

*City of
Kingfisher, Oklahoma*

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

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011



**THE CITY OF KINGFISHER,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

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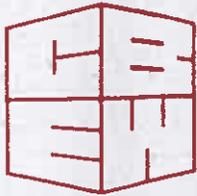
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INDEPENDENT AUDITOR'S REPORT

May 11, 2012

Honorable Board of City Commissioners
City of Kingfisher
Kingfisher, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2012 on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 16 and budgetary comparison information on page 52 through 54 and the notes on page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

City of Kingfisher
May 11, 2012

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kingfisher's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis and is not a required part of the basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

**CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2011**

Our discussion and analysis of the City of Kingfisher's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2011, the City's total net assets increased by \$529,801 or 1.8% from the prior year.
- During the year, the City's expenses for governmental activities were \$4.8 million and were funded by program revenues of \$1,175,393 and further funded with taxes and other general revenues and transfers that totaled \$3.8 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by approximately \$1.1 million.
- For budgetary reporting purposes, the General Fund reported revenues greater than estimates of \$8,087 or 0.2%, while expenditures were under the final appropriations by \$185,557 or 4.1%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

About the City

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

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

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

The City's Financial Reporting Entity

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

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

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

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

Using This Annual Report

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

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

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

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

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2011

Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets exceeded liabilities by \$29.6 million at the close of the most recent fiscal year.

TABLE 1
NET ASSETS (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2011	2010		2011	2010		2011	2010	
Current assets	\$ 2,851	\$ 2,928	-3%	\$ 5,406	\$ 4,903	10%	\$ 8,257	\$ 7,831	5%
Non-current assets	8,978	8,875	1%	15,652	15,754	-1%	24,630	24,629	0%
Total assets	11,829	11,803	0%	21,058	20,657	2%	32,887	32,460	1%
Current liabilities	1,024	1,096	-7%	633	621	2%	1,657	1,717	-3%
Non-current liabilities	289	281	3%	1,342	1,392	-4%	1,631	1,673	-3%
Total liabilities	1,313	1,377	-5%	1,975	2,013	-2%	3,288	3,390	-3%
Net assets									
Invested in capital assets, net of related debt	8,136	7,909	3%	14,493	14,411	1%	22,629	22,320	1%
Restricted	931	322	189%	715	560	28%	1,646	882	87%
Unrestricted	1,449	2,195	-34%	3,875	3,673	5%	5,324	5,868	-9%
Total net assets	\$ 10,516	\$ 10,426	1%	\$ 19,083	\$ 18,644	2%	\$ 29,599	\$ 29,070	2%

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. For 2011, this investment in capital assets, net of related debt amounted to \$22.6 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net assets, approximately \$1,646,000, also represents resources that are subject to external restrictions or internal legislation on how they may be used. The remaining balance of

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2011

unrestricted net assets, \$5.3 million, is available to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for both the governmental and business-type activities.

The increase in restricted net assets for the City of approximately \$764,000 or 87% was due to the enforcement of restricted reserve legislation previously passed by the City Council.

Changes in Net Assets

For the year ended June 30, 2011, net assets of the primary government changed as follows:

TABLE 2
CHANGES IN NET ASSETS (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2011	2010		2011	2010		2011	2010	
Revenues									
Charges for service	\$ 688	\$ 399	72%	\$ 7,275	\$ 6,357	14%	\$ 7,963	\$ 6,756	18%
Operating grants and contributions	424	200	112%	-	-	-	424	200	112%
Capital grants and contributions	63	98	-36%	-	-	-	63	98	-36%
Taxes	2,927	2,784	5%	-	-	-	2,927	2,784	5%
Intergovernmental revenue	83	77	8%	15	20	-25%	98	97	1%
Investment income	38	69	-45%	43	58	-26%	81	127	-36%
Miscellaneous	30	232	-87%	19	15	27%	49	247	-80%
Total revenues	4,253	3,859	10%	7,352	6,450	14%	11,605	10,309	13%
Expenses									
General government	569	380	50%	-	-	-	569	380	50%
Public safety	2,259	2,051	10%	-	-	-	2,259	2,051	10%
Highways and streets	475	483	-2%	-	-	-	475	483	-2%
Culture and recreation	525	449	17%	-	-	-	525	449	17%
Health and welfare	154	154	0%	-	-	-	154	154	0%
Airport	26	51	-49%	-	-	-	26	51	-49%
Hospital sales tax payment	805	767	5%	-	-	-	805	767	5%
Interest on long-term debt	34	35	-3%	-	-	-	34	35	-3%
Light and power	-	-	-	4,477	4,537	-1%	4,477	4,537	-1%
Water	-	-	-	537	585	-8%	537	585	-8%
Sewer	-	-	-	366	326	12%	366	326	12%
Sanitation	-	-	-	404	382	6%	404	382	6%
Golf course	-	-	-	142	148	-4%	142	148	-4%
Swimming pool	-	-	-	297	292	2%	297	292	2%
Economic development	-	-	-	5	24	-79%	5	24	-79%
Total expenses	4,847	4,370	11%	6,228	6,294	-1%	11,075	10,664	4%
Excess (deficiency) before transfers	(594)	(511)	16%	1,124	156	621%	530	(355)	-249%
Loss on sale of capital assets	-	(16)	-100%	-	-	-	-	(16)	-100%
Transfers	685	540	27%	(685)	(540)	27%	-	-	-
Change in net assets	91	13	600%	439	(384)	-214%	530	(371)	-243%
Beginning net assets	10,426	10,413	0%	18,644	19,028	-2%	29,070	29,441	-1%
Ending net assets	\$ 10,517	\$ 10,426	1%	\$ 19,083	\$ 18,644	2%	\$ 29,600	\$ 29,070	2%

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Explanations for changes in excess of 20% and \$100,000 are as follows:

Governmental Activities:

Charges for services – 69% or \$275,000 related to an increase in public safety charges for services of approximately \$246,000.

Operating grants and contributions – 112% increase of \$224,000 related to \$234,000 of operating grants for public safety.

Miscellaneous income – 87% decrease of \$202,000 related to a donation of \$100,000 in FY 2010 for the skate park, and an increase of insurance reimbursements in FY 2010.

Transfers – 27% increase of \$145,000 related mainly to an increase in operating subsidies received from KPWA.

Business-type Activities:

Transfers – 27% increase of \$145,000 related mainly to an increase in operating subsidies to the governmental activities.

Governmental Activities

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

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

	Total Expense		% Inc.	Net Revenue		% Inc.
	of Services			(Expense)	of Services	
	2011	2010	(Dec.)	2011	2010	(Dec.)
General government	\$ 569	\$ 380	50%	(\$495)	(\$365)	36%
Public safety	2,259	2,051	10%	(1,278)	(1,475)	-13%
Highways and streets	475	483	-2%	(435)	(443)	-2%
Culture and recreation	525	449	17%	(516)	(421)	23%
Health and welfare	154	154	0%	(108)	(129)	-16%
Airport	26	51	-49%	-	(36)	-100%
Hospital sales tax payment	805	767	5%	(805)	(767)	5%
Interest on long-term debt	34	35	-3%	(34)	(35)	-3%
Total	4,847	\$ 4,370	11%	(\$3,671)	(\$3,671)	0%

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
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Explanations for significant changes are listed above under Table 2.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>	
Light and power	\$ 4,476	\$ 4,536	-1%	\$ 1,089	\$ 513	112%
Water	537	585	-8%	227	(67)	439%
Sewer	366	326	12%	7	(85)	108%
Sanitation	405	382	6%	67	66	2%
Golf course	142	148	-4%	(128)	(120)	-7%
Swimming pool	297	292	2%	(210)	(219)	4%
Economic development	5	24	-79%	(5)	(24)	79%
Total	<u>\$ 6,228</u>	<u>\$ 6,293</u>	-1%	<u>\$ 1,047</u>	<u>\$ 64</u>	1536%

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

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

- Total business-type activities reported net revenues of \$1,046,426 for the year ended June 30, 2011.
- While the light and power, water, sewer, and sanitation activities reported net revenues for the year ended June 30, 2011, golf course, swimming pool and economic development had net expenses.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2011 fiscal year, the governmental funds reported a combined fund balance of approximately \$1,741,198 or a 0% change from 2010. The enterprise funds reported combined net assets of \$19.1 million or a 4.4% increase from 2010.

Other fund highlights include:

- For the year ended June 30, 2011, the General Fund's total fund balance decreased by \$8,503 or 0.9%.
- In the General Fund there was a \$123,900 restriction for insurance, a \$599,593 commitment for economic stabilization, and a \$185,154 assignment for capital improvements.
- Proprietary fund net asset restrictions included \$9,812 for debt service and \$705,431 for capital projects.

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Management's Discussion and Analysis
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General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections (including transfers in) of 3.8% or \$154,254 and an increase in appropriations (including transfers out) of 11.9% or \$486,359. Actual revenues and transfers were over estimates by \$8,087 or 0.2%, while expenditures and transfers were under final appropriations by \$185,557 or 4.1%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2011, the City had \$24.3 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net increase of approximately \$87,000 over last year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 927	\$ 927	\$ 1,249	\$ 1,219	\$ 2,176	\$ 2,146
Buildings and Improvements	1,563	1,612	3,532	3,648	5,095	5,260
Machinery and Equipment	1,179	1,243	781	831	1,960	2,074
Infrastructure	4,992	5,001	1,022	1,061	6,014	6,062
Utility Property	-	-	8,677	8,493	8,677	8,493
Construction in progress	317	92	114	139	431	231
Totals	\$ 8,978	\$ 8,875	\$ 15,375	\$ 15,391	\$ 24,353	\$ 24,266

This year's more significant capital asset additions included:

Bowman transformer rebuild	\$354,723
Airport property	217,988
Downtown sidewalk project	148,423

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

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
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Long-Term Debt

At year-end, the City had \$1.8 million in long-term debt outstanding which represents a \$33,637 or 1.8% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Accrued absences	\$ 115	\$ 191	\$ 183	\$ 166	\$ 298	\$ 357
Capital lease	232	142	-	-	232	142
Notes payable	-	-	910	980	910	980
Meter deposit liability	-	-	375	369	375	369
Totals	<u>\$ 347</u>	<u>\$ 333</u>	<u>\$ 1,468</u>	<u>\$ 1,515</u>	<u>\$ 1,815</u>	<u>\$ 1,848</u>

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

The Economic Outlook

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

- The fiscal year 2012 budget is fairly consistent to prior years.

Contacting the City's Financial Management

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

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011

Statement of Net Assets– June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 460,454	\$ 377,586	\$ 838,040
Restricted cash and cash equivalents	-	715,243	715,243
Investments	1,661,145	2,249,000	3,910,145
Deposits with insurance pool	123,900	-	123,900
Accounts receivable, net	172,519	1,651,898	1,824,417
Court fine receivable, net	17,669	-	17,669
Internal balances	(19,656)	19,656	-
Due from other governments	434,727	-	434,727
Inventory	-	393,219	393,219
Total Current Assets	<u>2,850,758</u>	<u>5,406,602</u>	<u>8,257,360</u>
Noncurrent Assets:			
Restricted investments	-	249,233	249,233
Capital Assets:			
Land and construction in progress	1,244,173	1,363,220	2,607,393
Other capital assets, net of depreciation	7,734,385	14,012,187	21,746,572
Unamortized bond issuance costs	-	27,482	27,482
Total Noncurrent Assets	<u>8,978,558</u>	<u>15,652,122</u>	<u>24,630,680</u>
Total Assets	<u>11,829,316</u>	<u>21,058,724</u>	<u>32,888,040</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	127,293	504,667	631,960
Other payables	300	-	300
Sales tax due to hospital	111,269	-	111,269
Accrued Interest payable	-	3,109	3,109
Short-term note payable	727,135	-	727,135
Current portion of:			
Due to depositors	-	37,525	37,525
Capital lease payable	34,257	-	34,257
Notes payable	-	70,000	70,000
Accrued compensated absences	23,162	18,249	41,411
Total Current Liabilities	<u>1,023,416</u>	<u>633,550</u>	<u>1,656,966</u>
Noncurrent liabilities:			
Due to depositors	-	337,725	337,725
Capital lease payable	80,708	-	80,708
Notes payable	-	840,000	840,000
Accrued compensated absences	208,458	164,249	372,707
Total Noncurrent Liabilities	<u>289,166</u>	<u>1,341,974</u>	<u>1,631,140</u>
Total Liabilities	<u>1,312,582</u>	<u>1,975,524</u>	<u>3,288,106</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,136,458	14,492,889	22,629,347
Restricted by:			
External contracts and groups:			
Nonspendable	50,000	-	50,000
Other contracts/groups/legislation	881,157	715,243	1,596,400
Unrestricted	1,449,119	3,875,068	5,324,187
Total Net Assets	<u>\$ 10,516,734</u>	<u>\$ 19,083,200</u>	<u>\$ 29,599,934</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

Statement of Activities –Fiscal Year Ended June 30, 2011

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General government	\$ 568,898	\$ 11,599	\$ -	\$ 62,696	\$ (494,603)	\$ -	\$ (494,603)
Public safety	2,258,979	600,297	381,038	-	(1,277,644)	-	(1,277,644)
Highways and streets	474,727	-	39,487	-	(435,240)	-	(435,240)
Culture and recreation	525,115	5,564	3,875	-	(515,676)	-	(515,676)
Health and welfare	153,808	45,456	-	-	(108,352)	-	(108,352)
Airport	25,531	25,381	-	-	(150)	-	(150)
Hospital sales tax payment	805,161	-	-	-	(805,161)	-	(805,161)
Interest on Long-term debt	34,233	-	-	-	(34,233)	-	(34,233)
Total governmental activities	<u>4,846,452</u>	<u>688,297</u>	<u>424,400</u>	<u>62,696</u>	<u>(3,671,059)</u>	<u>-</u>	<u>(3,671,059)</u>
Business-type activities:							
Light and power	4,476,190	5,565,051	-	-	-	1,088,861	1,088,861
Water	537,117	764,038	-	-	-	226,921	226,921
Sewer	366,224	373,185	-	-	-	6,961	6,961
Sanitation	404,388	472,021	-	-	-	67,633	67,633
Golf course	141,990	13,607	-	-	-	(128,383)	(128,383)
Swimming pool	297,046	86,640	-	-	-	(210,406)	(210,406)
Economic development	5,161	-	-	-	-	(5,161)	(5,161)
Total business-type activities	<u>6,228,116</u>	<u>7,274,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,046,426</u>	<u>1,046,426</u>
Total primary government	<u>\$ 11,074,568</u>	<u>\$ 7,962,839</u>	<u>\$ 424,400</u>	<u>\$ 62,696</u>	<u>(3,671,059)</u>	<u>1,046,426</u>	<u>(2,624,633)</u>
General revenues:							
Taxes:							
Sales and use taxes					2,833,736	-	2,833,736
Franchise taxes and public service taxes					79,567	-	79,567
Hotel/motel taxes					12,895	-	12,895
Intergovernmental revenue not restricted to specific programs					82,721	14,576	97,297
Unrestricted investment earnings					38,430	43,385	81,815
Miscellaneous					29,749	19,375	49,124
Transfers - internal activities					684,574	(684,574)	-
Total general revenues and transfers					<u>3,761,672</u>	<u>(607,238)</u>	<u>3,154,434</u>
Change in net assets					90,613	439,188	529,801
Net assets - beginning					10,426,121	18,644,012	29,070,133
Net assets - ending					<u>\$ 10,516,734</u>	<u>\$ 19,083,200</u>	<u>\$ 29,599,934</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011

Governmental Funds Balance Sheet - June 30, 2011

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 112,366	\$ 348,088	\$ 460,454
Investments	1,200,000	461,145	1,661,145
Receivables:			
Ambulance receivable, net	172,519	-	172,519
Court fines receivable, net	17,669	-	17,669
Due from other governments	405,367	8,538	413,905
Other receivables	20,822	-	20,822
Deposits in insurance pool	123,900	-	123,900
Total assets	<u>\$ 2,052,643</u>	<u>\$ 817,771</u>	<u>\$ 2,870,414</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 122,640	\$ 4,653	\$ 127,293
Other payables	-	300	300
Due to other funds	19,656	-	19,656
Short-term note payable	727,135	-	727,135
Sales tax due to hospital	111,269	-	111,269
Deferred revenue	143,563	-	143,563
Total liabilities	<u>1,124,263</u>	<u>4,953</u>	<u>1,129,216</u>
Fund balances:			
Nonspendable	-	50,000	50,000
Restricted for:			
Cemetery Capital Improvements	-	136,780	136,780
Library	-	268,506	268,506
Streets	-	120,215	120,215
Insurance	123,900	-	123,900
Flood Control	-	85,719	85,719
Military Memorial	-	104,946	104,946
Improvements benefiting citizens	-	23,610	23,610
Airport	-	17,481	17,481
Committed to:			
Economic stabilization	599,593	-	599,593
Assigned to:			
Library	-	3,639	3,639
Capital Improvements	185,154	-	185,154
Improvements benefiting citizens	-	143	143
Flood Control	-	1,779	1,779
Sick leave buy back	19,733	-	19,733
Total fund balances	<u>928,380</u>	<u>812,818</u>	<u>1,741,198</u>
Total liabilities and fund balances	<u>\$ 2,052,643</u>	<u>\$ 817,771</u>	<u>\$ 2,870,414</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Fiscal Year Ended June 30, 2011

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 2,948,325	\$ 12,895	\$ 2,961,220
Intergovernmental	298,807	232,113	530,920
Charges for services	599,456	19,522	618,978
Fines and forfeitures	27,772	-	27,772
Licenses and permits	10,919	-	10,919
Investment income	26,810	8,974	35,784
Donations	180	3,915	4,095
Miscellaneous	60,938	19,892	80,830
Total revenues	<u>3,973,207</u>	<u>297,311</u>	<u>4,270,518</u>
EXPENDITURES			
Current:			
Administrative	6,859	-	6,859
City Treasurer	70,386	-	70,386
City Attorney	28,570	-	28,570
Municipal Court	19,406	-	19,406
Police	795,788	-	795,788
Fire	1,258,141	-	1,258,141
Streets	319,561	69	319,630
Culture, tourism and recreation	116,075	12,567	128,642
General government	230,239	236,557	466,796
Library	268,838	8,229	277,067
Cemetery	137,644	-	137,644
Airport	-	21,668	21,668
Capital Outlay	323,467	234,738	558,205
Debt Service:			
Principal	61,439	-	61,439
Total expenditures	<u>3,636,413</u>	<u>513,828</u>	<u>4,150,241</u>
Excess (deficiency) of revenues over expenditures	<u>336,794</u>	<u>(216,517)</u>	<u>120,277</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	690,325	226,000	916,325
Transfers out	(230,461)	(1,290)	(231,751)
Sales tax payment to hospital	(805,161)	-	(805,161)
Total other financing sources and uses	<u>(345,297)</u>	<u>224,710</u>	<u>(120,587)</u>
Net change in fund balances	(8,503)	8,193	(310)
Fund balances - beginning	936,883	804,625	1,741,508
Fund balances - ending	<u>\$ 928,380</u>	<u>\$ 812,818</u>	<u>\$ 1,741,198</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$ 1,741,198
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	8,978,558
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	143,563
Accrued Compensated Absences are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.	(231,620)
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Capital lease payable	(114,965)
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 10,516,734</u>

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

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

Net change in fund balances - total governmental funds:	\$	(310)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Capital asset purchases capitalized		558,205
Depreciation expense		(435,374)
<p>Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.</p>		
Book value of disposed capital assets		(19,458)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Deferred revenue		1,431
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:</p>		
Principal payments on long-term debt		33,593
Proceeds of long-term debt		(6,386)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Change in accrued compensated absences		(41,088)
Change in net assets of governmental activities	<u>\$</u>	<u>90,613</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011

Proprietary Funds Statement of Net Assets - June 30, 2011

	<u>Kingfisher Public Works Authority</u>	<u>Kingfisher Special Projects Authority</u>	<u>Kingfisher Recreation Authority</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 245,137	\$ 43,994	\$ 88,455	\$ 377,586
Investments	2,249,000	-	-	2,249,000
Restricted:				
Cash and cash equivalents	715,243	-	-	715,243
Accounts receivable, net	1,651,898	-	-	1,651,898
Due from other governments	-	-	-	-
Due from other funds	19,656	-	-	19,656
Inventory	393,219	-	-	393,219
Total current assets	<u>5,274,153</u>	<u>43,994</u>	<u>88,455</u>	<u>5,406,602</u>
Non-current assets:				
Restricted:				
Investments	249,233	-	-	249,233
Capital assets:				
Land and construction in progress	1,363,220	-	-	1,363,220
Other capital assets, net of accumulated depreciation	10,858,488	125,502	3,028,197	14,012,187
Unamortized note issue costs	27,482	-	-	27,482
Total non-current assets	<u>12,498,423</u>	<u>125,502</u>	<u>3,028,197</u>	<u>15,652,122</u>
Total assets	<u>\$ 17,772,576</u>	<u>\$ 169,496</u>	<u>\$ 3,116,652</u>	<u>\$ 21,058,724</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 495,794	\$ -	\$ 8,873	\$ 504,667
Accrued interest payable	3,109	-	-	3,109
Due to depositors	37,525	-	-	37,525
Notes payable	70,000	-	-	70,000
Accrued compensated absences	17,658	-	591	18,249
Total current liabilities	<u>624,086</u>	<u>-</u>	<u>9,464</u>	<u>633,550</u>
Non-current liabilities:				
Due to depositors	337,725	-	-	337,725
Notes payable	840,000	-	-	840,000
Accrued compensated absences	158,929	-	5,320	164,249
Total non-current liabilities	<u>1,336,654</u>	<u>-</u>	<u>5,320</u>	<u>1,341,974</u>
Total liabilities	<u>1,960,740</u>	<u>-</u>	<u>14,784</u>	<u>1,975,524</u>
NET ASSETS				
Invested in capital assets, net of related debt	11,339,190	125,502	3,028,197	14,492,889
Restricted for debt service	9,812	-	-	9,812
Restricted for capital projects	705,431	-	-	705,431
Unrestricted	3,757,403	43,994	73,671	3,875,068
Total net assets	<u>\$ 15,811,836</u>	<u>\$ 169,496</u>	<u>\$ 3,101,868</u>	<u>\$ 19,083,200</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Assets – Fiscal Year Ended June 30, 2011

	<u>Kingfisher Public Works Authority</u>	<u>Kingfisher Special Projects Authority</u>	<u>Kingfisher Recreation Authority</u>	<u>Total</u>
REVENUES				
Charges for services:				
Light and power charges	\$ 5,047,433	\$ -	\$ -	\$ 5,047,433
Water charges	722,959	-	-	722,959
Sewer charges	353,120	-	-	353,120
Penalties	63,313	-	-	63,313
Sanitation charges	446,642	-	-	446,642
Recreation	-	-	86,640	86,640
Refunds and reimbursements	521,566	-	13,607	535,173
Miscellaneous	10,941	8,321	-	19,262
Total operating revenues	<u>7,165,974</u>	<u>8,321</u>	<u>100,247</u>	<u>7,274,542</u>
OPERATING EXPENSES				
Administration	551,762	-	-	551,762
Light and power	3,801,828	-	-	3,801,828
Power plant	151,229	-	-	151,229
Water	321,783	-	-	321,783
Sanitation	345,555	-	-	345,555
Sewer	217,961	-	-	217,961
Recreation	-	-	358,372	358,372
Economic development	-	100	-	100
Depreciation expense	351,684	5,061	80,664	437,409
Amortization expense	2,893	-	-	2,893
Total operating expenses	<u>5,744,695</u>	<u>5,161</u>	<u>439,036</u>	<u>6,188,892</u>
Operating income (loss)	<u>1,421,279</u>	<u>3,160</u>	<u>(338,789)</u>	<u>1,085,650</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	43,385	-	-	43,385
Grant revenue	14,576	-	-	14,576
Gain on capital asset disposal	3,320	-	-	3,320
Miscellaneous	15,937	-	118	16,055
Interest expense	(39,224)	-	-	(39,224)
Total non-operating revenue (expenses)	<u>37,994</u>	<u>-</u>	<u>118</u>	<u>38,112</u>
Income (loss) before transfers	1,459,273	3,160	(338,671)	1,123,762
Transfers in	4,461	-	353,000	357,461
Transfers out	(1,007,035)	-	(35,000)	(1,042,035)
Change in net assets	456,699	3,160	(20,671)	439,188
Total net assets - beginning	<u>15,355,137</u>	<u>166,336</u>	<u>3,122,539</u>	<u>18,644,012</u>
Total net assets - ending	<u>\$ 15,811,836</u>	<u>\$ 169,496</u>	<u>\$ 3,101,868</u>	<u>\$ 19,083,200</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011

Proprietary Funds Statement of Cash Flows – Fiscal Year Ended June 30, 2011

	Kingfisher Public Works Authority	Kingfisher Special Projects Authority	Kingfisher Recreation Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 6,887,162	\$ 8,321	\$ 100,365	\$ 6,995,848
Payments to suppliers	(4,210,252)	(100)	(130,703)	(4,341,055)
Payments to employees	(1,133,263)	-	(234,033)	(1,367,296)
Receipts of customer deposits	43,042	-	-	43,042
Refunds of customer meter deposits	(37,384)	-	-	(37,384)
Net cash provided by (used in) operating activities	1,549,305	8,221	(264,371)	1,293,155
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	4,461	-	353,000	357,461
Transfers to other funds	(1,007,035)	-	(35,000)	(1,042,035)
Receipts from governmental grants	60,265	-	-	60,265
Net cash provided by (used in) noncapital financing activities	(942,309)	-	318,000	(624,309)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(421,365)	-	-	(421,365)
Proceeds from sale of capital assets	3,320	-	-	3,320
Principal paid on debt	(70,000)	-	-	(70,000)
Interest and fiscal agent fees paid on debt	(39,463)	-	-	(39,463)
Net cash provided by (used in) capital and related financing activities	(527,508)	-	-	(527,508)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(3,710)	-	-	(3,710)
Interest and dividends	43,385	-	-	43,385
Net cash provided by investing activities	39,675	-	-	39,675
Net increase in cash and cash equivalents	119,163	8,221	53,629	181,013
Balances - beginning of year	841,217	35,773	34,826	911,816
Balances - end of year	\$ 960,380	\$ 43,994	\$ 88,455	\$ 1,092,829
Reconciliation to Statement of Net Assets:				
Cash and cash equivalents	\$ 245,137	\$ 43,994	\$ 88,455	\$ 377,586
Restricted cash and cash equivalents - current	715,243	-	-	715,243
Total cash and cash equivalents, end of year	\$ 960,380	\$ 43,994	\$ 88,455	\$ 1,092,829
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,421,279	\$ 3,160	\$ (338,789)	\$ 1,085,650
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	351,684	5,061	80,664	437,409
Amortization expense	2,893	-	-	2,893
Other non-operating revenues	15,937	-	118	16,055
Change in assets and liabilities:				
Accounts receivable	(294,750)	-	-	(294,750)
Inventory	13,549	-	-	13,549
Accounts payable	8,570	-	1,296	9,866
Deposits subject to refund	5,658	-	-	5,658
Accrued compensated absences	24,485	-	(7,660)	16,825
Net cash provided by (used in) operating activities	\$ 1,549,305	\$ 8,221	\$ (264,371)	\$ 1,293,155

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

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

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

Component Units:

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

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

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

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

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

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds
- Permanent Fund – Library Endowment Fund – accounts for funds donated to the City and interest earnings for use as deemed by the City Commissioners

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

Special Revenue Funds:

- Street and Alley Fund – accounts for revenues from gasoline and vehicle taxes restricted for street repairs and maintenance
- Cemetery Perpetual Care Fund – accounts for 12.5 percent of cemetery revenue restricted by State law for cemetery capital improvements.
- Flood Control – accounts for grant revenues, transfers, and expenditures for flood control relief
- Hotel/Motel Tax Fund – accounts for hotel/motel tax collections paid to the Chamber of Commerce for tourism
- Airport Fund – accounts for transfers, revenues and expenditures for airport operations
- Overstreet Memorial – accounts for donations to the City restricted for improvements benefiting the citizens of Kingfisher
- Military Memorial Fund – accounts for donations to the City restricted for maintenance of the military memorial monument

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

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

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

Proprietary Funds:

The City's proprietary funds include:

Enterprise Funds

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

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For business-type activities and enterprise funds, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

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D. Assets, Liabilities, and Equity

Cash and Investments

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

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

Receivables

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

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

Inventories

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

Capital Assets

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

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Government-Wide Statements

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

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

Restricted Assets

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

Long-Term Debt

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

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

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

Compensated Absences

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

Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

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

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

Fund Statements

Governmental fund equity is classified as fund balance. Since the City implemented GASB Statement 54, fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

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

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

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

E. Revenues, Expenditures, and Expenses

Sales Tax

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

Property Tax

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Proprietary Fund - By Operating and Non-Operating

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

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F. Internal and Interfund Balances and Activities

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

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

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

G. Use of Estimates

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

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2. Cash, Cash Equivalents, and Investments

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

At June 30, 2011, the reporting entity held the following deposits and investments:

Primary Government:

<u>Type</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 1,543,471
Time deposits, due within one year		4,159,378
		<u>5,702,849</u>
Investments:		
Cavanal Hill US Treasury Funds	AAAm	9,812
		<u>9,812</u>
Total deposits and investments		<u><u>\$ 5,712,661</u></u>
Reconciliation to Statement of Net Assets:		
Cash and cash equivalents		\$ 838,040
Restricted cash and cash equivalents		715,243
Investments		3,910,145
Noncurrent restricted investments		249,233
		<u><u>\$ 5,712,661</u></u>

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. At June 30, 2011, the City was not exposed to custodial credit risk as defined above.

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

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

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

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

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

Restricted Cash and Investments – The amounts reported as restricted assets of the proprietary fund statement of net assets are comprised of amounts held by the Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill), amounts held by the trustee bank for debt retirement, and amounts held in a capital improvement fund. The restricted assets as of June 30, 2011 are as follows:

	<u>Current</u>	<u>Noncurrent</u>
	<u>Cash and cash</u>	<u>Investments</u>
	<u>equivalents</u>	
Utility Deposits	\$ -	\$ 249,233
Capital Improvement	705,431	-
Trustee Accounts:		
Sinking Account	9,812	-
Total	<u>\$ 715,243</u>	<u>\$ 249,233</u>

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3. Accounts and Notes Receivable

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

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Ambulance receivable	\$ 652,883	\$ (480,364)	\$ 172,519
Court fines	35,339	(17,670)	17,669
Total Governmental Activities	\$ 688,222	\$ (498,034)	\$ 190,188
 Business-Type Activities:			
Utilities	\$ 1,694,177	\$ (42,279)	\$ 1,651,898

4. Capital Assets and Depreciation

Capital Assets:

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

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For the year ended June 30, 2011, capital assets balances changed as follows:

	Balance at June 30, 2010	Additions	Disposals	Balance at June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 927,453	\$ -	\$ -	\$ 927,453
Construction in progress	92,177	372,966	148,423	316,720
Total capital assets not being depreciated	<u>1,019,630</u>	<u>372,966</u>	<u>148,423</u>	<u>1,244,173</u>
Other capital assets:				
Buildings	1,931,084	2,750	-	1,933,834
Improvements	1,019,416	32,601	-	1,052,017
Infrastructure	6,521,098	148,423	-	6,669,521
Machinery, furniture and equipment	3,265,418	149,888	287,272	3,128,034
Total other capital assets at historical cost	<u>12,737,016</u>	<u>333,662</u>	<u>287,272</u>	<u>12,783,406</u>
Less accumulated depreciation for:				
Buildings	921,352	40,425	-	961,777
Improvements	417,843	43,496	-	461,339
Infrastructure	1,519,612	157,737	-	1,677,349
Machinery, furniture and equipment	2,022,653	193,716	267,813	1,948,556
Total accumulated depreciation	<u>4,881,460</u>	<u>435,374</u>	<u>267,813</u>	<u>5,049,021</u>
Other capital assets, net	<u>7,855,556</u>	<u>(101,712)</u>	<u>19,459</u>	<u>7,734,385</u>
Governmental activities capital assets, net	<u>\$ 8,875,186</u>	<u>\$ 271,254</u>	<u>\$ 167,882</u>	<u>\$ 8,978,558</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,219,269	\$ 30,000	\$ -	\$ 1,249,269
Construction in progress	138,728	329,946	354,723	113,951
Total capital assets not being depreciated	<u>1,357,997</u>	<u>359,946</u>	<u>354,723</u>	<u>1,363,220</u>
Other capital assets:				
Buildings	3,473,667	-	-	3,473,667
Improvements	2,075,456	-	-	2,075,456
Machinery, furniture and equipment	2,844,705	61,417	126,606	2,779,516
Utility property	12,268,625	354,723	-	12,623,348
Infrastructure	1,308,584	-	-	1,308,584
Total other capital assets at historical cost	<u>21,971,037</u>	<u>416,140</u>	<u>126,606</u>	<u>22,260,571</u>
Less accumulated depreciation for:				
Buildings	1,069,028	71,584	-	1,140,612
Improvements	831,854	44,116	-	875,970
Machinery, furniture and equipment	2,013,331	112,092	126,606	1,998,817
Utility property improvements	3,775,930	170,315	-	3,946,245
Infrastructure	247,438	39,302	-	286,740
Total accumulated depreciation	<u>7,937,581</u>	<u>437,409</u>	<u>126,606</u>	<u>8,248,384</u>
Other capital assets, net	<u>14,033,456</u>	<u>(21,269)</u>	<u>-</u>	<u>14,012,187</u>
Business-type activities capital assets, net	<u>\$ 15,391,453</u>	<u>\$ 338,677</u>	<u>\$ 354,723</u>	<u>\$ 15,375,407</u>

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

Governmental Activities:		Business-Type Activities:	
General government	\$ 21,242	Power and light	\$ 85,161
Public safety	148,492	Water	131,071
Highways and streets	148,727	Sewer	119,715
Culture, tourism, and recreation	96,883	Sanitation	14,418
Health and welfare	16,167	Administration	1,317
Airport	3,863	Pool	70,731
	<u>\$ 435,374</u>	Golf	9,934
		Economic development	5,062
			<u>\$ 437,409</u>

5. Debt and Debt Service Requirements

For the year ended June 30, 2011, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 01, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital lease payable	\$ 142,172	\$ 6,386	\$ 33,593	\$ 114,965	\$ 34,257
Accrued compensated absences	190,532	41,088	-	231,620	23,162
Total Governmental Activities	<u>\$ 332,704</u>	<u>\$ 47,474</u>	<u>\$ 33,593</u>	<u>\$ 346,585</u>	<u>\$ 57,419</u>
Business-Type Activities:					
Notes Payable	\$ 980,000	\$ -	\$ 70,000	\$ 910,000	\$ 70,000
Deposits subject to refund	369,593	43,041	37,384	375,250	37,525
Accrued compensated absences	165,674	16,824	-	182,498	18,249
Total Business-Type Activities	<u>1,515,267</u>	<u>59,865</u>	<u>107,384</u>	<u>1,467,748</u>	<u>125,774</u>
Total Long-Term Debt	<u>\$ 1,847,971</u>	<u>\$ 107,339</u>	<u>\$ 140,977</u>	<u>\$ 1,814,333</u>	<u>\$ 183,193</u>

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

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Governmental activities long-term debt:

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

Capital Lease Payable:

Lease payable to NBC Oklahoma of Kingfisher for the lease/purchase of 1998 ladder fire truck.		114,965
Monthly payments of \$3,193 including interest at 3.5%, final payment due September 2014.		114,965
Total Capital Leases Payable	\$	114,965
Current portion		34,257
Noncurrent portion		80,708
Total Capital Leases Payable	\$	114,965

Accrued Compensated Absences:

	Current portion	\$	23,162
	Noncurrent portion		208,458
Total Accrued Compensated Absences		\$	231,620

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

Notes Payable:

2006 Series Sales Tax Revenue Note, original issue amount of \$1,135,000 dated December 21, 2006, issued by the Kingfisher Public Works Authority secured by sales tax revenue, interest rate of 4.1% with a final maturity of December 1, 2021		910,000
Total Notes Payable	\$	910,000
Current portion	\$	70,000
Noncurrent portion		840,000
Total Notes Payable	\$	910,000

Meter Deposit Liability:

	Current portion	\$	37,525
	Noncurrent portion		337,725
Total Meter Deposit Liability		\$	375,250

Accrued Compensated Absences:

	Current portion	\$	18,249
	Noncurrent portion		164,249
Total Accrued Compensated Absences		\$	182,498

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Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	Governmental Activities	
	Capital Lease obligations	
	Principal	Interest
2012	34,257	3,509
2013	35,476	2,290
2014	36,737	1,029
2015	8,495	55
Totals	\$ 114,965	\$ 6,883

The asset acquired through capital lease is recorded as follows:

Machinery and equipment	\$173,000
Less: Accumulated depreciation	<u>(52,861)</u>
Total	<u>120,139</u>

<u>Year Ending June 30,</u>	Business-Type Activities	
	Notes Payable	
	Principal	Interest
2012	70,000	36,592
2013	70,000	33,723
2014	80,000	30,750
2015	80,000	27,470
2016	80,000	24,190
2017-2021	475,000	66,113
2022	55,000	1,127
Totals	\$ 910,000	\$ 219,965

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Non-Commitment Debt:

The Kingfisher Special Project Authority issued \$4,905,000 of Educational Facilities Lease Revenue Bonds, Series 2004, for the Kingfisher Public Schools Project, dated July 1, 2004. The property, upon which the Project is located, together with improvements, is leased by the School District to the Authority and then subsequently subleased by the Authority back to the District. The bonds are secured by an assignment of the lease revenues and the property leased and subleased. Debt service on the bonds is payable solely from the lease revenues described above. The Authority is not liable for debt payments if lease revenues are insufficient to service the debt. As a result, these bonds are not reported as liabilities within the financial statements.

Outstanding balance at June 30, 2011 \$3,085,000

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

Outstanding balance at June 30, 2011 \$4,465,000

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

Outstanding balance at June 30, 2011 \$24,770,000

Governmental activities short-term debt:

Note Payable:

Promissory note for the Starlight project dated August 1, 2010, original amount \$817,384, due in monthly installments of \$10,000 for the first 11 months then a single balloon payment for the unpaid balance due August 1, 2011 with an interest rate of 2.750%.

	\$ 727,135
Total Notes Payable	\$ 727,135
Current portion	727,135
Noncurrent portion	-
Total Notes Payable	\$ 727,135

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Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one cent (or 33%) of future sales tax revenues to repay \$25,000,000 of Series 2007 Hospital and Sales Tax Revenue Bonds. Proceeds from the notes provided financing for certain hospital facilities. The bonds are payable through 2042, however, the pledged sales tax revenues are only pledged through 2032. The total principal and interest payable for the remainder of the life of these bonds is \$58,646,700. Pledged sales taxes received in the current year were \$805,161. When the pledged sales tax revenue is received it is sent to the trustee bank to be held for debt service on the bonds. As noted above, the City of Kingfisher and the Kingfisher Hospital Authority are not liable for this debt and have no obligation other than the annual appropriation and remittance of the pledged sales taxes. The payments made to the trustee bank were \$805,161 and were 100% of the pledged sales tax received.

Sales Tax Pledge - The City has pledged one half cent (or 16.5%) of future sales tax revenues to repay \$1,135,000 of Series 2006 Sales Tax Revenue Note. Proceeds from the note provided financing for capital assets. The bonds are payable from pledged sales tax revenues and are payable through 2021. The total principal and interest payable for the remainder of the life of these bonds is \$1,129,965. Pledged sales taxes received in the current year were \$402,580. Debt service payments of \$109,463 for the current fiscal year were 27.2% of the pledged sales taxes.

6. Internal and Interfund Balances and Transfers

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

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2011 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Airport	226,000	Operating subsidy
KPWA	General Fund	689,035	Operating subsidy
KPWA	KRA	318,000	Operating subsidy
General Fund	KPWA	4,461	Lighting project expenditures
KRA	KRACIP	35,000	Operating subsidy
Hotel/Motel Fund	General Fund	1,290	Administrative fee
Total		<u>\$ 1,273,786</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 916,325	\$ (231,751)	\$ 684,574
Proprietary Funds	357,461	(1,042,035)	(684,574)
	<u>\$ 1,273,786</u>	<u>\$ (1,273,786)</u>	<u>-</u>

Balances:

Interfund receivable and payables at June 30, 2011 were comprised of an Enterprise Fund receivable of \$19,656 due from the General Fund for operations.

7. Judgment Receivable

The City was awarded a judgment in 1983 resulting from a misappropriation of funds by a former employee in the amount of \$291,947. A settlement agreement has been made with the former employee. As part of the settlement agreement, the City was named beneficiary on a \$250,000 life insurance policy for the former employee. The City, however, is responsible for premiums of \$242 per month and those premiums were paid by the city in fiscal year 2011. An allowance for doubtful accounts was established in fiscal year 2007 for the entire amount of the receivable.

8. Risk Management

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

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

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

9. Contingencies

Litigation:

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

Federal and State Award Programs:

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

10. Pension Plan Participation

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

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

Firefighters' Plan:

Pursuant to the requirements of Title 11, section 49-102, the City of Kingfisher participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighters Pension Board on behalf of both paid and volunteer firefighters. The paid firefighter contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid firefighter to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

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

Police Plan:

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

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

The state made on-behalf payments of \$38,328 for the police pension system and \$149,787 for the fire pension during the current fiscal year. These payments are reported as both intergovernmental revenues and public safety expenses.

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Employee Plan:

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

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

Summary of Contributions – Cost Sharing Plans:

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System			Oklahoma Public Employees Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2009	43,661	100%	2009	60,934	100%	2009	149,023	100%
2010	48,698	100%	2010	65,221	100%	2010	157,154	100%
2011	49,394	100%	2011	79,155	100%	2011	160,719	100%

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis)– General Fund – Fiscal Year Ended June 30, 2011

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,121,884	\$ 1,121,884	\$ 1,263,642	\$ 141,758
Resources (Inflows):				
TAXES:				
Sales tax	2,325,000	2,325,000	2,349,710	24,710
Use tax	470,000	470,000	431,759	(38,241)
Franchise tax	63,000	63,000	55,452	(7,548)
Total Taxes	<u>2,858,000</u>	<u>2,858,000</u>	<u>2,836,921</u>	<u>(21,079)</u>
INTERGOVERNMENTAL:				
Alcoholic beverage tax	46,000	46,000	46,392	392
Grants	-	53,254	53,248	(6)
Total Intergovernmental	<u>46,000</u>	<u>99,254</u>	<u>99,640</u>	<u>386</u>
CHARGES FOR SERVICES:				
Ambulance	195,000	295,000	326,417	31,417
Ambulance District #522	240,000	240,000	235,815	(4,185)
Inferments	12,000	12,000	22,118	10,118
Development fee	-	-	0	0
Inspection fees	200	200	180	(20)
Rural fire runs	200	200	-	(200)
Rentals	700	700	500	(200)
Total Charges for Services	<u>448,100</u>	<u>548,100</u>	<u>585,030</u>	<u>36,930</u>
FINES AND FORFEITURES:				
Police fines	60,000	60,000	25,302	(34,698)
Library fines	5,000	5,000	5,564	564
Total Fines and Forfeitures	<u>65,000</u>	<u>65,000</u>	<u>30,866</u>	<u>(34,134)</u>
LICENSES AND PERMITS:				
Permits	6,000	6,000	6,945	945
Licenses	3,500	4,500	3,974	(526)
Total Licences and Permits	<u>9,500</u>	<u>10,500</u>	<u>10,919</u>	<u>419</u>
MISCELLANEOUS:				
Monument setting fee	1,400	1,400	2,300	900
Burial plot sales	9,000	9,000	10,125	1,125
Leases/oil royalty	6,000	6,000	5,928	(72)
Reimbursements	2,000	2,000	29,903	27,903
Police training	4,000	4,000	1,980	(2,020)
Sale of surplus property	-	-	13,346	13,346
Restitution	-	-	329	329
Check charges	100	100	75	(25)
OK Building Code Fees	-	-	297	297
Miscellaneous	3,000	3,000	690	(2,310)
Donations	-	-	180	180
Loan proceeds	-	-	-	-
Total Miscellaneous	<u>25,500</u>	<u>25,500</u>	<u>65,153</u>	<u>39,653</u>
INTEREST:				
Interest - Checking	11,000	11,000	7,626	(3,374)
Interest - C.D.'S	26,000	26,000	15,496	(10,504)
Total Interest	<u>37,000</u>	<u>37,000</u>	<u>23,122</u>	<u>(13,878)</u>
Total Revenue	<u>3,489,100</u>	<u>3,643,354</u>	<u>3,651,651</u>	<u>8,297</u>
OTHER FINANCING SOURCES:				
Transfers in	601,500	601,500	601,290	(210)
Total Other Financing Sources	<u>601,500</u>	<u>601,500</u>	<u>601,290</u>	<u>(210)</u>
Total revenues and other financing sources	<u>4,090,600</u>	<u>4,244,854</u>	<u>4,252,941</u>	<u>8,087</u>

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Budgetary Comparison Schedule (Budgetary Basis) – General Fund – Fiscal Year Ended June 30, 2011 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
MANAGERIAL:				
Personal services	\$ 8,075	\$ 8,075	\$ 6,567	\$ 1,508
Other services and charges	1,000	1,000	57	943
Total Managerial	9,075	9,075	6,624	2,451
CITY TREASURER:				
Personal services	70,062	70,062	68,949	1,113
Materials and supplies	1,100	1,100	759	341
Other services and charges	2,100	2,100	295	1,805
Total City Treasurer	73,262	73,262	70,003	3,259
ATTORNEY:				
Personal services	24,574	29,574	26,971	2,603
Other services and charges	200	200	-	200
Total Attorney	24,774	29,774	26,971	2,803
GENERAL GOVERNMENT:				
Personal services	29,166	29,166	29,202	(36)
Materials and supplies	22,400	47,400	45,341	2,059
Other services and charges	151,800	268,800	190,137	78,663
Total General Government	203,366	345,366	264,680	80,686
MUNICIPAL COURT				
Personal services	18,966	18,966	18,950	16
Materials and supplies	700	700	184	516
Other services and charges	500	500	155	345
Total Municipal Court	20,166	20,166	19,289	877
POLICE:				
Personal services	702,886	684,886	670,878	14,008
Materials and supplies	47,800	47,800	40,245	7,555
Other services and charges	37,600	37,600	36,210	1,390
Capital outlay	12,000	12,000	10,152	1,848
Total Police	800,286	782,286	757,485	24,801
FIRE:				
Personal services	957,084	957,084	935,269	21,815
Materials and supplies	51,200	89,200	92,457	(3,257)
Other services and charges	78,800	78,800	80,967	(2,167)
Capital outlay	47,500	79,500	76,393	3,107
Debt service	38,318	38,318	38,317	1
Total Fire	1,172,902	1,242,902	1,223,403	19,499
STREET:				
Personal services	246,459	246,459	241,254	5,205
Materials and supplies	49,200	49,200	58,708	(9,508)
Other services and charges	33,200	33,200	17,383	15,817
Capital outlay	-	-	-	-
Debt service	120,000	120,000	120,000	-
Total Street	448,859	448,859	437,345	11,514
PARK AND RECREATION:				
Personal services	81,195	81,195	81,298	(103)
Materials and supplies	25,750	37,750	30,521	7,229
Other services and charges	5,200	15,200	13,854	1,346
Capital Outlay	-	23,000	23,072	(72)
Total Park and Recreation	112,145	157,145	148,745	8,400

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Budgetary Comparison Schedule (Budgetary Basis) – General Fund– Fiscal Year Ended June 30, 2011, (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows):				
LIBRARY				
Personal services	\$ 209,134	\$ 209,134	\$ 194,416	\$ 14,718
Materials and supplies	16,600	16,600	15,945	655
Other services and charges	24,250	25,450	21,533	3,917
Capital outlay	25,000	36,159	33,360	2,799
Total Library	\$ 274,984	\$ 287,343	\$ 265,254	\$ 22,089
CEMETERY:				
Personal services	121,558	121,558	110,522	11,036
Materials and supplies	21,400	21,400	21,130	270
Other services and charges	4,350	4,350	4,460	(110)
Capital outlay	500	500	620	(120)
Total Cemetery	147,808	147,808	136,732	11,076
BUILDING INSPECTOR:				
Personal services	-	4,000	3,947	53
Material and supplies	300	5,500	1,094	4,406
Other services and charges	2,900	5,000	3,921	1,079
Capital outlay	-	2,700	1,899	801
Total Building Inspector	3,200	17,200	10,861	6,339
Total General Fund Expenditures	3,290,827	3,561,186	3,367,392	193,794
OTHER FINANCING USES:				
Transfers out	20,000	236,000	236,000	-
Sales tax transfer to hospital	775,000	775,000	783,237	(8,237)
Total Other Financing Uses	795,000	1,011,000	1,019,237	(8,237)
Total expenditures and other financing uses	4,085,827	4,572,186	4,386,629	185,557

Footnotes to Budgetary Comparison Schedules:

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

General Fund:	
Total budgetary revenues and transfers	\$ 4,252,941
Less: budgetary expenses and transfers	(4,386,629)
Net Change to Budgetary Fund Balance	(133,688)
Change in revenue accruals	70,927
Change in expenditure accruals	18,221
Capital Improvement sub-account change in balance	36,037
Change in Fund Balance	<u>\$ (8,503)</u>

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – General Fund Accounts – June 30, 2011

	<u>General Fund</u>	<u>Sick Leave Buy Back Fund</u>	<u>Total-Other Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 92,633	\$ 19,733	\$ 112,366
Investments	1,200,000	-	1,200,000
Due from other governments	405,367	-	405,367
Court fines receivable, net	17,669	-	17,669
Ambulance receivable, net	172,519	-	172,519
Other receivables	20,822	-	20,822
Deposits with insurance pool	123,900	-	123,900
Total assets	<u>\$ 2,032,910</u>	<u>\$ 19,733</u>	<u>\$ 2,052,643</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 122,640	\$ -	\$ 122,640
Due to other funds	19,656	-	19,656
Short-term note payable	727,135	-	727,135
Deferred revenue	143,563	-	143,563
Sales tax due to hospital	111,269	-	111,269
Total liabilities	<u>1,124,263</u>	<u>-</u>	<u>1,124,263</u>
Fund balances:			
Restricted for:			
Insurance	123,900	-	123,900
Committed to:			
Economic Stabilization	599,593	-	599,593
Assigned to:			
Capital Improvements	185,154	-	185,154
Sick leave buy back	-	19,733	19,733
Total fund balances	<u>908,647</u>	<u>19,733</u>	<u>928,380</u>
Total liabilities and fund balances	<u>\$ 2,032,910</u>	<u>\$ 19,733</u>	<u>\$ 2,052,643</u>

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Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts – For the Fiscal Year Ended June 30, 2011

	<u>General Fund</u>	<u>Sick Leave Buy Back Fund</u>	<u>Total-Other Governmental Funds</u>
REVENUES			
Taxes	\$ 2,948,325	\$ -	\$ 2,948,325
Fines and forfeitures	27,772	-	27,772
Licenses and permits	10,919	-	10,919
Intergovernmental	298,807	-	298,807
Charges for services	599,456	-	599,456
Investment earnings	26,810	-	26,810
Miscellaneous	60,938	-	60,938
Donations	180	-	180
Total revenues	<u>3,973,207</u>	<u>-</u>	<u>3,973,207</u>
EXPENDITURES			
Current:			
General government	230,239	-	230,239
City Treasurer	70,386	-	70,386
City Attorney	28,570	-	28,570
Municipal Court	19,406	-	19,406
Police	795,788	-	795,788
Fire	1,258,141	-	1,258,141
Highways and streets	319,561	-	319,561
Culture, tourism and recreation	116,075	-	116,075
Cemetery	137,644	-	137,644
Administrative	6,859	-	6,859
Library	268,838	-	268,838
Principal	61,439	-	61,439
Capital Outlay	<u>323,467</u>	<u>-</u>	<u>323,467</u>
Total Expenditures	<u>3,636,413</u>	<u>-</u>	<u>3,636,413</u>
Revenues over (under) expenditures	<u>336,794</u>	<u>-</u>	<u>336,794</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	690,325	-	690,325
Transfers out	(230,461)	-	(230,461)
Sales tax payment to hospital	(805,161)	-	(805,161)
Total other financing sources and uses	<u>(345,297)</u>	<u>-</u>	<u>(345,297)</u>
Revenues and other sources over (under) expenditures and other uses	(8,503)	-	(8,503)
Fund balances - beginning	917,150	19,733	936,883
Fund balances - ending	<u>\$ 908,647</u>	<u>\$ 19,733</u>	<u>\$ 928,380</u>

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2011

	Street and Alley Fund	Cemetery Care Fund	Hotel Motel Tax Fund	Military Memorial Fund	Airport Fund	Overstreet Memorial Fund	Library Endowment Fund	Flood Control Fund	Total-Other Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 113,105	\$ 76,701	\$ -	\$ 9,946	\$ 20,531	\$ 13,753	\$ 26,079	\$ 87,973	\$ 348,088
Investments	-	60,079	-	95,000	-	10,000	296,066	-	461,145
Due from other governments	7,110	-	-	-	-	-	-	1,428	8,538
Total assets	\$ 120,215	\$ 136,780	\$ -	\$ 104,946	\$ 20,531	\$ 23,753	\$ 322,145	\$ 89,401	\$ 817,771
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,750	\$ -	\$ -	\$ 1,903	\$ 4,653
Other payables	-	-	-	-	300	-	-	-	300
Total liabilities	-	-	-	-	3,050	-	-	1,903	4,953
Fund balances:									
Nonspendable	-	-	-	-	-	-	50,000	-	50,000
Restricted for:									
Cemetery Capital Improvements	-	136,780	-	-	-	-	-	-	136,780
Library	-	-	-	-	-	-	268,506	-	268,506
Streets	120,215	-	-	-	-	-	-	-	120,215
Flood Control	-	-	-	-	-	-	-	85,719	85,719
Military Memorial	-	-	-	104,946	-	-	-	-	104,946
Improvements benefiting citizens	-	-	-	-	-	23,610	-	-	23,610
Airport	-	-	-	-	17,481	-	-	-	17,481
Assigned to:									
Library	-	-	-	-	-	-	3,639	-	3,639
Improvements benefiting citizens	-	-	-	-	-	143	-	-	143
Flood Control	-	-	-	-	-	-	-	1,779	1,779
Total fund balances	120,215	136,780	-	104,946	17,481	23,753	322,145	87,498	812,818
Total liabilities and fund balances	\$ 120,215	\$ 136,780	\$ -	\$ 104,946	\$ 20,531	\$ 23,753	\$ 322,145	\$ 89,401	\$ 817,771

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Fiscal Year Ended June 30, 2011

	Street and Alley Fund	Cemetery Care Fund	Hotel Motel Tax Fund	Military Memorial Fund	Airport Fund	Overstreet Memorial Fund	Library Endowment Fund	Flood Control Fund	Total-Other Governmental Funds
REVENUES									
Taxes	\$ -	\$ -	\$ 12,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,895
Intergovernmental	39,487	-	-	-	-	-	-	192,626	232,113
Charges for services	-	10,913	-	-	8,609	-	-	-	19,522
Investment earnings	-	859	-	1,673	-	143	4,520	1,779	8,974
Miscellaneous	-	474	-	-	16,772	2,645	-	-	19,892
Donations	-	-	-	40	-	-	3,875	-	3,915
Total revenues	39,487	12,246	12,895	1,713	25,381	2,789	8,395	194,405	297,311
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	236,557	236,557
Highways and streets	-	-	-	-	-	69	-	-	69
Culture, tourism and recreation	-	-	11,605	962	-	-	-	-	12,567
Airport	-	-	-	-	21,668	-	-	-	21,668
Library	-	-	-	-	-	-	8,229	-	8,229
Capital Outlay	-	14,000	-	-	220,738	-	-	-	234,738
Total Expenditures	-	14,000	11,605	962	242,406	69	8,229	236,557	513,828
Revenues over (under) expenditures	39,487	(1,754)	1,290	751	(217,025)	2,720	166	(42,152)	(216,517)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	226,000	-	-	-	226,000
Transfers out	-	-	(1,290)	-	-	-	-	-	(1,290)
Revenues and other sources over (under) expenditures and other uses	-	-	(1,290)	-	226,000	-	-	-	224,710
Revenues and other sources over (under) expenditures and other uses	39,487	(1,754)	-	751	8,975	2,720	166	(42,152)	8,193
Fund balances - beginning	80,728	138,534	-	104,195	8,506	21,033	321,979	129,650	804,625
Fund balances - ending	\$ 120,215	\$ 136,780	\$ -	\$ 104,946	\$ 17,481	\$ 23,753	\$ 322,145	\$ 87,498	\$ 812,818

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Schedule of Expenditures of Federal and State Awards

<u>Federal/State Grantor/Pass Through Agency Grantor/Program Title</u>	<u>Pass-thru Grant #</u>	<u>Award Amount</u>	<u>Awards Expended</u>
FEDERAL AWARDS:			
U.S. Department of Transportation:			
Passed through Oklahoma Department of Transportation:			
Tree Planting	STP-137E(087)EH	\$ 25,000	\$ 22,033
Safe Routes to School (Infrastructure)	SRS-155F(710)ST-SRA-1011	\$ 200,000	\$ 12,000
Safe Routes to School (Non-Infrastructure)	SRS-155F(709)ST-SRA-1011	20,000	11,908
Total U.S. Department of Transportation		<u>245,000</u>	<u>45,941</u>
Department of Energy:			
Passed through Oklahoma Department of Commerce:			
Stimulus Energy Efficiency Community Block Grant	13968 SEECBG 09	55,000	14,576
TOTAL FEDERAL AWARDS		<u>\$ 300,000</u>	<u>\$ 60,517</u>
STATE AWARDS:			
Department of Libraries:			
State Aid FY 2010	N/A	\$ 1,015	\$ 1,015
State Aid FY 2011	N/A	9,093	9,093
Siga Adelante Expansion Grant	N/A	2,250	2,250
Total Department of Libraries		<u>12,358</u>	<u>12,358</u>
Kingfisher County Conservation District:			
Flood Control Project	N/A	192,625	192,625
Department of Agriculture:			
NODA Fire Grant	N/A	4,398	4,398
TOTAL STATE AWARDS		<u>\$ 209,381</u>	<u>\$ 209,381</u>

Footnotes to Schedule of Expenditures of Federal and State Awards:

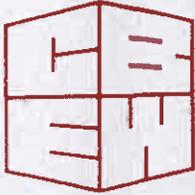
1. The Schedules of Expenditures of Federal and State Awards are prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

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**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2011**

INTERNAL CONTROL AND COMPLIANCE



CBEW
Professional
Group, LLP
Certified Public Accountants

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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**

May 11, 2012

Honorable Board of City Commissioners
City of Kingfisher
Kingfisher, Oklahoma

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

City of Kingfisher
May 11, 2012

This report is intended solely for the information and use of management, all applicable federal and state agencies, and those other Governments from which federal financial assistance was received and is not intended to be and should not be used by anyone other than these specified parties.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants