

ANNUAL FINANCIAL REPORT
CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK
MUNICIPAL AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2015

**CITY OF NEWKIRK
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
ANNUAL FINANCIAL REPORT
KAY COUNTY
FOR THE YEAR ENDED JUNE 30, 2015**

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Management Letter and Schedule of Findings

Putnam & Company, PLLC
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INDEPENDENT AUDITOR'S REPORT

City Council
City of Newkirk
Newkirk, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newkirk, Oklahoma (the City), as of and for the year ended June 30, 2015, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newkirk, Oklahoma, as of June 30, 2015 and the respective changes in modified cash basis financial position and where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary and Other Information

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

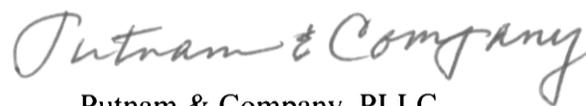
The City has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) and the GASB has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a

required part of the basic financial statements. We subjected this information to the auditing procedures applied by us, in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 4, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Putnam & Company, PLLC

May 4, 2016

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

City Council
City of Newkirk
Newkirk, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund of the City of Newkirk, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Newkirk's basic financial statements and have issued our report thereon dated May 4, 2016. The report on the City was qualified due to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Management Discussion and Analysis is not presented as required by the Governmental Accounting Standards Board.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



Putnam & Company, PLLC
May 4, 2016

BASIC FINANCIAL STATEMENTS

CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
STATEMENT OF NET POSITION--MODIFIED CASH BASIS
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Totals
CURRENT ASSETS			
Cash and Cash Equivalents	1,793,359	2,517	1,795,876
NON-CURRENT ASSETS			
Property and Equipment		3,078,928	3,078,928
TOTAL ASSETS	<u>\$1,793,359</u>	<u>3,081,445</u>	<u>4,874,804</u>
CURRENT LIABILITIES			
Warrants Outstanding	\$70,648		70,648
Accounts Payable			0
Customer Deposits Payable	141,040		141,040
Long-Term Debt--Current Portion	35,000	59,100	94,100
Total Current Liabilites	<u>246,688</u>	<u>59,100</u>	<u>305,788</u>
NON-CURRENT LIABILITIES			
Long-Term Debt--Non-Current Portion	440,000	200,750	640,750
TOTAL LIABILITIES	<u>686,688</u>	<u>259,850</u>	<u>946,538</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt		3,078,928	3,078,928
Restricted for Debt Service	108,558		108,558
Unrestricted	998,113	(270,733)	727,380
TOTAL NET POSITION	<u>1,106,671</u>	<u>2,808,195</u>	<u>3,914,866</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,793,359</u>	<u>3,068,045</u>	<u>4,861,404</u>

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, 2015**

FUNCTIONS/PROGRAMS:	Expenses	Program Revenue		Net (Expense) Revenue
		Charges For Services	Operating Grants	
Governmental Activities City of Newkirk	\$4,314,556	143,687		(4,170,869)
Business-Type Activities Newkirk Municipal Authority	0	3,510,057		3,510,057
Total Primary Government	\$4,314,556	3,653,744	0	(660,812)

CHANGES IN NET ASSETS:	Primary Government		
	Governmental Activities	Business Type Activities	Total
Net (Expense) Revenue	(\$4,170,869)	3,510,057	(660,812)
General Revenue			
Sales Taxes	152,886	305,772	458,658
Other Taxes	59,496	49,416	108,912
Interest	2,325	1,590	3,915
Other Income	207,286		207,286
Total General Revenue	(3,748,876)	3,866,835	117,959
Transfers--In (Out)	3,866,835	(3,812,135)	54,700
Other Financing Sources (Uses)	24,203		
Change in Net Assets	142,162	54,700	172,659
Net Position--Beginning	964,509	2,766,895	3,731,404
Net Position--Ending	\$1,106,671	2,821,595	3,904,063

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, 2015**

	CITY OF NEWKIRK				NEWKIRK MUNICIPAL AUTHORITY					TOTALS (Memorandum Only)	
	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	ENTERPRISE FUND TYPE	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	2015	2014
	General	Special Revenue	Capital Projects	Trust and Agency	Revenue	Special Revenue	Capital Projects	Debt Service	Trust and Agency		
ASSETS											
Cash, including time deposits	\$526,571	65,370	7,435	143,181	2,517	258,916	542,288	108,558	141,040	1,795,876	1,860,972
Property, Plant and Equipment					3,078,928					3,078,928	3,078,928
Total Assets	526,571	65,370	7,435	143,181	3,081,445	258,916	542,288	108,558	141,040	4,874,804	4,939,900
LIABILITIES											
Warrants Outstanding	\$67,187	3,461								70,648	235,634
Bonds Payable							475,000			475,000	510,000
Note Payable (OWRB)					259,850					259,850	314,550
Refundable Meter Deposits								141,040		141,040	135,590
Total Liabilities	67,187	3,461	0	0	259,850	0	475,000	0	141,040	946,538	1,195,774
FUND EQUITY											
Reserve for Encumbrance										0	12,721
Reserved for Debt Service								108,558		108,558	92,531
Reserved for Capital Projects			7,435				67,288			74,723	72,458
Reserved for Cemetery Care				143,181						143,181	140,591
Fund Balance - Unreserved	459,384	61,909				258,916				780,209	658,930
Retained Earnings - Unreserved					2,821,595					2,821,595	2,766,895
Total Fund Equity	459,384	61,909	7,435	143,181	2,821,595	258,916	67,288	108,558	0	3,928,266	3,744,126
Total Liabilities and Fund Equity	\$526,571	65,370	7,435	143,181	3,081,445	258,916	542,288	108,558	141,040	4,874,804	4,939,900

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, 2015

(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, 2015

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, 2015

(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, 2015

(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, 2015, 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, 2015

(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, 2015, 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, 2015.

Loan Payable, June 30, 2014	\$ 314,550
Principal Payments	<u>54,700</u>
Loan Payable, June 30, 2015	<u>\$ 259,850</u>

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

(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, 2015.

Bonds Payable, June 30, 2014	\$ 510,000
Additions	0
Retirements	<u>35,000</u>
Balance, June 30, 2015	<u>\$ 475,000</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, 2015

(5) PENSION AND RETIREMENT PLANS

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

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

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

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

(6) RISK MANAGEMENT

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

Management estimates that the amount of actual or potential claims against the city as of June 30, 2015, 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, 2015

(8) **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 4, 2016, 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, 2015

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
TAXES:			
Franchise Tax	\$17,690	16,215	(1,475)
LICENSES AND PERMITS:			
Dog Tax	678	685	7
Building Permits	2,172	2,249	77
Total Licenses and Permits	2,850	2,934	84
INTERGOVERNMENTAL:			
Alcoholic Beverage Tax	9,535	9,977	442
Tobacco Tax	5,050	5,381	331
Total Intergovernmental	14,585	15,358	773
CHARGES FOR SERVICE:			
Library	792	1,285	493
Swimming Pool	1,704	3,471	1,767
Cemetery	12,370	19,200	6,830
Ambulance	124,864	116,626	(8,238)
Fire Runs	2,100	500	(1,600)
Country Club	2,445	2,605	160
Total Charges for Service	144,275	143,687	(588)
FINES AND FORFEITURES:	42,927	37,965	(4,962)
INTEREST:	1,444	1,158	(286)
MISCELLANEOUS:			
Rent and Royalty	13,678	13,699	21
Insure Oklahoma	6,335	1,388	(4,947)
Improvement Fee	19,107		(19,107)
Weed Tax	5,113	3,736	(1,377)
Limbs	240	500	260
Other	6,516	3,136	(3,380)
Total Miscellaneous	50,989	22,459	(28,530)
TOTALS	\$274,760	239,776	(34,984)

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, 2015

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
POLICE:			
Personal Services	\$266,064	253,126	12,938
Maintenance and Operation	25,700	25,468	232
Capital Outlay	2,000	1,279	721
Total Police	293,764	279,873	13,891
FIRE:			
Personal Services	174,709	169,480	5,229
Maintenance and Operation	11,006	10,871	135
Capital Outlay	7,039	7,039	0
Total Fire	192,754	187,390	5,364
STREETS:			
Personal Services	110,077	109,744	333
Maintenance and Operation	9,500	7,119	2,381
Capital Outlay			0
Total Streets	119,577	116,863	2,714
WATER:			
Personal Services	103,724	101,950	1,774
Maintenance and Operation	74,075	73,299	776
Capital Outlay	81,960	81,960	0
Total Water	259,759	257,209	2,550
SANITATION:			
Maintenance and Operation	138,000	137,201	799
Capital Outlay			0
Total Sanitation	138,000	137,201	799
SEWER:			
Personal Services	8,922	8,922	0
Maintenance and Operation	17,459	14,770	2,689
Capital Outlay			0
Total Sewer	26,381	23,692	2,689
CITY TREASURER:			
Personal Services	26,964	25,771	1,193
Maintenance and Operation	100	100	0
Capital Outlay			0
Total City Treasurer	27,064	25,871	1,193

**THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
PARKS:			
Personal Services	94,128	91,451	2,677
Maintenance and Operation	14,100	10,712	3,388
Capital Outlay	8,614	8,614	0
Total Parks	116,842	110,777	6,065
LIBRARY:			
Personal Services	53,136	51,568	1,568
Maintenance and Operation	13,095	12,192	903
Capital Outlay			0
Total Library	66,231	63,760	2,471
AMBULANCE:			
Personal Services	170,802	167,878	2,924
Maintenance and Operation	18,150	17,305	845
Capital Outlay			0
Total Ambulance	188,952	185,183	3,769
CEMETERY:			
Personal Services	24,712	24,418	294
Maintenance and Operation	5,800	4,184	1,616
Total Cemetery	30,512	28,602	1,910
GENERAL GOVERNMENT:			
Maintenance and Operation	215,600	185,943	29,657
Capital Outlay	64,880	64,880	0
Total General Government	280,480	250,823	29,657
MANAGERIAL:			
Maintenance and Operation	3,600	3,600	0
CITY ATTORNEY:			
Personal Services	7,589	7,579	10

**THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
SWIMMING POOL:			
Personal Services	22,684	18,639	4,045
Maintenance and Operation	2,800	904	1,896
Total Swimming Pool	25,484	19,543	5,941
ELECTRIC:			
Personal Services	202,975	201,279	1,696
Maintenance and Operation	1,705,700	1,702,867	2,833
Capital Outlay	51,500	11,445	40,055
Total Electric	1,960,175	1,915,591	44,584
MUNICIPAL COURT:			
Personal Services	46,334	44,353	1,981
Maintenance and Operation	7,560	7,295	265
Total Municipal Court	53,894	51,648	2,246
CITY CLERK:			
Personal Services	208,746	208,347	399
Maintenance and Operation	2,560	2,449	111
Capital Outlay	16,537	16,538	(1)
Total City Clerk	227,843	227,334	509
SERVICE CENTER:			
Maintenance and Operation	71,120	45,461	25,659
Capital Outlay			0
Total City Clerk	71,120	45,461	25,659
CITY SENIOR DIRECTOR			
Personal Services	16,112	15,835	277
Maintenance and Operation	25,400	24,652	748
Capital Outlay			0
Total City Senior Director	41,512	40,487	1,025
TOTALS	\$4,131,533	3,978,487	153,046

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, 2015**

	INSURANCE FUND	STREET & ALLEY FUND	JUVENILE CASH FUND	LIBRARY CASH FUND	PARK & RECREATION FUND	SENIOR BUILDING FUND	TOTALS (Memorandum Only)	
							2015	2014
ASSETS								
Cash, including time deposits	\$1	20,746	2,746	6,165	23,524	12,188	65,370	63,325
Total Assets	\$1	20,746	2,746	6,165	23,524	12,188	65,370	63,325
LIABILITIES								
Warrants Outstanding	\$0			3,026		435	3,461	579
Total Liabilities	0	0	0	3,026	0	435	3,461	579
FUND EQUITY								
Fund Balance:								
Reserved for Encumbrances							0	1,746
Unreserved	1	20,746	2,746	3,139	23,524	11,753	61,909	61,000
Total Fund Equity	1	20,746	2,746	3,139	23,524	11,753	61,909	62,746
Total Liabilities and Fund Equity	\$1	20,746	2,746	6,165	23,524	12,188	65,370	63,325

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, 2015

	INSURANCE FUND	STREET & ALLEY FUND	JUVENILE CASH FUND	LIBRARY CASH FUND	PARK & RECREATION FUND	SENIOR BUILDING FUND	TOTALS (Memorandum Only)	
							2015	2014
REVENUES:								
Intergovernmental	\$0	21,556					21,556	22,683
Interest		13					13	14
Utility Reimbursement					13,908		13,908	13,030
Miscellaneous	9,400	1,283		9,272		39,522	59,477	35,142
Total Revenues	9,400	22,852	0	9,272	13,908	39,522	94,954	70,869
EXPENDITURES:								
Capital Outlay	9,642	19,250		11,789	6,425	35,941	83,047	58,865
Total Expenditures	9,642	19,250	0	11,789	6,425	35,941	83,047	58,865
Revenues Over/(Under) Expenditures	(242)	3,602	0	(2,517)	7,483	3,581	11,907	12,004
Other Financing Sources (Uses):								
Deobligation of prior year funds				1,876	(12,875)		(10,999)	0
Total Other Financing Sources (Uses):	0	0	0	1,876	(12,875)	0	(10,999)	0
Fund Balance, Beginning of Year	243	17,144	2,746	3,780	28,916	8,172	61,001	48,997
Fund Balance, End of Year	\$1	20,746	2,746	3,139	23,524	11,753	61,909	61,001

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, 2015

	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		21,556	21,556
Interest			0		1	1		13	13
Donations			0			0			0
State Aid			0			0			0
Grants			0			0			0
Utility Reimbursement			0			0			0
FEMA			0			0			0
Insurance Proceeds			0			0			0
Miscellaneous		9,400	9,400			0		1,283	1,283
Total Revenues	0	9,400	9,400	0	1	1	0	22,852	22,852
EXPENDITURES:									
Capital Outlay	243	9,642	(9,399)	2,746		2,746	17,144	19,250	(2,106)
Total Expenditures	243	9,642	(9,399)	2,746	0	2,746	17,144	19,250	(2,106)
Revenues Over/(Under) Expenditures	(243)	(242)	1	(2,746)	1	2,747	(17,144)	3,602	20,746
Other Financing Sources (Uses):									
Transfer in									0
Fund Balance, Beginning of Year	243	243	0	2,746	2,746	0	17,144	17,144	0
Fund Balance, End of Year	\$0	1	1	0	2,747	2,747	0	20,746	20,746

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, 2015

	LIBRARY CASH FUND			PARK & RECREATION FUND			SENIOR BUILDING FUND			TOTALS (Memorandum Only)		
	Budget	Actual	Variance- Favorable/ (Unfavorable)	Budget	Actual	Variance- Favorable/ (Unfavorable)	Budget	Actual	Variance- Favorable/ (Unfavorable)	Budget	Actual	Variance- Favorable/ (Unfavorable)
REVENUES:												
Intergovernmental			0			0			0	0	21,556	21,556
Interest			0			0			0	0	14	14
Donations			0			0			0	0	0	0
State Aid			0			0			0	0	0	0
Grant			0			0			0	0	0	0
Utility Reimbursement			0		13,908	13,908			0	0	13,908	13,908
FEMA			0			0			0	0	0	0
Insurance Proceeds			0			0			0	0	0	0
Miscellaneous		9,272	9,272			0		39,522	39,522	0	59,477	59,477
Total Revenues	0	9,272	9,272	0	13,908	13,908	0	39,522	39,522	0	94,955	94,955
EXPENDITURES:												
Capital Outlay	3,780	11,789	(8,009)	28,916	6,425	4,878	8,172	35,941	4,878	61,001	83,047	(22,046)
Total Expenditures	3,780	11,789	(8,009)	28,916	6,425	4,878	8,172	35,941	4,878	61,001	83,047	(22,046)
Revenues Over/(Under) Expenditures	(3,780)	(2,517)	1,263	(28,916)	7,483	36,399	(8,172)	3,581	11,753	(61,001)	11,908	72,909
Other Financing Sources (Uses):												
Transfer in												
Deobligation of Prior Year's funds		1,876	1,876		(12,875)	(12,875)			0	0	(10,999)	(10,999)
Total other Financing Sources(Uses):		1,876	1,876		(12,875)	(12,875)			0	0	(10,999)	(10,999)
Fund Balance, Beginning of Year	3,780	3,780	0	28,916	28,916	0	8,172	8,172	0	61,001	61,001	0
Fund Balance, End of Year	0	3,139	3,139	0	23,524	23,524	0	11,753	11,753	0	61,910	61,910

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, 2015**

	WATER EXTENSION FUND	RURAL FIRE EXTENSION FUND	ELECTRIC EXTENSION FUND	TOTALS (Memorandum Only)	
				2015	2014
<u>ASSETS</u>					
Cash, including time deposits	\$0	6,483	952	7,435	4,961
Total Assets	<u>\$0</u>	<u>6,483</u>	<u>952</u>	<u>7,435</u>	<u>4,961</u>
<u>LIABILITIES</u>					
Warrants Outstanding	\$0		0	0	310
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>310</u>
<u>FUND EQUITY</u>					
Fund Balance:					
Unreserved	0	6,483	952	7,435	4,651
Total Fund Equity	<u>0</u>	<u>6,483</u>	<u>952</u>	<u>7,435</u>	<u>4,651</u>
Total Liabilities and Fund Equity	<u>\$0</u>	<u>6,483</u>	<u>952</u>	<u>7,435</u>	<u>4,961</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, 2015

	WATER EXTENSION FUND	RURAL FIRE EXTENSION FUND	ELECTRIC EXTENSION FUND	TOTALS (Memorandum Only)	
				2015	2014
REVENUES:					
Miscellaneous	\$0	7,541	2,947	10,488	6,474
Total Revenues	0	7,541	2,947	10,488	6,474
EXPENDITURES:					
Capital Outlay		4,704	3,000	7,704	10,289
Total Expenditures	0	4,704	3,000	7,704	10,289
Revenues Over/(Under) Expenditures	0	2,837	(53)	2,784	(3,815)
OTHER FINANCING SOURCES (USES):					
Deobligation of Prior Year Funds				0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Fund Balance, Beginning of Year	0	3,646	1,005	4,651	8,466
Fund Balance, End of Year	\$0	6,483	952	7,435	4,651

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, 2015**

	CEMETERY FUND	TOTALS (Memorandum Only)	
		2015	2014
<u>ASSETS</u>			
Cash, including time deposits	\$143,181	143,181	140,591
Total Assets	<u>\$143,181</u>	<u>143,181</u>	<u>140,591</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	143,181	143,181	140,591
Unreserved	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity	<u>143,181</u>	<u>143,181</u>	<u>140,591</u>
Total Liabilities and Fund Equity	<u>\$143,181</u>	<u>143,181</u>	<u>140,591</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, 2015

	CEMETERY FUND	TOTALS (Memorandum Only)	
		2015	2014
REVENUES:			
Interest	\$709	709	798
Cemetery Care	2,850	2,850	2,440
Rent	571	571	571
Donations		0	0
Total Revenues	4,130	4,130	3,809
EXPENDITURES:			
Maintenance and Operation	1,540	1,540	7,611
Total Expenditures	1,540	1,540	7,611
Revenues Over/(Under) Expenditures	2,590	2,590	(3,802)
Fund Balance, Beginning of Year	140,591	140,591	144,393
Fund Balance, End of Year	<u>\$143,181</u>	<u>143,181</u>	<u>140,591</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, 2015**

	ENTERPRISE FUND	
	2015	2014
<u>ASSETS</u>		
Current Assets:		
Cash, including time deposits	\$2,517	2,517
Fixed Assets:		
Plant, Property and Equipment	3,078,928	3,078,928
Total Assets	\$3,081,445	3,081,445
<u>LIABILITIES AND RETAINED EARNINGS</u>		
Long Term Debt:		
Oklahoma Water Resources Board Note	\$259,850	314,550
Retained Earnings	2,821,595	2,766,895
Total Liabilities and Retained Earnings	\$3,081,445	3,081,445

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, 2015**

	ENTERPRISE FUND	
	2015	2014
REVENUES:		
Charges for Service:		
Water	\$370,722	285,600
Sewer	200,166	196,858
Trash	146,735	146,276
Electric	2,787,525	2,840,921
Licenses and Permits	4,909	5,189
Total Charges for Service	3,510,057	3,474,844
Franchise Tax	6,597	13,248
Interest	1,590	1,646
Use Tax	42,819	21,752
Sales Tax	305,772	282,711
Total Revenues	3,866,835	3,794,201
EXPENDITURES:	0	0
Total Expenditures	0	0
Revenues Over/(Under) Expenditures	3,866,835	3,794,201
OTHER FINANCING SOURCES/(USES):		
Transfers to Debt Service Fund	(61,640)	(58,360)
Transfers to Utility Bond	(60,250)	(61,250)
Retirement of Long Term Debt	54,700	49,550
Transfer to Business Incentive Fund	(5,362)	(3,649)
Transfers of Surplus to the City of Newkirk	(3,739,583)	(3,670,943)
Total Other Financing Sources/(Uses)	(3,812,135)	(3,744,652)
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	54,700	49,549
Retained Earnings, Beginning of Year	2,766,895	2,717,346
Retained Earnings, End of Year	<u>\$2,821,595</u>	<u>2,766,895</u>

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, 2015**

Cash Flows from Operating Activities:	
Net Income (Loss) from Operations	<u>\$3,869,835</u>
Cash Flows from Capital and Related Financing Activities:	
Operating Transfers	<u>(3,869,835)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	0
Cash and Cash Equivalents, June 30, 2014	<u>2,517</u>
Cash and Cash Equivalents, June 30, 2015	<u><u>\$2,517</u></u>

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

**THE NEWKIRK MUNICIPAL AUTHORITY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS- MODIFIED CASH BASIS
AS OF JUNE 30, 2015**

	1 CENT SALES TAX FUND	MUNICIPAL COURT FUND	UTILITY UPGRADE FUND	UTILITY BOND PAYMENT FUND	BUSINESS INCENTIVE FUND	TOTALS (Memorandum Only)	
						2015	2014
ASSETS							
Cash, including time deposits	\$243,228	6,002	0	5,380	4,306	258,916	225,055
Total Assets	<u>\$243,228</u>	<u>6,002</u>	<u>0</u>	<u>5,380</u>	<u>4,306</u>	<u>258,916</u>	<u>225,055</u>
LIABILITIES							
Warrants Outstanding	\$0					0	13,900
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,900</u>
FUND EQUITY							
Fund Balance: Reserved for Incomplete Projects	243,228	6,002	0	5,380	4,306	258,916	211,155
Total Fund Equity	<u>243,228</u>	<u>6,002</u>	<u>0</u>	<u>5,380</u>	<u>4,306</u>	<u>258,916</u>	<u>211,155</u>
Total Liabilities and Fund Equity	<u>\$243,228</u>	<u>6,002</u>	<u>0</u>	<u>5,380</u>	<u>4,306</u>	<u>258,916</u>	<u>225,055</u>

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, 2015

	1 CENT SALES TAX FUND	MUNICIPAL COURT FUND	UTILITY UPGRADE FUND	UTILITY BOND PAYMENT FUND	BUSINESS INCENTIVE FUND	TOTALS (Memorandum Only)	
						2015	2014
REVENUES:							
Sales Tax	\$152,886					152,886	141,355
Use Tax	21,410					21,410	10,876
Cigarette Tax						0	0
Interest	314			1		315	178
Grants						0	0
Loan						0	0
Miscellaneous		41,591				41,591	47,648
Total Revenues	174,610	41,591	0	1	0	216,202	200,057
EXPENDITURES:							
Capital Outlay	128,579	41,246	3		4,076	173,904	58,478
Grant						0	0
Solid Waste Fees						0	0
Total Expenditures	128,579	41,246	3	0	4,076	173,904	58,478
Revenues Over/(Under) Expenditures	46,031	345	(3)	1	(4,076)	42,298	141,579
OTHER FINANCING SOURCES/(USES):							
Transfer from Municipal Authority				60,250	5,362	65,612	64,899
Transfer to Municipal Authority						0	0
Payment of Bonds				(60,150)		(60,150)	(60,854)
Deobligation of Prior Year Funds	0	0	0	0		0	0
Total Other Financing Sources/(Uses):	0	0	0	100	5,362	5,462	4,045
Fund Balance, Beginning of Year	197,197	5,657	3	5,279	3,020	211,156	65,532
Fund Balance, End of Year	\$243,228	6,002	0	5,380	4,306	258,916	211,156

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, 2015**

	UTILITY REVENUE BOND FUND	TOTALS (Memorandum Only)	
		2015	2014
<u>ASSETS</u>			
Cash, including time deposits	\$542,288	542,288	577,807
Total Assets	<u>\$542,288</u>	<u>542,288</u>	<u>577,807</u>
<u>LIABILITIES</u>			
Warrants Outstanding	\$0	0	0
Bonds Payable	475,000	475,000	510,000
Total Liabilities	<u>475,000</u>	<u>475,000</u>	<u>510,000</u>
<u>FUND EQUITY</u>			
Fund Balance:			
Reserved for Encumbrances	0	0	0
Unreserved	67,288	67,288	67,807
Total Fund Equity	<u>67,288</u>	<u>67,288</u>	<u>67,807</u>
Total Liabilities and Fund Equity	<u>\$542,288</u>	<u>542,288</u>	<u>577,807</u>

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, 2015

	UTILITY REVENUE BOND FUND	TOTALS (Memorandum Only)	
		2015	2014
REVENUES:			
Interest	\$5	5	6
Total Revenues	5	5	6
EXPENDITURES:			
Capital Outlay	0	0	0
Interest Expense	24,425	24,425	25,887
Fiscal Agent's Fees	1,250	1,250	1,250
Total Expenditures	25,675	25,675	27,137
Revenues Over/(Under) Expenditures	(25,670)	(25,670)	(27,131)
OTHER FINANCING SOURCES/(USES):			
Debt Service Payments	(35,000)	(35,000)	(30,000)
Transfer from Municipal Authority	60,150	60,150	60,854
Transfer Among Debt Service Funds	0	0	0
Total Other Financing Sources/(Uses)	25,150	25,150	30,854
Fund Balance, Beginning of Year	67,807	67,807	64,084
Fund Balance, End of Year	<u>\$67,287</u>	<u>67,287</u>	<u>67,807</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, 2015**

	SEWER RESERVE FUND	DEBT SERVICE FUND	SEWER CONSTR. RESERVE FUND	TOTALS (Memorandum Only)	
				2015	2014
ASSETS					
Cash, including time deposits	\$5,245	20,792	82,521	108,558	92,531
Total Assets	<u>\$5,245</u>	<u>20,792</u>	<u>82,521</u>	<u>108,558</u>	<u>92,531</u>
LIABILITIES					
Warrants Outstanding	\$0	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND EQUITY					
Fund Balance:					
Reserved for Debt Service	5,245	20,792	82,521	108,558	92,531
Total Fund Equity	<u>5,245</u>	<u>20,792</u>	<u>82,521</u>	<u>108,558</u>	<u>92,531</u>
Total Liabilities and Fund Equity	<u>\$5,245</u>	<u>20,792</u>	<u>82,521</u>	<u>108,558</u>	<u>92,531</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, 2015

	SEWER RESERVE FUND	DEBT SERVICE FUND	SEWER CONSTR. RESERVE FUND	TOTALS (Memorandum Only)	
				2015	2014
REVENUES:					
Interest	\$1	0	124	125	129
Total Revenues	<u>1</u>	<u>0</u>	<u>124</u>	<u>125</u>	<u>129</u>
EXPENDITURES:					
Payment of Debt		41,300		41,300	51,500
Interest Expense		3,439		3,439	5,343
Fiscal Agent Fees	1,000			1,000	1,000
Capital Outlay				0	0
Total Expenditures	<u>1,000</u>	<u>44,739</u>	<u>0</u>	<u>45,739</u>	<u>57,843</u>
Revenues Over/(Under) Expenditures	<u>(999)</u>	<u>(44,739)</u>	<u>124</u>	<u>(45,614)</u>	<u>(57,714)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers from Enterprise Fund	61,640			61,640	58,360
Transfers Between Debt Service Funds	(60,495)	60,619	(124)	0	0
Total Other Financing Sources/(Uses)	<u>1,145</u>	<u>60,619</u>	<u>(124)</u>	<u>61,640</u>	<u>58,360</u>
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	146	15,880	0	16,026	646
Fund Balance, Beginning of Year	<u>5,099</u>	<u>4,911</u>	<u>82,521</u>	<u>92,531</u>	<u>91,885</u>
Fund Balance, End of Year	<u>\$5,245</u>	<u>20,791</u>	<u>82,521</u>	<u>108,557</u>	<u>92,531</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, 2015**

	METER DEPOSIT FUND	
	2015	2014
<u>ASSETS</u>		
Cash, including time deposits	\$141,040	135,590
Total Assets	141,040	135,590
<u>LIABILITIES</u>		
Warrants Outstanding	0	0
Refundable Meter Deposits	141,040	135,590
Total Liabilities	141,040	135,590
<u>FUND EQUITY</u>		
Fund Balance: Unreserved		
Total Fund Equity	0	0
Total Liabilities and Fund Equity	\$141,040	135,590

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, 2015**

	METER DEPOSIT FUND	TOTALS (Memorandum Only)	
		2015	2014
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	4,577	4,577	3,652
Increase in Refundable Deposits	(4,577)	(4,577)	(3,652)
Total Other Financing Sources/(Uses)	0	0	0
Excess of Revenues and Other Sources Over/ (Under) Expenditures and Other Uses	0	0	0
Fund Balance, Beginning of Year	0	0	0
Fund Balance, End of Year	\$0	0	0

See accompanying letter and notes to financial statements.

**MANAGEMENT LETTER AND SCHEDULE OF
FINDINGS**

PUTNAM & COMPANY, PLLC

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

May 4, 2016

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, 2015, as listed in the table of contents, and have issued our report thereon dated May 4, 2016. 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, 2015, 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, 2015**

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.