

	WATER EXTENSION FUND	RURAL FIRE EXTENSION FUND	ELECTRIC EXTENSION FUND	TOTALS (Memorandum Only)	
				2012	2011
<u>ASSETS</u>					
Cash, including time deposits	\$124	5,577	2,985	8,686	13,723
Total Assets	<u>\$124</u>	<u>5,577</u>	<u>2,985</u>	<u>8,686</u>	<u>13,723</u>
<u>LIABILITIES</u>					
Warrants Outstanding	\$0	402	0	402	0
Total Liabilities	<u>0</u>	<u>402</u>	<u>0</u>	<u>402</u>	<u>0</u>
<u>FUND EQUITY</u>					
Fund Balance: Unreserved	124	5,175	2,985	8,284	13,723
Total Fund Equity	<u>124</u>	<u>5,175</u>	<u>2,985</u>	<u>8,284</u>	<u>13,723</u>
Total Liabilities and Fund Equity	<u>\$124</u>	<u>5,577</u>	<u>2,985</u>	<u>8,686</u>	<u>13,723</u>

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUNDS--MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2012

	WATER EXTENSION FUND	RURAL FIRE EXTENSION FUND	ELECTRIC EXTENSION FUND	TOTALS (Memorandum Only)	
				2012	2011
REVENUES:					
Miscellaneous	\$2,449	7,063	2,713	12,225	31,004
Total Revenues	<u>2,449</u>	<u>7,063</u>	<u>2,713</u>	<u>12,225</u>	<u>31,004</u>
EXPENDITURES:					
Capital Outlay	6,814	4,668	4,495	15,977	37,020
Total Expenditures	<u>6,814</u>	<u>4,668</u>	<u>4,495</u>	<u>15,977</u>	<u>37,020</u>
Revenues Over/(Under) Expenditures	(4,365)	2,395	(1,782)	(3,752)	(6,016)
OTHER FINANCING SOURCES (USES):					
Deobligation of Prior Year Funds	(1,687)			(1,687)	0
Total Other Financing Sources (Uses)	<u>(1,687)</u>	<u>0</u>	<u>0</u>	<u>(1,687)</u>	<u>0</u>
Fund Balance, Beginning of Year	6,176	2,780	4,767	13,723	19,739
Fund Balance, End of Year	<u>\$124</u>	<u>5,175</u>	<u>2,985</u>	<u>8,284</u>	<u>13,723</u>

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
 COMBINING BALANCE SHEET
 TRUST AND AGENCY FUNDS - MODIFIED CASH BASIS
 AS OF JUNE 30, 2012

	CEMETERY FUND	TOTALS (Memorandum Only)	
		2012	2011
<u>ASSETS</u>			
Cash, including time deposits	\$154,197	154,197	156,568
Total Assets	<u>\$154,197</u>	<u>154,197</u>	<u>156,568</u>
<u>LIABILITIES</u>			
Warrants Outstanding	\$0	0	
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<u>FUND EQUITY</u>			
Fund Balance:			
Reserved for Cemetery Care	154,197	154,197	156,568
Unreserved	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity	<u>154,197</u>	<u>154,197</u>	<u>156,568</u>
Total Liabilities and Fund Equity	<u>\$154,197</u>	<u>154,197</u>	<u>156,568</u>

See accompanying letter and notes to financial statements.

THE CITY OF NEWKIRK, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TRUST AND AGENCY FUNDS - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2012

	CEMETERY FUND	TOTALS (Memorandum Only)	
		2012	2011
REVENUES:			
Interest	\$1,794	1,794	2,168
Cemetery Care	2,964	2,964	2,811
Rent	2,119	2,119	1,075
Donations	66,470	66,470	0
Total Revenues	<u>73,347</u>	<u>73,347</u>	<u>6,054</u>
EXPENDITURES:			
Maintenance and Operation	<u>75,718</u>	<u>75,718</u>	<u>0</u>
Total Expenditures	<u>75,718</u>	<u>75,718</u>	<u>0</u>
Revenues Over/(Under) Expenditures	-2,371	-2,371	6,054
Fund Balance, Beginning of Year	<u>156,568</u>	<u>156,568</u>	<u>150,514</u>
Fund Balance, End of Year	<u><u>\$154,197</u></u>	<u><u>154,197</u></u>	<u><u>156,568</u></u>

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
 COMBINING BALANCE SHEET
 PROPRIETARY FUND TYPE - MODIFIED CASH BASIS
 AS OF JUNE 30, 2012

	ENTERPRISE FUND	
	2012	2011
<u>ASSETS</u>		
Current Assets:		
Cash, including time deposits	\$2,542	2,593
Fixed Assets:		
Plant, Property and Equipment	3,078,928	3,078,928
Total Assets	\$3,081,470	3,081,521
<u>LIABILITIES AND RETAINED EARNINGS</u>		
Long Term Debt:		
Oklahoma Water Resources Board Note	\$423,200	466,400
Retained Earnings	2,658,270	2,575,222
Total Liabilities and Retained Earnings	\$3,081,470	3,041,622

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN RETAINED EARNINGS
 PROPRIETARY FUND TYPE - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2012

	ENTERPRISE FUND	
	2012	2011
REVENUES:		
Charges for Service:		
Water	\$294,006	279,595
Sewer	203,080	163,268
Trash	145,558	150,868
Electric	2,744,869	2,718,550
Licenses and Permits	4,709	1,712
	3,392,222	3,313,993
Total Charges for Service		
Franchise Tax	16,526	16,223
Interest	2,495	3,573
Cigar Tax		0
Use Tax	27,691	23,819
Sales Tax	262,773	255,691
	3,701,707	3,613,299
Total Revenues		
EXPENDITURES:	0	0
Total Expenditures	0	0
Revenues Over/(Under) Expenditures	3,701,707	3,613,299
OTHER FINANCING SOURCES/(USES):		
Transfers to Debt Service Fund	(50,750)	(49,000)
Transfers to Utility Bond	(60,000)	(59,250)
Retirement of Long Term Debt	43,200	39,900
Transfer from Meter Fund	41	67
Transfers of Surplus to the City of Newkirk	(3,591,049)	(3,505,117)
	(3,658,558)	(3,573,400)
Total Other Financing Sources/(Uses)		
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	43,149	39,899
Retained Earnings, Beginning of Year	2,615,121	2,575,222
Retained Earnings, End of Year	\$2,658,270	2,615,121

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Net Income (Loss) from Operations	<u>\$3,701,707</u>
Cash Flows from Capital and Related Financing Activities:	
Operating Transfers	<u>(3,701,758)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(51)
Cash and Cash Equivalents, June 30, 2011	<u>2,593</u>
Cash and Cash Equivalents, June 30, 2012	<u><u>\$2,542</u></u>

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

THE NEWKIRK MUNICIPAL AUTHORITY
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS- MODIFIED CASH BASIS
 AS OF JUNE 30, 2012

	1 CENT SALES TAX FUND	SOLID WASTE FEE FUND	CDBG GRANT FUND-WTR/SWR	REAP GRANT	UTILITY UPGRADE FUND	UTILITY BOND PAYMENT FUND	HOME GRANT FUND	TOTALS (Memorandum Only)	
								2012	2011
<u>ASSETS</u>									
Cash, including time deposits	\$135,254	2,289	0	0	3	5,716	0	143,262	169,058
Total Assets	\$135,254	2,289	0	0	3	5,716	0	143,262	169,058
<u>LIABILITIES</u>									
Warrants Outstanding	\$0	219						219	2,395
Total Liabilities	0	219	0	0	0	0	0	219	2,395
<u>FUND EQUITY</u>									
Fund Balance:									
Reserved for Incomplete Projects	135,254	2,070	0	0	3	5,716	0	143,043	166,663
Total Fund Equity	135,254	2,070	0	0	3	5,716	0	143,043	166,663
Total Liabilities and Fund Equity	\$135,254	2,289	0	0	3	5,716	0	143,262	169,058

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2012

	1 CENT SALES TAX FUND	SOLID WASTE FEE FUND	CDBG GRANT FUND-WTR/SWR	REAP GRANT	UTILITY UPGRADE FUND	UTILITY BOND PAYMENT FUND	HOME GRANT FUND	TOTALS (Memorandum Only)	
								2012	2011
REVENUES:									
Sales Tax	\$131,387							131,387	127,845
Use Tax	13,845							13,845	11,909
Cigarette Tax	642	2	3,000	46,028		3		647	1,065
Interest								49,028	100,741
Grants								0	32,566
Loan		3,241						3,241	3,220
Solid Waste Fees	329							329	0
Miscellaneous									
Total Revenues	146,203	3,243	3,000	46,028	0	3	0	198,477	277,346
EXPENDITURES:									
Capital Outlay	169,807		3,000	46,028				169,807	186,204
Grant		3,874						49,028	100,741
Solid Waste Fees	169,807	3,874	3,000	46,028	0	0	0	3,874	1,966
Total Expenditures	(23,604)	(631)	0	0	0	3	0	(24,232)	(11,565)
Revenues Over/(Under) Expenditures									
OTHER FINANCING SOURCES/(USES):									
Transfer from Municipal Authority						60,000		60,000	59,250
Transfer Among Debt Service Funds						(59,388)		0	0
Payment of Bonds						0		(59,388)	(59,686)
Deobligation of Prior Year Funds						612		0	0
Total Other Financing Sources/(Uses):						612	0	612	(436)
Fund Balance, Beginning of Year	158,858	2,701	0	0	3	5,101	0	166,663	178,664
Fund Balance, End of Year	\$135,254	2,070	0	0	3	5,716	0	143,043	166,663

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUND - MODIFIED CASH BASIS
 AS OF JUNE 30, 2012

	UTILITY REVENUE BOND FUND	TOTALS (Memorandum Only)	
		2012	2011
<u>ASSETS</u>			
Cash, including time deposits	\$635,153	635,153	665,285
Total Assets	\$635,153	635,153	665,285
<u>LIABILITIES</u>			
Warrants Outstanding	\$0	0	0
Bonds Payable	570,000	570,000	600,000
Total Liabilities	570,000	570,000	600,000
<u>FUND EQUITY</u>			
Fund Balance:			
Reserved for Encumbrances	0	0	0
Unreserved	65,153	65,153	65,285
Total Fund Equity	65,153	65,153	65,285
Total Liabilities and Fund Equity	\$635,153	635,153	665,285

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUND - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2012

	UTILITY REVENUE BOND FUND	TOTALS (Memorandum Only)	
		2012	2011
REVENUES:			
Interest	\$6	6	6
Total Revenues	<u>6</u>	<u>6</u>	<u>6</u>
EXPENDITURES:			
Capital Outlay	0	0	0
Interest Expense	28,901	28,901	29,775
Fiscal Agent's Fees	625	625	1,250
Total Expenditures	<u>29,526</u>	<u>29,526</u>	<u>31,025</u>
Revenues Over/(Under) Expenditures	(29,520)	(29,520)	(31,019)
OTHER FINANCING SOURCES/(USES):			
Debt Service Payments	(30,000)	(30,000)	(25,000)
Transfer from Municipal Authority	59,388	59,388	59,689
Transfer Among Debt Service Funds	0	0	0
Total Other Financing Sources/(Uses)	<u>29,388</u>	<u>29,388</u>	<u>34,689</u>
Fund Balance, Beginning of Year	<u>65,285</u>	<u>65,285</u>	<u>61,615</u>
Fund Balance, End of Year	<u><u>\$65,153</u></u>	<u><u>65,153</u></u>	<u><u>65,285</u></u>

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS - MODIFIED CASH BASIS
 AS OF JUNE 30, 2012

	SEWER RESERVE FUND	DEBT SERVICE FUND	SEWER CONSTR. RESERVE FUND	TOTALS (Memorandum Only)
				2012 2011
<u>ASSETS</u>				
Cash, including time deposits	\$4,368	4,308	82,521	91,197 91,231
Total Assets	<u>\$4,368</u>	<u>4,308</u>	<u>82,521</u>	<u>91,197</u> <u>91,231</u>
<u>LIABILITIES</u>				
Warrants Outstanding	\$0	0	0	0 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u> <u>0</u>
<u>FUND EQUITY</u>				
Fund Balance: Reserved for Debt Service	4,368	4,308	82,521	91,197 91,231
Total Fund Equity	<u>4,368</u>	<u>4,308</u>	<u>82,521</u>	<u>91,197</u> <u>91,231</u>
Total Liabilities and Fund Equity	<u>\$4,368</u>	<u>4,308</u>	<u>82,521</u>	<u>91,197</u> <u>91,231</u>

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 DEBT SERVICE FUNDS - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2012

	SEWER RESERVE FUND	DEBT SERVICE FUND	SEWER CONSTR. RESERVE FUND	TOTALS (Memorandum Only)	
				2012	2011
REVENUES:					
Interest	\$2	2	158	162	172
Total Revenues	2	2	158	162	172
EXPENDITURES:					
Payment of Debt		44,050		44,050	41,050
Interest Expense		5,896		5,896	6,876
Fiscal Agent Fees	1,000			1,000	1,000
Capital Outlay				0	0
Total Expenditures	1,000	49,946	0	50,946	48,926
Revenues Over/(Under) Expenditures	(998)	(49,944)	158	(50,784)	(48,754)
OTHER FINANCING SOURCES/(USES):					
Transfers from Enterprise Fund	50,750			50,750	49,000
Transfers Between Debt Service Funds	(49,985)	50,143	(158)	0	0
Total Other Financing Sources/(Uses)	765	50,143	(158)	50,750	49,000
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	(233)	199	0	(34)	246
Fund Balance, Beginning of Year	4,601	4,109	82,521	91,231	90,985
Fund Balance, End of Year	<u>\$4,368</u>	<u>4,308</u>	<u>82,521</u>	<u>91,197</u>	<u>91,231</u>

See accompanying letter and notes to financial statements.

THE NEWKIRK MUNICIPAL AUTHORITY
 COMBINING BALANCE SHEET
 TRUST AND AGENCY FUND - MODIFIED CASH BASIS
 AS OF JUNE 30, 2012

	METER DEPOSIT FUND	
	2012	2011
<u>ASSETS</u>		
Cash, including time deposits	\$130,167	126,949
Total Assets	130,167	126,949
<u>LIABILITIES</u>		
Warrants Outstanding	285	303
Refundable Meter Deposits	129,882	126,646
Total Liabilities	130,167	126,949
<u>FUND EQUITY</u>		
Fund Balance: Unreserved		
Total Fund Equity	0	0
Total Liabilities and Fund Equity	\$130,167	126,949

See accompanying letter and notes to financial statements.

NEWKIRK MUNICIPAL AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - MODIFIED CASH BASIS
 TRUST AND AGENCY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	METER DEPOSIT FUND	TOTALS (Memorandum Only)	
		2012	2011
REVENUES	\$0	0	0
Total Revenues	0	0	0
EXPENDITURES	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over/(Under) Expenditures	0	0	0
OTHER FINANCING SOURCES/(USES):			
Customer Deposits in Excess of Refunds	236	236	1,868
Increase in Refundable Deposits	(236)	(236)	(1,868)
Total Other Financing Sources/(Uses)	0	0	0
Excess of Revenues and Other Sources Over/ (Under) Expenditures and Other Uses	0	0	0
Fund Balance, Beginning of Year	0	0	0
Fund Balance, End of Year	\$0	0	0

See accompanying letter and notes to financial statements.

**MANAGEMENT LETTER AND SCHEDULE OF
FINDINGS**

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
169 S.E. 32ND
EDMOND, OKLAHOMA 73013
(405) 348-3800
FAX (405) 348-7965

May 31, 2013

Honorable Governing Board
City of Newkirk, Oklahoma

We have audited financial statements of the City of Newkirk, including the Newkirk Municipal Authority, as of and for the year ended June 30, 2012, as listed in the table of contents, and have issued our report thereon dated May 31, 2013. As a part of our audit, we made a study and evaluation of the City's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated June 20, 2013, on the financial statements of the City of Newkirk.

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

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

Sincerely,



Jerry W. Putnam

PUTNAM & COMPANY, PLLC

**CITY OF NEWKIRK
KAY COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS

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

CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS

Internal Control:

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

Supporting Documentation:

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