

ANNUAL FINANCIAL REPORT
CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK
MUNICIPAL AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2013

**CITY OF NEWKIRK
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
ANNUAL FINANCIAL REPORT
KAY COUNTY
FOR THE YEAR ENDED JUNE 30, 2013**

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KAY COUNTY, OKLAHOMA
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Management Letter and Schedule of Findings

Putnam & Company, PLLC
Certified Public Accountants
169 E. 32nd Street
Edmond, OK 73013
Telephone (405) 348-3800
Fax (405) 348-3846

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, 2013, 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, 2013, 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 19, 2014, 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
Putnam & Company, PLLC
May 19, 2014

Putnam & Company, PLLC
Certified Public Accountants
169 E. 32nd Street
Edmond, OK 73013
Telephone (405) 348-3800
Fax (405) 348-3846

**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, 2013, 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 19, 2014. 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.

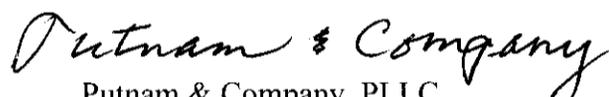
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and 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 19, 2014

BASIC FINANCIAL STATEMENTS

**CITY OF NEWKIRK, OKLAHOMA
INCLUDING THE NEWKIRK MUNICIPAL AUTHORITY
STATEMENT OF NET ASSETS--MODIFIED CASH BASIS
JUNE 30, 2013**

	Governmental Activities	Business-Type Activities	Totals
CURRENT ASSETS			
Cash and Cash Equivalents	1,808,259	2,518	1,810,777
NON-CURRENT ASSETS			
Property and Equipment		3,078,928	3,078,928
TOTAL ASSETS	\$1,808,259	3,081,446	4,889,705
CURRENT LIABILITIES			
Warrants Outstanding	\$200,263		200,263
Accounts Payable	9,402		9,402
Customer Deposits Payable	131,938		131,938
Long-Term Debt--Current Portion	30,000	50,500	80,500
Total Current Liabilities	371,603	50,500	422,103
NON-CURRENT LIABILITIES			
Long-Term Debt--Non-Current Portion	510,000	313,600	823,600
TOTAL LIABILITIES	881,603	364,100	1,245,703
NET ASSETS			
Invested in Capital Assets, Net of Related Debt		3,078,928	3,078,928
Restricted for Debt Service	91,885		91,885
Unrestricted	834,771	(361,582)	473,189
TOTAL NET ASSETS	926,656	2,717,346	3,644,002
TOTAL LIABILITIES AND NET ASSETS	\$1,808,259	3,081,446	4,889,705

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, 2013**

FUNCTIONS / PROGRAMS:	Expenses	Program Revenue		Net (Expense) Revenue
		Charges For Services	Operating Grants	
Governmental Activities City of Newkirk	\$4,349,990	170,235		(4,179,755)
Business-Type Activities Newkirk Municipal Authority	0	3,440,083		3,440,083
Total Primary Government	\$4,349,990	3,610,318	0	(739,672)

CHANGES IN NET ASSETS:	Primary Government		
	Governmental Activities	Business Type Activities	Total
Net (Expense) Revenue	(\$4,179,755)	3,440,083	(739,672)
General Revenue			
Sales Taxes	151,819	299,831	451,650
Other Taxes	62,530	38,195	100,725
Interest	6,329	1,883	8,212
Other Income	139,578		139,578
Total General Revenue	(3,819,499)	3,779,992	(39,507)
Transfers--In (Out)	3,850,037	(3,732,366)	117,671
Other Financing Sources (Uses)	(79,321)		(79,321)
Change in Net Assets	(48,783)	47,626	(1,157)
Net Assets--Beginning	975,439	2,669,720	3,645,159
Net Assets--Ending	\$926,656	2,717,346	3,644,002

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, 2013

	CITY OF NEWKIRK			NEWKIRK MUNICIPAL AUTHORITY				TOTALS			
	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE	ENTERPRISE FUND TYPE		GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE	(Memorandum Only)		
	General	Special Revenue	Capital Projects	Trust and Agency	Revenue	Special Revenue	Capital Projects	Debt Service	Trust and Agency	2013	2012
ASSETS											
Cash, including time deposits Property, Plant and Equipment	\$710,755	51,206	8,466	144,393	2,518	65,532	604,084	91,885	131,938	1,810,777	1,769,619
Total Assets	<u>710,755</u>	<u>51,206</u>	<u>8,466</u>	<u>144,393</u>	<u>3,081,446</u>	<u>65,532</u>	<u>604,084</u>	<u>91,885</u>	<u>131,938</u>	<u>4,889,705</u>	<u>4,848,547</u>
LIABILITIES											
Warrants Outstanding	\$198,248	2,015								200,263	58,998
Bonds Payable					364,100		540,000			540,000	570,000
Note Payable (OWRB)										364,100	411,750
Refundable Meter Deposits									131,938	131,938	129,882
Total Liabilities	<u>198,248</u>	<u>2,015</u>	<u>0</u>	<u>0</u>	<u>364,100</u>	<u>0</u>	<u>540,000</u>	<u>0</u>	<u>131,938</u>	<u>1,236,301</u>	<u>1,170,630</u>
FUND EQUITY											
Reserve for Encumbrance	9,402									9,402	32,758
Reserved for Debt Service								91,885		91,885	91,197
Reserved for Capital Projects			8,466				64,084			72,550	73,437
Reserved for Cemetery Care				144,393						144,393	154,197
Fund Balance - Unreserved	503,105	49,191				65,532				617,828	656,608
Retained Earnings - Unreserved					2,717,346					2,717,346	2,669,720
Total Fund Equity	<u>512,507</u>	<u>49,191</u>	<u>8,466</u>	<u>144,393</u>	<u>2,717,346</u>	<u>65,532</u>	<u>64,084</u>	<u>91,885</u>	<u>0</u>	<u>3,653,404</u>	<u>3,677,917</u>
Total Liabilities and Fund Equity	<u>\$710,755</u>	<u>51,206</u>	<u>8,466</u>	<u>144,393</u>	<u>3,081,446</u>	<u>65,532</u>	<u>604,084</u>	<u>91,885</u>	<u>131,938</u>	<u>4,889,705</u>	<u>4,848,547</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, 2013

(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, 2013

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, 2013

(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, 2013

(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 inter-fund 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, 2013, 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, 2013

(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, 2013, 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, 2013.

Loan Payable, June 30, 2012	\$ 411,750
Principal Payments	<u>47,650</u>
Loan Payable, June 30, 2013	<u>\$ 364,100</u>

THE CITY OF NEWKIRK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

(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, 2013.

Bonds Payable, June 30, 2012	\$ 570,000
Additions	0
Retirements	<u>30,000</u>
Balance, June 30, 2013	<u>\$ 540,000</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, 2013

(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, 2013, 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.

(8) SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 19, 2014, 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, 2013

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
TAXES:			
Franchise Tax	\$15,990	16,226	236
LICENSES AND PERMITS:			
Dog Tax	490	840	350
Building Permits	2,093	2,196	103
Total Licenses and Permits	2,583	3,036	453
INTERGOVERNMENTAL:			
Alcoholic Beverage Tax	8,800	9,362	562
Tobacco Tax	5,769	5,714	(55)
Total Intergovernmental	14,569	15,076	507
CHARGES FOR SERVICE:			
Library	832	776	(56)
Swimming Pool	4,890	4,335	(555)
Cemetery	22,968	19,166	(3,802)
Ambulance	160,610	139,777	(20,833)
Fire Runs		3,600	3,600
Country Club	2,700	2,581	(119)
Total Charges for Service	192,000	170,235	(21,765)
FINES AND FORFEITURES:	25,100	31,480	6,380
INTEREST:	4,570	4,648	78
MISCELLANEOUS:			
Rent and Royalty	25,000	10,927	(14,073)
Insure Oklahoma	18,000	14,811	(3,189)
Worker's Comp. Refund			0
Weed Tax	884	3,602	2,718
Nuisance Clean Up	50	100	50
Other	14,705	7,135	(7,570)
Total Miscellaneous	58,639	36,575	(22,064)
TOTALS	\$313,451	277,276	(36,175)

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, 2013

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
POLICE:			
Personal Services	\$275,016	270,230	4,786
Maintenance and Operation	\$27,300	25,051	2,249
Capital Outlay	8,000	8,000	0
Total Police	310,316	303,281	7,035
FIRE:			
Personal Services	179,891	177,432	2,459
Maintenance and Operation	10,954	10,597	357
Capital Outlay	1,746	1,746	0
Total Fire	192,591	189,775	2,816
STREETS:			
Personal Services	105,286	98,769	6,517
Maintenance and Operation	11,800	7,052	4,748
Capital Outlay			0
Total Streets	117,086	105,821	11,265
WATER:			
Personal Services	104,087	99,869	4,218
Maintenance and Operation	73,350	69,586	3,764
Capital Outlay	17,304	16,122	1,182
Total Water	194,741	185,577	9,164
SANITATION:			
Maintenance and Operation	139,500	136,411	3,089
Capital Outlay			0
Total Water	139,500	136,411	3,089
SEWER:			
Personal Services	38,900	35,664	3,236
Maintenance and Operation	21,000	11,617	9,383
Total Sewer	59,900	47,281	12,619
CITY TREASURER:			
Personal Services	25,941	25,775	166
Maintenance and Operation	400	152	248
Capital Outlay			0
Total City Treasurer	26,341	25,927	414

**THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
PARKS:			
Personal Services	86,315	84,638	1,677
Maintenance and Operation	21,000	12,028	8,972
Capital Outlay	2,193	2,193	0
Total Parks	109,508	98,859	10,649
LIBRARY:			
Personal Services	57,350	55,492	1,858
Maintenance and Operation	11,600	11,470	130
Capital Outlay	2,764	2,764	0
Total Library	71,714	69,726	1,988
AMBULANCE:			
Personal Services	150,568	147,612	2,956
Maintenance and Operation	17,750	17,636	114
Capital Outlay	11,408	11,408	0
Total Ambulance	179,726	176,656	3,070
CEMETERY:			
Personal Services	43,814	43,429	385
Maintenance and Operation	7,200	5,199	2,001
Total Cemetery	51,014	48,628	2,386
GENERAL GOVERNMENT:			
Maintenance and Operation	228,442	195,149	33,293
Capital Outlay	67,577	67,577	0
Total General Government	296,019	195,149	100,870
MANAGERIAL:			
Maintenance and Operation	3,600	3,600	0
CITY ATTORNEY:			
Personal Services	7,364	7,364	0

**THE CITY OF NEWKIRK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
SWIMMING POOL:			
Personal Services	23,549	21,654	1,895
Maintenance and Operation	5,000	2,637	2,363
Total Swimming Pool	<u>28,549</u>	<u>24,291</u>	<u>4,258</u>
ELECTRIC:			
Personal Services	209,399	208,133	1,266
Maintenance and Operation	1,669,943	1,667,039	2,904
Capital Outlay	15,493	14,492	1,001
Total Electric	<u>1,894,835</u>	<u>1,889,664</u>	<u>5,171</u>
MUNICIPAL COURT:			
Personal Services	60,781	60,603	178
Maintenance and Operation	1,400	1,283	117
Total Municipal Court	<u>62,181</u>	<u>61,886</u>	<u>295</u>
CITY CLERK:			
Personal Services	231,974	226,368	5,606
Maintenance and Operation	3,000	2,374	626
Capital Outlay	8,000	8,000	0
Total City Clerk	<u>242,974</u>	<u>236,742</u>	<u>6,232</u>
SERVICE CENTER:			
Maintenance and Operation	79,000	69,843	9,157
CITY SENIOR DIRECTOR			
Personal Services	15,612	13,931	1,681
Maintenance and Operation	23,400	23,384	16
Capital Outlay			0
Total City Senior Director	<u>39,012</u>	<u>37,315</u>	<u>1,697</u>
TOTALS	<u>\$4,105,971</u>	<u>3,913,796</u>	<u>192,175</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, 2013

	INSURANCE FUND	STREET & ALLEY FUND	JUVENILE CASH FUND	LIBRARY CASH FUND	PARK & RECREATION FUND	SENIOR BUILDING FUND	TOTALS (Memorandum Only)	
							2013	2012
ASSETS								
Cash, including time deposits	\$7,017	5,974	3,745	2,410	25,772	6,288	51,206	66,189
Total Assets	<u>\$7,017</u>	<u>5,974</u>	<u>3,745</u>	<u>2,410</u>	<u>25,772</u>	<u>6,288</u>	<u>51,206</u>	<u>66,189</u>
LIABILITIES								
Warrants Outstanding	\$0			1,200	785	30	2,015	1,127
Total Liabilities	0	0	0	1,200	785	30	2,015	1,127
FUND EQUITY								
Fund Balance: Unreserved	7,017	5,974	3,745	1,210	24,987	6,258	49,191	65,062
Total Fund Equity	<u>7,017</u>	<u>5,974</u>	<u>3,745</u>	<u>1,210</u>	<u>24,987</u>	<u>6,258</u>	<u>49,191</u>	<u>65,062</u>
Total Liabilities and Fund Equity	<u>\$7,017</u>	<u>5,974</u>	<u>3,745</u>	<u>2,410</u>	<u>25,772</u>	<u>6,288</u>	<u>51,206</u>	<u>66,189</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, 2013

	INSURANCE FUND	STREET & ALLEY FUND	JUVENILE CASH FUND	LIBRARY CASH FUND	PARK & RECREATION FUND	SENIOR BUILDING FUND	TOTALS (Memorandum Only)	
							2013	2012
REVENUES:								
Intergovernmental	\$0	18,798					18,798	20,143
Interest		21	2			1	24	34
Utility Reimbursement					12,784	13,087	12,784	12,949
Miscellaneous	1,783			8,029			22,899	16,178
Total Revenues	1,783	18,819	2	8,029	12,784	13,088	54,505	49,304
EXPENDITURES:								
Capital Outlay	2,410	39,269		7,954	10,168	10,575	70,376	32,268
Total Expenditures	2,410	39,269	0	7,954	10,168	10,575	70,376	32,268
Revenues Over/(Under) Expenditures	(627)	(20,450)	2	75	2,616	2,513	(15,871)	17,036
Other Financing Sources (Uses):								
Deobligation of prior year funds							0	25
Total Other Financing Sources (Uses):	0	0	0	0	0	0	0	25
Fund Balance, Beginning of Year	7,644	26,424	3,743	1,135	22,371	3,745	65,062	48,001
Fund Balance, End of Year	\$7,017	5,974	3,745	1,210	24,987	6,258	49,191	65,062

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, 2013

	INSURANCE FUND		JUVENILE CASH FUND		STREET & ALLEY FUND		Variance- Favorable/ (Unfavorable)
	Budget	Actual	Budget	Actual	Budget	Actual	
REVENUES:							
Intergovernmental	\$0	0				18,798	18,798
Interest		0	2	2		21	21
Donations		0				0	0
State Aid		0				0	0
Grants		0				0	0
Utility Reimbursement		0				0	0
FEMA		0				0	0
Insurance Proceeds		1,783				0	0
Miscellaneous		1,783				0	0
Total Revenues	0	1,783	0	2	0	18,819	18,819
EXPENDITURES:							
Capital Outlay	7,644	2,410	3,743		26,424	39,269	(12,845)
Total Expenditures	7,644	2,410	3,743	0	26,424	39,269	(12,845)
Revenues Over/(Under) Expenditures	(7,644)	(627)	(3,743)	2	(26,424)	(20,450)	5,974
Other Financing Sources (Uses):							
Transfer in							0
Fund Balance, Beginning of Year	7,644	7,644	3,743	3,743	26,424	26,424	0
Fund Balance, End of Year	\$0	7,017	0	3,745	0	5,974	5,974

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, 2013

	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	18,798
Interest		0	0					1			0	24
Donations		0	0								0	0
State Aid		0	0								0	0
Grant		0	0								0	0
Utility Reimbursement		0	12,784		12,784	12,784					0	12,784
FEMA		0	0			0					0	0
Insurance Proceeds		0	0			0					0	0
Miscellaneous		8,029	8,029					13,087			0	22,899
Total Revenues	0	8,029	8,029	0	12,784	12,784	0	13,088	13,088	0	54,505	54,505
EXPENDITURES:												
Capital Outlay	1,135	7,954	(6,819)	22,371	10,168	4,878	3,745	10,575	4,878	65,062	70,376	(5,314)
Total Expenditures	1,135	7,954	(6,819)	22,371	10,168	4,878	3,745	10,575	4,878	65,062	70,376	(5,314)
Revenues Over/(Under) Expenditures	(1,135)	75	1,210	(22,371)	2,616	24,987	(3,745)	2,513	6,258	(65,062)	(15,871)	49,191
Other Financing Sources (Uses):												
Transfer in			0			0					0	0
Deobligation of Prior Year's funds												
Total other Financing Sources(Uses):												
Fund Balance, Beginning of Year	1,135	1,135	0	22,371	22,371	0	3,745	3,745	0	65,062	65,062	0
Fund Balance, End of Year	0	1,210	1,210	0	24,987	24,987	0	6,258	6,258	0	49,191	49,191

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, 2013**

	WATER EXTENSION FUND	RURAL FIRE EXTENSION FUND	ELECTRIC EXTENSION FUND	TOTALS (Memorandum Only)	
				2013	2012
<u>ASSETS</u>					
Cash, including time deposits	\$124	7,227	1,115	8,466	8,686
Total Assets	<u>\$124</u>	<u>7,227</u>	<u>1,115</u>	<u>8,466</u>	<u>8,686</u>
<u>LIABILITIES</u>					
Warrants Outstanding	\$0		0	0	402
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>402</u>
<u>FUND EQUITY</u>					
Fund Balance: Unreserved	124	7,227	1,115	8,466	8,284
Total Fund Equity	<u>124</u>	<u>7,227</u>	<u>1,115</u>	<u>8,466</u>	<u>8,284</u>
Total Liabilities and Fund Equity	<u>\$124</u>	<u>7,227</u>	<u>1,115</u>	<u>8,466</u>	<u>8,686</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, 2013

	WATER EXTENSION FUND	RURAL FIRE EXTENSION FUND	ELECTRIC EXTENSION FUND	TOTALS (Memorandum Only)	
				2013	2012
REVENUES:					
Miscellaneous	\$0	6,259	23,074	29,333	12,225
Total Revenues	0	6,259	23,074	29,333	12,225
EXPENDITURES:					
Capital Outlay		4,207	24,944	29,151	15,977
Total Expenditures	0	4,207	24,944	29,151	15,977
Revenues Over/(Under) Expenditures	0	2,052	(1,870)	182	(3,752)
OTHER FINANCING SOURCES (USES):					
Deobligation of Prior Year Funds				0	(1,687)
Total Other Financing Sources (Uses)	0	0	0	0	(1,687)
Fund Balance, Beginning of Year	124	5,175	2,985	8,284	13,723
Fund Balance, End of Year	<u>\$124</u>	<u>7,227</u>	<u>1,115</u>	<u>8,466</u>	<u>8,284</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, 2013**

	CEMETERY FUND	TOTALS (Memorandum Only)	
		2013	2012
<u>ASSETS</u>			
Cash, including time deposits	\$144,393	144,393	154,197
Total Assets	<u>\$144,393</u>	<u>144,393</u>	<u>154,197</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	144,393	144,393	154,197
Unreserved	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity	<u>144,393</u>	<u>144,393</u>	<u>154,197</u>
Total Liabilities and Fund Equity	<u>\$144,393</u>	<u>144,393</u>	<u>154,197</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, 2013

	CEMETERY FUND	TOTALS (Memorandum Only)	
		2013	2012
REVENUES:			
Interest	\$1,161	1,161	1,794
Cemetery Care	2,834	2,834	2,964
Rent	559	559	2,119
Donations		0	66,470
Total Revenues	4,554	4,554	73,347
EXPENDITURES:			
Maintenance and Operation	14,358	14,358	75,718
Total Expenditures	14,358	14,358	75,718
Revenues Over/(Under) Expenditures	(9,804)	(9,804)	(2,371)
Fund Balance, Beginning of Year	154,197	154,197	156,568
Fund Balance, End of Year	<u>\$144,393</u>	<u>144,393</u>	<u>154,197</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, 2013**

	ENTERPRISE FUND	
	2013	2012
<u>ASSETS</u>		
Current Assets:		
Cash, including time deposits	\$2,518	2,542
Fixed Assets:		
Plant, Property and Equipment	3,078,928	3,078,928
Total Assets	\$3,081,446	3,081,470
<u>LIABILITIES AND RETAINED EARNINGS</u>		
Long Term Debt:		
Oklahoma Water Resources Board Note	\$364,100	411,750
Retained Earnings	2,717,346	2,669,720
Total Liabilities and Retained Earnings	\$3,081,446	3,081,470

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, 2013**

	ENTERPRISE FUND	
	2013	2012
REVENUES:		
Charges for Service:		
Water	\$292,670	294,006
Sewer	195,480	203,080
Trash	144,220	145,558
Electric	2,803,425	2,744,869
Licenses and Permits	4,288	4,709
Total Charges for Service	3,440,083	3,392,222
Franchise Tax	13,334	16,526
Interest	1,883	2,495
Use Tax	24,861	27,691
Sales Tax	299,831	262,773
Total Revenues	3,779,992	3,701,707
EXPENDITURES:		
	0	0
Total Expenditures	0	0
Revenues Over/(Under) Expenditures	3,779,992	3,701,707
OTHER FINANCING SOURCES/(USES):		
Transfers to Debt Service Fund	(54,400)	(50,750)
Transfers to Utility Bond	(57,200)	(60,000)
Retirement of Long Term Debt	46,700	43,200
Transfer from Meter Fund	0	41
Transfer from Special State Fee	1,919	0
Transfer to Business Incentive Fund	(689)	0
Transfers of Surplus to the City of Newkirk	(3,668,696)	(3,579,599)
Total Other Financing Sources/(Uses)	(3,732,366)	(3,647,108)
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	47,626	54,599
Retained Earnings, Beginning of Year	2,669,720	2,615,121
Retained Earnings, End of Year	\$2,717,346	2,669,720

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, 2013**

Cash Flows from Operating Activities:	
Net Income (Loss) from Operations	<u>\$3,779,992</u>
Cash Flows from Capital and Related Financing Activities:	
Operating Transfers	<u>(3,780,016)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(24)
Cash and Cash Equivalents, June 30, 2012	<u>2,542</u>
Cash and Cash Equivalents, June 30, 2013	<u><u>\$2,518</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, 2013

	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	BUSINESS INCENTIVE FUND	TOTALS (Memorandum Only)	
									2013	2012
ASSETS										
Cash, including time deposits	\$58,690	0	0	0	3	4,881	0	1,958	65,532	143,262
Total Assets	\$58,690	0	0	0	3	4,881	0	1,958	65,532	143,262
LIABILITIES										
Warrants Outstanding	\$0								0	219
Total Liabilities	0	0	0	0	0	0	0	0	0	219
FUND EQUITY										
Fund Balance:										
Reserved for Incomplete Projects	58,690	0	0	0	3	4,881	0	1,958	65,532	143,043
Total Fund Equity	58,690	0	0	0	3	4,881	0	1,958	65,532	143,043
Total Liabilities and Fund Equity	\$58,690	0	0	0	3	4,881	0	1,958	65,532	143,262

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, 2013

	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	BUSINESS INCENTIVE FUND	TOTALS (Memorandum Only)	
									2013	2012
REVENUES:										
Sales Tax	\$150,550							1,269	151,819	131,236
Use Tax	12,430								12,430	13,845
Cigarette Tax									0	0
Interest	398				3				401	647
Grants									0	49,028
Loan									0	0
Solid Waste Fees									0	3,241
Miscellaneous									0	329
Total Revenues	163,378	0	0	0	3	0	0	1,269	164,650	198,326
EXPENDITURES:										
Capital Outlay	239,942								239,942	169,807
Grant									0	49,028
Solid Waste Fees									0	3,874
Total Expenditures	239,942	0	0	0	0	0	0	0	239,942	222,709
Revenues Over/(Under) Expenditures	(76,564)	0	0	0	3	0	0	1,269	(75,292)	(24,383)
OTHER FINANCING SOURCES/(USES):										
Transfer from Municipal Authority						57,200		689	57,889	60,000
Transfer to Municipal Authority		(1,919)				(58,038)			(1,919)	0
Payment of Bonds	0		0	0	0	0			(58,038)	(59,388)
Deobligation of Prior Year Funds	0		0	0	0	(838)			0	0
Total Other Financing Sources/(Uses):	0	(1,919)	0	0	0	(838)	0	689	(2,068)	612
Fund Balance, Beginning of Year	135,254	1,919	0	0	3	5,716	0	0	142,892	166,663
Fund Balance, End of Year	\$58,690	0	0	0	3	4,881	0	1,958	65,532	142,892

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, 2013**

	UTILITY REVENUE BOND FUND	TOTALS (Memorandum Only)	
		2013	2012
<u>ASSETS</u>			
Cash, including time deposits	\$604,084	604,084	634,528
Total Assets	<u>\$604,084</u>	<u>604,084</u>	<u>634,528</u>
<u>LIABILITIES</u>			
Warrants Outstanding	\$0	0	0
Bonds Payable	540,000	540,000	570,000
Total Liabilities	<u>540,000</u>	<u>540,000</u>	<u>570,000</u>
<u>FUND EQUITY</u>			
Fund Balance:			
Reserved for Encumbrances	0	0	0
Unreserved	64,084	64,084	64,528
Total Fund Equity	<u>64,084</u>	<u>64,084</u>	<u>64,528</u>
Total Liabilities and Fund Equity	<u>\$604,084</u>	<u>604,084</u>	<u>634,528</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, 2013**

	UTILITY REVENUE BOND FUND	TOTALS (Memorandum Only)	
		2013	2012
REVENUES:			
Interest	\$5	5	6
Total Revenues	<u>5</u>	<u>5</u>	<u>6</u>
EXPENDITURES:			
Capital Outlay	0	0	0
Interest Expense	27,237	27,237	28,901
Fiscal Agent's Fees	1,250	1,250	1,250
Total Expenditures	<u>28,487</u>	<u>28,487</u>	<u>30,151</u>
Revenues Over/(Under) Expenditures	(28,482)	(28,482)	(30,145)
OTHER FINANCING SOURCES/(USES):			
Debt Service Payments	(30,000)	(30,000)	(30,000)
Transfer from Municipal Authority	58,038	58,038	59,388
Transfer Among Debt Service Funds	0	0	0
Total Other Financing Sources/(Uses)	<u>28,038</u>	<u>28,038</u>	<u>29,388</u>
Fund Balance, Beginning of Year	<u>64,528</u>	<u>64,528</u>	<u>65,285</u>
Fund Balance, End of Year	<u><u>\$64,084</u></u>	<u><u>64,084</u></u>	<u><u>64,528</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, 2013

	SEWER RESERVE FUND	DEBT SERVICE FUND	SEWER CONSTR. RESERVE FUND	TOTALS (Memorandum Only)	
				2013	2012
<u>ASSETS</u>					
Cash, including time deposits	\$4,708	4,656	82,521	91,885	91,197
Total Assets	<u>\$4,708</u>	<u>4,656</u>	<u>82,521</u>	<u>91,885</u>	<u>91,197</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	4,708	4,656	82,521	91,885	91,197
Total Fund Equity	<u>4,708</u>	<u>4,656</u>	<u>82,521</u>	<u>91,885</u>	<u>91,197</u>
Total Liabilities and Fund Equity	<u>\$4,708</u>	<u>4,656</u>	<u>82,521</u>	<u>91,885</u>	<u>91,197</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, 2013

	SEWER RESERVE FUND	DEBT SERVICE FUND	SEWER CONSTR. RESERVE FUND	2013	2012
				TOTALS (Memorandum Only)	
REVENUES:					
Interest	\$1	1	166	168	162
Total Revenues	1	1	166	168	162
EXPENDITURES:					
Payment of Debt		47,650		47,650	44,050
Interest Expense		5,230		5,230	5,896
Fiscal Agent Fees	1,000			1,000	1,000
Capital Outlay				0	0
Total Expenditures	1,000	52,880	0	53,880	50,946
Revenues Over/(Under) Expenditures	(999)	(52,879)	166	(53,712)	(50,784)
OTHER FINANCING SOURCES/(USES):					
Transfers from Enterprise Fund	54,400			54,400	50,750
Transfers Between Debt Service Funds	(53,061)	53,227	(166)	0	0
Total Other Financing Sources/(Uses)	1,339	53,227	(166)	54,400	50,750
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	340	348	0	688	(34)
Fund Balance, Beginning of Year	4,368	4,308	82,521	91,197	91,231
Fund Balance, End of Year	<u>\$4,708</u>	<u>4,656</u>	<u>82,521</u>	<u>91,885</u>	<u>91,197</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, 2013**

	METER DEPOSIT FUND	
	2013	2012
<u>ASSETS</u>		
Cash, including time deposits	\$131,938	130,167
Total Assets	131,938	130,167
<u>LIABILITIES</u>		
Warrants Outstanding	0	285
Refundable Meter Deposits	131,938	129,882
Total Liabilities	131,938	130,167
<u>FUND EQUITY</u>		
Fund Balance: Unreserved		
Total Fund Equity	0	0
Total Liabilities and Fund Equity	\$131,938	130,167

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, 2013**

	METER DEPOSIT FUND	TOTALS (Memorandum Only)	
		2013	2012
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	2,056	2,056	236
Increase in Refundable Deposits	(2,056)	(2,056)	(236)
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 E. 32ND
EDMOND, OKLAHOMA 73013
(405) 348-3800
FAX (405) 348-3846

May 19, 2014

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, 2013, as listed in the table of contents, and have issued our report thereon dated May 19, 2014. 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