



CITY OF  
**KINGFISHER,**  
**OKLAHOMA**

ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015

**THE CITY OF KINGFISHER,  
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**CITY OF KINGFISHER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Fiscal Year Ended June 30, 2015**

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**ANNUAL FINANCIAL REPORT**  
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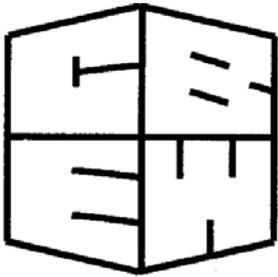
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## **CBEW Professional Group, LLP**

Certified Public Accountants

P.O. Box 790

Cushing, OK 74023

918-225-4216 FAX 918-225-4315

### **INDEPENDENT AUDITOR'S REPORT**

February 2, 2016

Honorable Board of City Commissioners  
City of Kingfisher  
Kingfisher, Oklahoma

#### ***Report on the Financial Statements***

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, as of June 30, 2015, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension exhibits and budgetary comparison information and related notes on pages 8 – 16 and 60 – 65 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

#### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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* in considering the City's internal control over financial reporting and compliance.

***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, 2015**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CITY OF KINGFISHER, OKLAHOMA**  
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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, 2015. Please read it in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2015, the City's total net position increased by \$816,815 or 2.8% from the prior year.
- During the year, the City's expenses for governmental activities were \$5.6 million and were funded by program revenues of \$1.4 million and further funded with taxes and other general revenues and transfers that totaled \$5 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$569,128.
- For budgetary reporting purposes, the General Fund reported revenues greater than estimates by \$11,638 or 0.21%, while expenditures were under the final appropriations by \$611,750 or 11%.
- Governmental activities beginning net position was restated by \$3,238,467 and business-type activities beginning net position was restated by \$299,313 due to the implementation of GASB Pension Statements No. 68 and 71. Also due to the implementation of GASB Pension Statements No. 68 and 71, KPWA and KRA beginning net positions were restated by \$275,466 and \$23,847, respectively, at the fund level.

***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, 39, and 61. 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) and deferred outflows, as well as all liabilities (including all long-term debt) and deferred inflows.

**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 complies with 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 Position 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 Position 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, deferred outflows, liabilities and deferred inflows, 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 position and changes in them from the prior year. You can think of the City's net position – the residual difference between assets, deferred outflows, liabilities and deferred inflows, – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position is 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 Position 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

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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 Position, the Statement of Revenues, Expenses and Changes in Fund Net Position 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 Position**

As noted earlier, net position 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 \$29.9 million at the close of the most recent fiscal year.

|                                      | <b>Governmental Activities</b> |                  | <b>% Inc. (Dec.)</b> | <b>Business-Type Activities</b> |                  | <b>% Inc. (Dec.)</b> | <b>Total</b>     |                  | <b>% Inc. (Dec.)</b> |
|--------------------------------------|--------------------------------|------------------|----------------------|---------------------------------|------------------|----------------------|------------------|------------------|----------------------|
|                                      | *                              |                  |                      | *                               |                  |                      | *                |                  |                      |
|                                      | <u>2015</u>                    | <u>2014</u>      |                      | <u>2015</u>                     | <u>2014</u>      |                      | <u>2015</u>      | <u>2014</u>      |                      |
| Current assets                       | \$ 5,896                       | \$ 5,205         | 13%                  | \$ 4,013                        | \$ 3,877         | 4%                   | \$ 9,909         | \$ 9,082         | 9%                   |
| Non-current assets                   | 10,429                         | 10,589           | -2%                  | 15,669                          | 15,841           | -1%                  | 26,098           | 26,430           | -1%                  |
| <b>Total assets</b>                  | <u>16,325</u>                  | <u>15,794</u>    | 3%                   | <u>19,682</u>                   | <u>19,718</u>    | -                    | <u>36,007</u>    | <u>35,512</u>    | 1%                   |
| <b>Deferred outflow of resources</b> | <u>309</u>                     | <u>-</u>         | 100%                 | <u>103</u>                      | <u>-</u>         | 100%                 | <u>412</u>       | <u>-</u>         | 100%                 |
| Current liabilities                  | 671                            | 764              | -12%                 | 758                             | 682              | 11%                  | 1,429            | 1,446            | -1%                  |
| Non-current liabilities              | 2,880                          | 282              | 921%                 | 1,200                           | 1,189            | 1%                   | 4,080            | 1,471            | 177%                 |
| <b>Total liabilities</b>             | <u>3,551</u>                   | <u>1,046</u>     | 239%                 | <u>1,958</u>                    | <u>1,871</u>     | 5%                   | <u>5,509</u>     | <u>2,917</u>     | 89%                  |
| <b>Deferred inflow of resources</b>  | <u>794</u>                     | <u>-</u>         | 100%                 | <u>242</u>                      | <u>-</u>         | 100%                 | <u>1,036</u>     | <u>-</u>         | 100%                 |
| Net position                         |                                |                  |                      |                                 |                  |                      |                  |                  |                      |
| Net investment in capital assets     | 10,072                         | 10,173           | -1%                  | 14,803                          | 14,896           | -1%                  | 24,875           | 25,069           | -1%                  |
| Restricted                           | 3,136                          | 3,114            | 1%                   | 171                             | 284              | -40%                 | 3,307            | 3,398            | -3%                  |
| Unrestricted (deficit)               | (919)                          | 1,461            | -163%                | 2,611                           | 2,667            | -2%                  | 1,692            | 4,128            | -59%                 |
| <b>Total net position</b>            | <u>\$ 12,289</u>               | <u>\$ 14,748</u> | -17%                 | <u>\$ 17,585</u>                | <u>\$ 17,847</u> | -                    | <u>\$ 29,874</u> | <u>\$ 32,595</u> | -8%                  |

\* prior year amounts not restated for MD&A purposes

The largest portion of the City's net position 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 2015, this net investment in capital assets amounted to \$24.9 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.

Another portion of the City's net position, \$3.3 million, 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**  
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unrestricted net position approximately, \$1.7 million, is available to meet the government's ongoing obligations to citizens and creditors.

The increase in deferred outflows and deferred inflows in the governmental and business-type activities are due to the implementation of GASB Pension Statements 68 and 71 in the current year. The large increase in non-current liabilities and the decrease in unrestricted net position in the governmental activities is also due to the implementation of the new GASB Pension Statements.

Restricted net position for the business-type activities decreased due to the decrease of the KPWA Capital Improvement Fund Cash in the current year.

**Changes in Net Position**

For the year ended June 30, 2015, net position of the primary government changed as follows:

**TABLE 2**  
**CHANGES IN NET POSITION (In Thousands)**

|   | Governmental Activities |                  | % Inc. (Dec.) | Business-Type Activities |                  | % Inc. (Dec.) | Total            |                  | % Inc. (Dec.) |
|---|-------------------------|------------------|---------------|--------------------------|------------------|---------------|------------------|------------------|---------------|
|   | 2015                    | 2014             |               | 2015                     | 2014             |               | 2015             | 2014             |               |
| <b>Revenues</b>                                   |                         |                  |               |                          |                  |               |                  |                  |               |
| Charges for service                               | \$ 807                  | \$ 671           | 20%           | \$ 7,431                 | \$ 6,951         | 7%            | \$ 8,238         | \$ 7,622         | 8%            |
| Operating grants and contributions                | 533                     | 3,462            | -85%          | -                        | -                | -             | 533              | 3,462            | -85%          |
| Capital grants and contributions                  | 91                      | 26               | 250%          | -                        | -                | -             | 91               | 26               | 250%          |
| Taxes   | 4,059                   | 3,353            | 21%           | -                        | -                | -             | 4,059            | 3,353            | 21%           |
| Intergovernmental revenue                         | 95                      | 86               | 10%           | 99                       | -                | 100%          | 194              | 86               | 126%          |
| Investment income                                 | 25                      | 47               | -47%          | 8                        | 11               | -27%          | 33               | 58               | -43%          |
| Miscellaneous                                     | 129                     | 58               | 122%          | 39                       | 32               | 22%           | 168              | 90               | 87%           |
| <b>Total revenues</b>                             | <b>5,739</b>            | <b>7,703</b>     | <b>-25%</b>   | <b>7,577</b>             | <b>6,994</b>     | <b>8%</b>     | <b>13,316</b>    | <b>14,697</b>    | <b>-9%</b>    |
| <b>Expenses</b>                                   |                         |                  |               |                          |                  |               |                  |                  |               |
| General government                                | 478                     | 2,084            | -77%          | -                        | -                | -             | 478              | 2,084            | -77%          |
| Public safety                                     | 2,642                   | 2,695            | -2%           | -                        | -                | -             | 2,642            | 2,695            | -2%           |
| Highways and streets                              | 527                     | 525              | -             | -                        | -                | -             | 527              | 525              | 0%            |
| Culture and recreation                            | 535                     | 561              | -5%           | -                        | -                | -             | 535              | 561              | -5%           |
| Health and welfare                                | 138                     | 141              | -2%           | -                        | -                | -             | 138              | 141              | -2%           |
| Airport   | 127                     | 30               | 323%          | -                        | -                | -             | 127              | 30               | 323%          |
| Hospital sales tax payment                        | 1,182                   | 963              | 23%           | -                        | -                | -             | 1,182            | 963              | 23%           |
| Interest on long-term debt                        | 8                       | 1                | 700%          | -                        | -                | -             | 8                | 1                | 700%          |
| Light and power                                   | -                       | -                | -             | 4,867                    | 5,023            | -3%           | 4,867            | 5,023            | -3%           |
| Water   | -                       | -                | -             | 605                      | 657              | -8%           | 605              | 657              | -             |
| Sewer   | -                       | -                | -             | 366                      | 396              | -8%           | 366              | 396              | -8%           |
| Sanitation  | -                       | -                | -             | 628                      | 619              | 1%            | 628              | 619              | 1%            |
| Golf course                                       | -                       | -                | -             | 128                      | 155              | -17%          | 128              | 155              | -17%          |
| Swimming pool                                     | -                       | -                | -             | 263                      | 299              | -12%          | 263              | 299              | -12%          |
| Economic development                              | -                       | -                | -             | 5                        | 5                | -             | 5                | 5                | -             |
| <b>Total expenses</b>                             | <b>5,637</b>            | <b>7,000</b>     | <b>-19%</b>   | <b>6,862</b>             | <b>7,154</b>     | <b>-4%</b>    | <b>12,499</b>    | <b>14,154</b>    | <b>-12%</b>   |
| Excess (deficiency) before transfers              | 102                     | 703              | -85%          | 715                      | (160)            | -547%         | 817              | 543              | 50%           |
| Transfers   | 678                     | 766              | -11%          | (678)                    | (766)            | 11%           | -                | -                | -             |
| <b>Change in net position</b>                     | <b>780</b>              | <b>1,469</b>     | <b>-47%</b>   | <b>37</b>                | <b>(926)</b>     | <b>104%</b>   | <b>817</b>       | <b>543</b>       | <b>50%</b>    |
| <b>Beginning net position (restated for 2015)</b> | <b>11,509</b>           | <b>13,279</b>    | <b>-13%</b>   | <b>17,548</b>            | <b>18,773</b>    | <b>7%</b>     | <b>29,057</b>    | <b>32,052</b>    | <b>-9%</b>    |
| <b>Ending net position</b>                        | <b>\$ 12,289</b>        | <b>\$ 14,748</b> | <b>-17%</b>   | <b>\$ 17,585</b>         | <b>\$ 17,847</b> | <b>-1%</b>    | <b>\$ 29,874</b> | <b>\$ 32,595</b> | <b>-8%</b>    |

\*prior year amounts not restated for MD&A purposes

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Explanations for changes in excess of 20% and \$200,000 are as follows:

*Governmental Activities:*

Operating grants and contributions – 85% or \$2,928,391 decrease related to the flood grant revenue of \$2,594,086 being received in the prior year.

Taxes – 21% or \$705,349 increase related to an increase in sales tax collected in the current year.

General government expense – 77% or \$1,606,147 decrease related to the flood grant expenses from prior year.

Hospital sales tax payment – 23% or \$219,127 increase related to a 21% increase in sales tax collected.

General government unrestricted net position decrease and deferred inflow of resources increase is due to the implementation of GASB Pension Statements 68 and 71 in the current year.

**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)**

|                            | <b>Total Expense</b> |                 | <b>% Inc.<br/>(Dec.)</b> | <b>Net Revenue</b> |                  | <b>% Inc.<br/>(Dec.)</b> |
|----------------------------|----------------------|-----------------|--------------------------|--------------------|------------------|--------------------------|
|                            | <b>of Services</b>   |                 |                          | <b>(Expense)</b>   |                  |                          |
|                            | <b>2015</b>          | <b>2014</b>     |                          | <b>2015</b>        | <b>2014</b>      |                          |
|                            | *                    | *               |                          | *                  |                  |                          |
| General government         | \$ 478               | \$ 2,084        | -77%                     | (\$271)            | \$991            | -127%                    |
| Public safety              | 2,642                | 2,695           | -2%                      | (1,668)            | (1,843)          | -9%                      |
| Highways and streets       | 527                  | 525             | 0%                       | (482)              | (480)            | 0%                       |
| Culture and recreation     | 535                  | 561             | -5%                      | (484)              | (439)            | 10%                      |
| Health and welfare         | 138                  | 141             | -2%                      | (107)              | (108)            | -1%                      |
| Airport                    | 127                  | 30              | 323%                     | (3)                | 2                | -250%                    |
| Hospital sales tax payment | 1,182                | 963             | 23%                      | (1,182)            | (963)            | 23%                      |
| Interest on long-term debt | 8                    | 1               | 700%                     | (8)                | (1)              | 700%                     |
| <b>Total</b>               | <b>5,637</b>         | <b>\$ 7,000</b> | <b>-19%</b>              | <b>(\$4,205)</b>   | <b>(\$2,841)</b> | <b>48%</b>               |

\* prior year amounts not restated for MD&A purposes

Explanations for significant changes are listed above under Table 2.

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

|                      | <b>Total Expense</b> |                 | <b>% Inc.</b> | <b>Net Revenue</b> |                 | <b>% Inc.</b> |
|----------------------|----------------------|-----------------|---------------|--------------------|-----------------|---------------|
|                      | <b>of Services</b>   |                 |               | <b>(Expense)</b>   |                 |               |
|                      | *                    |                 | <b>Dec.</b>   | *                  |                 | <b>Dec.</b>   |
|                      | <u>2015</u>          | <u>2014</u>     |               | <u>2015</u>        | <u>2014</u>     |               |
| Light and power      | \$ 4,867             | \$ 5,023        | -3%           | \$ 643             | \$ 41           | 1,468%        |
| Water                | 605                  | 657             | -8%           | 225                | 133             | 69%           |
| Sewer                | 366                  | 396             | -8%           | 82                 | 56              | 46%           |
| Sanitation           | 628                  | 619             | 1%            | (65)               | (58)            | 12%           |
| Golf course          | 128                  | 155             | -17%          | (127)              | (155)           | -18%          |
| Swimming pool        | 263                  | 299             | -12%          | (184)              | (215)           | -14%          |
| Economic development | 5                    | 5               | -             | (5)                | (5)             | -             |
| <b>Total</b>         | <u>\$ 6,862</u>      | <u>\$ 7,154</u> | -4%           | <u>\$ 569</u>      | <u>\$ (203)</u> | -380%         |

\* prior year amounts not restated for MD&A purposes

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 revenue of \$569,128 for the year ended June 30, 2015.
- While the light and power, water, and sewer activities reported net revenues for the year ended June 30, 2015, sanitation, golf course, swimming pool and economic development had net expenses.

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$5,150,798 or a 19.8% increase from 2014. The enterprise funds reported combined net position of approximately \$17.5 million or a 0.2% increase from 2014.

Other fund highlights include:

- In the General Fund there was an \$114,630 restriction for insurance, a \$1,789,291 commitment for economic stabilization, and a \$126,286 assignment for capital improvements, and a \$19,733 assignment for sick leave buyback
- Proprietary fund net position restrictions included \$8,751 for debt service and \$161,916 for capital projects.

**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 15.8% or \$764,186 and an increase in appropriations (including transfers out) of 15% or \$726,163. Actual revenues and

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transfers were over estimates by \$11,638 or .21%, while expenditures and transfers were under final appropriations by \$611,750 or 11%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2015, the City had approximately \$25.8 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and electric, water and sewer lines. (See Table 5). This represents a net decrease of approximately \$392,596 over last year.

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

|                            | <b>Governmental</b> |                  | <b>Business-Type</b> |                  | <b>Total</b>     |                  |
|----------------------------|---------------------|------------------|----------------------|------------------|------------------|------------------|
|                            | <u>2015</u>         | <u>2014</u>      | <u>2015</u>          | <u>2014</u>      | <u>2015</u>      | <u>2014</u>      |
|                            |                     |                  |                      |                  |                  |                  |
| Land                       | \$ 1,150            | \$ 1,150         | \$ 1,228             | \$ 1,249         | \$ 2,378         | \$ 2,399         |
| Buildings and Improvements | 3,195               | 3,252            | 3,160                | 3,251            | 6,355            | 6,503            |
| Machinery and Equipment    | 972                 | 862              | 657                  | 742              | 1,629            | 1,604            |
| Infrastructure             | 5,053               | 5,247            | 939                  | 908              | 5,992            | 6,155            |
| Utility Property           | -                   | -                | 9,164                | 9,395            | 9,164            | 9,395            |
| Construction in progress   | -                   | 78               | 265                  | 41               | 265              | 119              |
| <b>Totals</b>              | <u>\$ 10,370</u>    | <u>\$ 10,589</u> | <u>\$ 15,413</u>     | <u>\$ 15,586</u> | <u>\$ 25,783</u> | <u>\$ 26,175</u> |

This year's more significant capital asset additions included:

|                                       |           |
|---------------------------------------|-----------|
| Above ground water tank project       | \$172,356 |
| Airport project                       | \$89,753  |
| 2014 Chevy Chassis with Osage Remount | \$87,795  |
| Case 580SN Loader Backhoe             | \$85,185  |

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

**Long- Term Debt**

At year-end, the City had \$1.6 million in long-term debt outstanding which represents a \$27,377 or 1.7% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

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**TABLE 6**  
**Long-Term Debt**

|                         | <u>Governmental</u> |               | <u>Business-Type</u> |                 | <u>Total</u>    |                 |
|-------------------------|---------------------|---------------|----------------------|-----------------|-----------------|-----------------|
|                         | <u>2015</u>         | <u>2014</u>   | <u>2015</u>          | <u>2014</u>     | <u>2015</u>     | <u>2014</u>     |
| Accrued absences        | \$ 345              | \$ 314        | \$ 263               | \$ 243          | \$ 608          | \$ 557          |
| Capital lease           | -                   | 7             | -                    | -               | -               | 7               |
| Notes payable           | -                   | -             | 610                  | 690             | 610             | 690             |
| Meter deposit liability | -                   | -             | 408                  | 401             | 408             | 401             |
| <b>Totals</b>           | <u>\$ 345</u>       | <u>\$ 321</u> | <u>\$ 1,281</u>      | <u>\$ 1,334</u> | <u>\$ 1,626</u> | <u>\$ 1,655</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 City will continue to move forward with its flood and drainage projects.
- They City will also continue with the above ground water tank project.

**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.

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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

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**Statement of Net Position– June 30, 2015**

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                             |                                    |                                     |                      |
| Current Assets:                           |                                    |                                     |                      |
| Cash and cash equivalents                 | \$ 3,412,242                       | \$ 314,070                          | \$ 3,726,312         |
| Restricted cash and cash equivalents      | -                                  | 285,063                             | 285,063              |
| Investments                               | 1,461,145                          | 1,450,000                           | 2,911,145            |
| Deposits with insurance pool              | 114,630                            | -                                   | 114,630              |
| Accounts receivable, net                  | 40,557                             | 1,427,742                           | 1,468,299            |
| Court fine receivable, net                | 22,789                             | -                                   | 22,789               |
| Internal balances                         | (19,693)                           | 19,693                              | -                    |
| Due from other governments                | 864,625                            | 99,346                              | 963,971              |
| Inventory                                 | -                                  | 416,703                             | 416,703              |
| Total Current Assets                      | <u>5,896,295</u>                   | <u>4,012,617</u>                    | <u>9,908,912</u>     |
| Noncurrent Assets:                        |                                    |                                     |                      |
| Restricted investments                    | -                                  | 255,984                             | 255,984              |
| Net pension asset                         | 58,859                             | -                                   | 58,859               |
| Capital Assets:                           |                                    |                                     |                      |
| Land and construction in progress         | 1,150,441                          | 1,493,538                           | 2,643,979            |
| Other capital assets, net of depreciation | 9,219,271                          | 13,919,290                          | 23,138,561           |
| Total Noncurrent Assets                   | <u>10,428,571</u>                  | <u>15,668,812</u>                   | <u>26,097,383</u>    |
| Total Assets                              | <u>16,324,866</u>                  | <u>19,681,429</u>                   | <u>36,006,295</u>    |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>      |                                    |                                     |                      |
| Deferred amounts of pensions              | <u>309,121</u>                     | <u>103,421</u>                      | <u>412,542</u>       |
| <b>LIABILITIES</b>                        |                                    |                                     |                      |
| Current liabilities:                      |                                    |                                     |                      |
| Accounts payable and accrued liabilities  | 111,629                            | 608,924                             | 720,553              |
| Sales tax due to hospital                 | 226,991                            | -                                   | 226,991              |
| Accrued interest payable                  | -                                  | 2,084                               | 2,084                |
| Short-term note payable                   | 298,208                            | -                                   | 298,208              |
| Current portion of:                       |                                    |                                     |                      |
| Due to depositors                         | -                                  | 40,845                              | 40,845               |
| Notes payable                             | -                                  | 80,000                              | 80,000               |
| Accrued compensated absences              | 34,470                             | 26,316                              | 60,786               |
| Total Current Liabilities                 | <u>671,298</u>                     | <u>758,169</u>                      | <u>1,429,467</u>     |
| Noncurrent liabilities:                   |                                    |                                     |                      |
| Due to depositors                         | -                                  | 367,607                             | 367,607              |
| Notes payable                             | -                                  | 530,000                             | 530,000              |
| Accrued compensated absences              | 310,229                            | 236,849                             | 547,078              |
| Net pension liability                     | 2,569,827                          | 65,816                              | 2,635,643            |
| Total Noncurrent Liabilities              | <u>2,880,056</u>                   | <u>1,200,272</u>                    | <u>4,080,328</u>     |
| Total Liabilities                         | <u>3,551,354</u>                   | <u>1,958,441</u>                    | <u>5,509,795</u>     |
| <b>DEFERRED INFLOW OF RESOURCES</b>       |                                    |                                     |                      |
| Deferred amounts of pensions              | <u>793,675</u>                     | <u>241,745</u>                      | <u>1,035,420</u>     |
| <b>NET POSITION</b>                       |                                    |                                     |                      |
| Net investment in capital assets          | 10,071,504                         | 14,802,828                          | 24,874,332           |
| Restricted by:                            |                                    |                                     |                      |
| External contracts and groups:            |                                    |                                     |                      |
| Nonspendable                              | 50,000                             | -                                   | 50,000               |
| Other contracts/groups/legislation        | 3,085,979                          | 170,667                             | 3,256,646            |
| Unrestricted (deficit)                    | (918,525)                          | 2,611,169                           | 1,692,644            |
| Total Net Position                        | <u>\$ 12,288,958</u>               | <u>\$ 17,584,664</u>                | <u>\$ 29,873,622</u> |

See accompanying notes to the basic financial statements.

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**Statement of Activities –Fiscal Year Ended June 30, 2015**

| Functions/Programs  | Expenses             | Program Revenue      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                      |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
|   |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business-type Activities | Total                |
| <b>Primary government</b>                                     |                      |                      |                                    |                                  |   |                          |                      |
| Governmental Activities                                       |                      |                      |                                    |                                  |   |                          |                      |
| General government  | \$ 478,384           | \$ 22,938            | \$ 184,152                         | \$ -                             | \$ (271,294)                                      | \$ -                     | \$ (271,294)         |
| Public safety   | 2,641,744            | 704,878              | 258,605                            | 9,994                            | (1,668,267)                                       | -                        | (1,668,267)          |
| Highways and streets  | 526,612              | -                    | 44,711                             | -                                | (481,901)   | -                        | (481,901)            |
| Culture and recreation  | 534,756              | 5,978                | 44,605                             | -                                | (484,173)   | -                        | (484,173)            |
| Health and welfare  | 138,420              | 31,591               | -                                  | -                                | (106,829)   | -                        | (106,829)            |
| Airport   | 126,717              | 41,153               | 1,350                              | 81,215                           | (2,999)   | -                        | (2,999)              |
| Hospital sales tax payment                                    | 1,182,387            | -                    | -                                  | -                                | (1,182,387)                                       | -                        | (1,182,387)          |
| Interest on Long-term debt                                    | 8,195                | -                    | -                                  | -                                | (8,195)   | -                        | (8,195)              |
| Total governmental activities                                 | <u>5,637,215</u>     | <u>806,538</u>       | <u>533,423</u>                     | <u>91,209</u>                    | <u>(4,206,045)</u>                                | <u>-</u>                 | <u>(4,206,045)</u>   |
| Business-type activities:                                     |                      |                      |                                    |                                  |   |                          |                      |
| Light and power   | 4,866,972            | 5,510,445            | -                                  | -                                | -   | 643,473                  | 643,473              |
| Water   | 604,613              | 829,383              | -                                  | -                                | -   | 224,770                  | 224,770              |
| Sewer   | 366,424              | 448,764              | -                                  | -                                | -   | 82,340                   | 82,340               |
| Sanitation  | 627,681              | 562,958              | -                                  | -                                | -   | (64,723)                 | (64,723)             |
| Golf course   | 127,518              | 300                  | -                                  | -                                | -   | (127,218)                | (127,218)            |
| Swimming pool   | 263,459              | 79,007               | -                                  | -                                | -   | (184,452)                | (184,452)            |
| Economic development  | 5,062                | -                    | -                                  | -                                | -   | (5,062)                  | (5,062)              |
| Total business-type activities                                | <u>6,861,729</u>     | <u>7,430,857</u>     | <u>-</u>                           | <u>-</u>                         | <u>-</u>  | <u>569,128</u>           | <u>569,128</u>       |
| Total primary government                                      | <u>\$ 12,498,944</u> | <u>\$ 8,237,395</u>  | <u>\$ 533,423</u>                  | <u>\$ 91,209</u>                 | <u>(4,206,045)</u>                                | <u>569,128</u>           | <u>(3,636,917)</u>   |
| <b>General revenues:</b>                                      |                      |                      |                                    |                                  |   |                          |                      |
| Taxes:  |                      |                      |                                    |                                  |   |                          |                      |
| Sales and use taxes   |                      |                      |                                    |                                  | 3,942,515   | -                        | 3,942,515            |
| Franchise taxes and public service taxes                      |                      |                      |                                    |                                  | 100,255   | -                        | 100,255              |
| Hotel/motel taxes   |                      |                      |                                    |                                  | 16,062  | -                        | 16,062               |
| Intergovernmental revenue not restricted to specific programs |                      |                      |                                    |                                  | 94,596  | 99,346                   | 193,942              |
| Unrestricted investment earnings                              |                      |                      |                                    |                                  | 25,344  | 8,083                    | 33,427               |
| Miscellaneous   |                      |                      |                                    |                                  | 128,983   | 38,548                   | 167,531              |
| Transfers - internal activities                               |                      |                      |                                    |                                  | 678,000   | (678,000)                | -                    |
| Total general revenues and transfers                          |                      |                      |                                    |                                  | <u>4,985,755</u>                                  | <u>(532,023)</u>         | <u>4,453,732</u>     |
| Change in net position  |                      |                      |                                    |                                  | 779,710   | 37,105                   | 816,815              |
| Net position - beginning (restated)                           |                      |                      |                                    |                                  | 11,509,248  | 17,547,559               | 29,056,807           |
| Net position - ending   |                      |                      |                                    |                                  | <u>\$ 12,288,958</u>                              | <u>\$ 17,584,664</u>     | <u>\$ 29,873,622</u> |

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

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**Governmental Funds Balance Sheet - June 30, 2015**

|  | <u>General Fund</u> | <u>Flood Control Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|---------------------------|---------------------------------|---------------------------------|
| <b>ASSETS</b>  |                     |                           |                                 |                                 |
| Cash and cash equivalents                              | \$ 854,488          | \$ 1,860,396              | \$ 697,358                      | \$ 3,412,242                    |
| Investments  | 1,000,000           | -                         | 461,145                         | 1,461,145                       |
| Receivables:   |                     |                           |                                 |                                 |
| Ambulance receivable, net                              | 40,557              | -                         | -                               | 40,557                          |
| Court fines receivable, net                            | 22,789              | -                         | -                               | 22,789                          |
| Due from other governments                             | 754,055             | 82,056                    | 7,645                           | 843,756                         |
| Other receivables                                      | 20,869              | -                         | -                               | 20,869                          |
| Deposits in insurance pool                             | 114,630             | -                         | -                               | 114,630                         |
| Total assets   | <u>\$ 2,807,388</u> | <u>1,942,452</u>          | <u>\$ 1,166,148</u>             | <u>\$ 5,915,988</u>             |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> |                     |                           |                                 |                                 |
| Liabilities:   |                     |                           |                                 |                                 |
| Accounts payable and accrued liabilities               | \$ 103,887          | 1,434                     | \$ 6,308                        | \$ 111,629                      |
| Due to other funds                                     | 19,693              | -                         | -                               | 19,693                          |
| Short-term note payable                                | 298,208             | -                         | -                               | 298,208                         |
| Sales tax due to hospital                              | 226,991             | -                         | -                               | 226,991                         |
| Total liabilities                                      | <u>648,779</u>      | <u>1,434</u>              | <u>6,308</u>                    | <u>656,521</u>                  |
| Deferred Inflows of resources:                         |                     |                           |                                 |                                 |
| Deferred revenue                                       | <u>108,669</u>      | <u>-</u>                  | <u>-</u>                        | <u>108,669</u>                  |
| Fund balances:   |                     |                           |                                 |                                 |
| Nonspendable   | -                   | -                         | 50,000                          | 50,000                          |
| Restricted for:  |                     |                           |                                 |                                 |
| Cemetery Capital Improvements                          | -                   | -                         | 147,962                         | 147,962                         |
| Airport  | -                   | -                         | 9,365                           | 9,365                           |
| Library  | -                   | -                         | 399,745                         | 399,745                         |
| Streets  | -                   | -                         | 291,668                         | 291,668                         |
| Insurance  | 114,630             | -                         | -                               | 114,630                         |
| Flood Control  | -                   | 1,924,793                 | -                               | 1,924,793                       |
| Military Memorial                                      | -                   | -                         | 105,255                         | 105,255                         |
| Improvements benefiting citizens                       | -                   | -                         | 92,561                          | 92,561                          |
| Committed to:  |                     |                           |                                 |                                 |
| Economic stabilization                                 | 1,789,291           | -                         | -                               | 1,789,291                       |
| Assigned to:   |                     |                           |                                 |                                 |
| Library  | -                   | -                         | 11,378                          | 11,378                          |
| Capital Improvements                                   | 126,286             | -                         | -                               | 126,286                         |
| Airport  | -                   | -                         | 51,481                          | 51,481                          |
| Improvements benefiting citizens                       | -                   | -                         | 425                             | 425                             |
| Flood Control  | -                   | 16,225                    | -                               | 16,225                          |
| Sick leave buy back                                    | 19,733              | -                         | -                               | 19,733                          |
| Total fund balances                                    | <u>2,049,940</u>    | <u>1,941,018</u>          | <u>1,159,840</u>                | <u>5,150,798</u>                |
| Total liabilities, deferred inflows and fund balances  | <u>\$ 2,807,388</u> | <u>\$ 1,942,452</u>       | <u>\$ 1,166,148</u>             | <u>\$ 5,915,988</u>             |

See accompanying notes to the basic financial statements.

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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Fiscal Year Ended June 30, 2015**

|   | <u>General Fund</u> | <u>Flood Control Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---------------------------|---------------------------------|---------------------------------|
| <b>REVENUES</b>                                   |                     |                           |                                 |                                 |
| Taxes   | \$ 4,083,523        | \$ -                      | \$ 16,062                       | \$ 4,099,585                    |
| Intergovernmental                                 | 394,716             | 184,152                   | 125,926                         | 704,794                         |
| Charges for services                              | 749,091             | -                         | 20,667                          | 769,758                         |
| Fines and forfeitures                             | 54,838              | -                         | -                               | 54,838                          |
| Licenses and permits                              | 20,372              | -                         | -                               | 20,372                          |
| Investment income                                 | 9,782               | 9,524                     | 2,972                           | 22,278                          |
| Donations   | 14,415              | -                         | 37,015                          | 51,430                          |
| Miscellaneous                                     | 128,155             | -                         | 34,723                          | 162,878                         |
| Total revenues                                    | <u>5,454,892</u>    | <u>193,676</u>            | <u>237,365</u>                  | <u>5,885,933</u>                |
| <b>EXPENDITURES</b>                               |                     |                           |                                 |                                 |
| Current:  |                     |                           |                                 |                                 |
| Administrative                                    | 8,448               | -                         | -                               | 8,448                           |
| City Treasurer                                    | 83,630              | -                         | -                               | 83,630                          |
| City Attorney                                     | 22,306              | -                         | -                               | 22,306                          |
| Municipal Court                                   | 24,536              | -                         | -                               | 24,536                          |
| Police  | 1,064,218           | -                         | -                               | 1,064,218                       |
| Fire  | 1,615,585           | -                         | -                               | 1,615,585                       |
| Streets   | 310,574             | -                         | 74                              | 310,648                         |
| Culture, tourism and recreation                   | 136,304             | -                         | 14,858                          | 151,162                         |
| General government                                | 242,539             | 125,503                   | -                               | 368,042                         |
| Library   | 267,768             | -                         | -                               | 267,768                         |
| Cemetery  | 131,685             | -                         | -                               | 131,685                         |
| Airport   | -                   | -                         | 36,446                          | 36,446                          |
| Capital Outlay                                    | 204,069             | 129,536                   | 96,754                          | 430,359                         |
| Debt Service:                                     |                     |                           |                                 |                                 |
| Principal   | 6,747               | -                         | -                               | 6,747                           |
| Interest and other charges                        | 8,195               | -                         | -                               | 8,195                           |
| Total expenditures                                | <u>4,126,604</u>    | <u>255,039</u>            | <u>148,132</u>                  | <u>4,529,775</u>                |
| Excess (deficiency) of revenues over expenditures | <u>1,328,288</u>    | <u>(61,363)</u>           | <u>89,233</u>                   | <u>1,356,158</u>                |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                     |                           |                                 |                                 |
| Transfers in                                      | 679,606             | -                         | 10,000                          | 689,606                         |
| Transfers out                                     | (10,000)            | -                         | (1,606)                         | (11,606)                        |
| Sales tax payment to hospital                     | (1,182,387)         | -                         | -                               | (1,182,387)                     |
| Total other financing sources (uses)              | <u>(512,781)</u>    | <u>-</u>                  | <u>8,394</u>                    | <u>(504,387)</u>                |
| Net change in fund balances                       | 815,507             | (61,363)                  | 97,627                          | 851,771                         |
| Fund balances - beginning                         | 1,234,433           | 2,002,381                 | 1,062,213                       | 4,299,027                       |
| Fund balances - ending                            | <u>\$ 2,049,940</u> | <u>\$ 1,941,018</u>       | <u>\$ 1,159,840</u>             | <u>\$ 5,150,798</u>             |

See accompanying notes to the basic financial statements.

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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Total fund balance, governmental funds \$ 5,150,798

Amounts reported for governmental activities in the Statement of Net Position 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 Position. 10,369,711

Certain long-term assets are not available to pay for current fund liabilities and, therefore, are either deferred or not reported in the funds:

|                                   |         |
|-----------------------------------|---------|
| Net pension asset                 | 58,859  |
| Pension related deferred outflows | 309,121 |
| Deferred revenue                  | 108,670 |

Certain long-term liabilities, along with certain deferred inflows, are not due and payable from current financial resources and, therefore, are not reported in the funds:

|                                  |             |
|----------------------------------|-------------|
| Net pension liability            | (2,569,827) |
| Pension related deferred inflows | (793,675)   |
| Accrued compensated absences     | (344,699)   |

Net Position of Governmental Activities in the Statement of Net Position \$ 12,288,958

See accompanying notes to the basic financial statements.

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

Net change in fund balances - total governmental funds: \$ 851,771

Amounts reported for Governmental Activities in the Statement of Activities are different because:

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.

|                                     |           |
|-------------------------------------|-----------|
| Capital asset purchases capitalized | 381,661   |
| Depreciation expense                | (599,781) |

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 position differs from the change in fund balance by the cost of the asset sold.

|                                       |         |
|---------------------------------------|---------|
| Book value of disposed capital assets | (1,401) |
|---------------------------------------|---------|

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

242,945

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

|                            |          |
|----------------------------|----------|
| Change in deferred revenue | (71,037) |
|----------------------------|----------|

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

|                                      |       |
|--------------------------------------|-------|
| Principal payments on long-term debt | 6,747 |
|--------------------------------------|-------|

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:

|  |          |
|--|----------|
| Change in accrued compensated absences | (31,195) |
|--|----------|

|   |            |
|---|------------|
| Change in net position of governmental activities | \$ 779,710 |
|---|------------|

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

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**Proprietary Funds Statement of Net Position - June 30, 2015**

|   | <b>Kingfisher Public<br/>Works Authority</b> | <b>Kingfisher<br/>Special Projects<br/>Authority</b> | <b>Kingfisher<br/>Recreation<br/>Authority</b> | <b>Total</b>         |
|---|--|--|--|----------------------|
| <b>ASSETS</b>   |  |  |  |                      |
| Current assets:                                       |  |  |  |                      |
| Cash and cash equivalents                             | \$ 149,263                                   | \$ 100,467   | \$ 64,340                                      | \$ 314,070           |
| Investments   | 1,450,000                                    | -  | -  | 1,450,000            |
| Restricted:   |  |  |  |                      |
| Cash and cash equivalents                             | 285,063                                      | -  | -  | 285,063              |
| Accounts receivable, net                              | 1,427,742                                    | -  | -  | 1,427,742            |
| Due from other governments                            | 99,346                                       | -  | -  | 99,346               |
| Due from other funds                                  | 19,693                                       | -  | -  | 19,693               |
| Inventory   | 416,703                                      | -  | -  | 416,703              |
| Total current assets                                  | <u>3,847,810</u>                             | <u>100,467</u>                                       | <u>64,340</u>                                  | <u>4,012,617</u>     |
| Non-current assets:                                   |  |  |  |                      |
| Restricted:   |  |  |  |                      |
| Investments   | 255,984                                      | -  | -  | 255,984              |
| Capital assets:                                       |  |  |  |                      |
| Land and construction in progress                     | 464,263                                      | 29,150   | 1,000,125                                      | 1,493,538            |
| Other capital assets, net of accumulated depreciation | 11,983,519                                   | 55,254   | 1,880,517                                      | 13,919,290           |
| Total non-current assets                              | <u>12,703,766</u>                            | <u>84,404</u>  | <u>2,880,642</u>                               | <u>15,668,812</u>    |
| Total assets  | <u>\$ 16,551,576</u>                         | <u>\$ 184,871</u>                                    | <u>\$ 2,944,982</u>                            | <u>\$ 19,681,429</u> |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>                  |  |  |  |                      |
| Deferred amounts on pensions                          | 95,181                                       | -  | 8,240  | 103,421              |
| <b>LIABILITIES</b>                                    |  |  |  |                      |
| Current liabilities:                                  |  |  |  |                      |
| Accounts payable and accrued liabilities              | \$ 601,873                                   | \$ -   | \$ 7,051                                       | \$ 608,924           |
| Accrued interest payable                              | 2,084  | -  | -  | 2,084                |
| Due to depositors                                     | 40,845                                       | -  | -  | 40,845               |
| Notes payable   | 80,000                                       | -  | -  | 80,000               |
| Accrued compensated absences                          | 25,593                                       | -  | 723  | 26,316               |
| Total current liabilities                             | <u>750,395</u>                               | <u>-</u>   | <u>7,774</u>                                   | <u>758,169</u>       |
| Non-current liabilities:                              |  |  |  |                      |
| Due to depositors                                     | 367,607                                      | -  | -  | 367,607              |
| Notes payable   | 530,000                                      | -  | -  | 530,000              |
| Accrued compensated absences                          | 230,339                                      | -  | 6,510  | 236,849              |
| Net pension liability                                 | 60,573                                       | -  | 5,243  | 65,816               |
| Total non-current liabilities                         | <u>1,188,519</u>                             | <u>-</u>   | <u>11,753</u>                                  | <u>1,200,272</u>     |
| Total liabilities                                     | <u>1,938,914</u>                             | <u>-</u>   | <u>19,527</u>                                  | <u>1,958,441</u>     |
| <b>DEFERRED INFLOW OF RESOURCES</b>                   |  |  |  |                      |
| Deferred amounts on pensions                          | 222,484                                      | -  | 19,261   | 241,745              |
| <b>NET POSITION</b>                                   |  |  |  |                      |
| Net investment in capital assets                      | 11,837,782                                   | 84,404   | 2,880,642                                      | 14,802,828           |
| Restricted for debt service                           | 8,751  | -  | -  | 8,751                |
| Restricted for capital projects                       | 161,916                                      | -  | -  | 161,916              |
| Unrestricted  | 2,476,910                                    | 100,467  | 33,792   | 2,611,169            |
| Total net position                                    | <u>\$ 14,485,359</u>                         | <u>\$ 184,871</u>                                    | <u>\$ 2,914,434</u>                            | <u>\$ 17,584,664</u> |

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position – Fiscal Year Ended June 30, 2015**

|   | <u>Kingfisher Public<br/>Works Authority</u> | <u>Kingfisher<br/>Special Projects<br/>Authority</u> | <u>Kingfisher<br/>Recreation<br/>Authority</u> | <u>Total</u>         |
|---|--|--|--|----------------------|
| <b>REVENUES</b>                           |  |  |  |                      |
| Charges for services:                     |  |  |  |                      |
| Light and power charges                   | \$ 5,329,352                                 | \$ -   | \$ -   | \$ 5,329,352         |
| Water charges                             | 773,363                                      | -  | -  | 773,363              |
| Sewer charges                             | 418,453                                      | -  | -  | 418,453              |
| Penalties                                 | 66,709                                       | -  | -  | 66,709               |
| Sanitation charges                        | 524,933                                      | -  | -  | 524,933              |
| Recreation                                | -  | -  | 79,007   | 79,007               |
| Refunds and reimbursements                | 208,672                                      | -  | -  | 208,672              |
| Miscellaneous                             | 28,491                                       | 1,577  | 300  | 30,368               |
| Total operating revenues                  | <u>7,349,973</u>                             | <u>1,577</u>   | <u>79,307</u>                                  | <u>7,430,857</u>     |
| <b>OPERATING EXPENSES</b>                 |  |  |  |                      |
| Administration                            | 636,298                                      | -  | -  | 636,298              |
| Light and power                           | 3,993,387                                    | -  | -  | 3,993,387            |
| Power plant                               | 126,343                                      | -  | -  | 126,343              |
| Water                                     | 410,031                                      | -  | -  | 410,031              |
| Sanitation                                | 611,696                                      | -  | -  | 611,696              |
| Sewer                                     | 255,004                                      | -  | -  | 255,004              |
| Recreation                                | -  | -  | 311,257  | 311,257              |
| Depreciation expense                      | 405,735                                      | 5,062  | 79,720   | 490,517              |
| Total operating expenses                  | <u>6,438,494</u>                             | <u>5,062</u>   | <u>390,977</u>                                 | <u>6,834,533</u>     |
| Operating income (loss)                   | <u>911,479</u>                               | <u>(3,485)</u>                                       | <u>(311,670)</u>                               | <u>596,324</u>       |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>  |  |  |  |                      |
| Investment income                         | 8,083  | -  | -  | 8,083                |
| Grant revenue                             | 99,346                                       | -  | -  | 99,346               |
| Gain on capital asset disposal            | -  | 20,400   | -  | 20,400               |
| Miscellaneous                             | 18,148                                       | -  | -  | 18,148               |
| Interest expense                          | (27,196)                                     | -  | -  | (27,196)             |
| Total non-operating revenue (expenses)    | <u>98,381</u>                                | <u>20,400</u>  | <u>-</u>                                       | <u>118,781</u>       |
| Income (loss) before transfers            | 1,009,860                                    | 16,915   | (311,670)                                      | 715,105              |
| Transfers in                              | -  | -  | 305,000  | 305,000              |
| Transfers out                             | (978,000)                                    | -  | (5,000)  | (983,000)            |
| Change in net position                    | 31,860                                       | 16,915   | (11,670)                                       | 37,105               |
| Total net position - beginning (restated) | <u>14,453,499</u>                            | <u>167,956</u>                                       | <u>2,926,104</u>                               | <u>17,547,559</u>    |
| Total net position - ending               | <u>\$ 14,485,359</u>                         | <u>\$ 184,871</u>                                    | <u>\$ 2,914,434</u>                            | <u>\$ 17,584,664</u> |

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows – Fiscal Year Ended June 30, 2015**

|  | <b>Kingfisher<br/>Public Works<br/>Authority</b> | <b>Kingfisher<br/>Special Projects<br/>Authority</b> | <b>Kingfisher<br/>Recreation<br/>Authority</b> | <b>Totals</b>       |
|--|--|--|--|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |  |  |                     |
| Receipts from customers  | \$ 7,337,826                                     | \$ 1,577   | \$ 79,307                                      | \$ 7,418,710        |
| Payments to suppliers  | (4,837,365)                                      | -  | (156,201)                                      | (4,993,566)         |
| Payments to employees  | (1,173,600)                                      | -  | (184,230)                                      | (1,357,830)         |
| Receipts of customer deposits  | 45,625   | -  | -  | 45,625              |
| Refunds of customer meter deposits   | (37,864)   | -  | -  | (37,864)            |
| <b>Net cash provided by (used in) operating activities</b>   | <b>1,334,622</b>                                 | <b>1,577</b>   | <b>(261,124)</b>                               | <b>1,075,075</b>    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |  |  |  |                     |
| Transfers from other funds   | -  | -  | 305,000  | 305,000             |
| Transfers to other funds   | (978,000)  | -  | (5,000)  | (983,000)           |
| <b>Net cash provided by (used in) noncapital financing activities</b>                                    | <b>(978,000)</b>                                 | <b>-</b>   | <b>300,000</b>                                 | <b>(678,000)</b>    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |  |  |  |                     |
| Purchases of capital assets  | (331,669)  | -  | (6,624)  | (338,293)           |
| Proceeds from sale of capital assets   | -  | 41,250   | -  | 41,250              |
| Principal paid on debt   | (80,000)   | -  | -  | (80,000)            |
| Interest and fiscal agent fees paid on debt  | (27,470)   | -  | -  | (27,470)            |
| <b>Net cash provided by (used in) capital and related financing activities</b>                           | <b>(439,139)</b>                                 | <b>41,250</b>  | <b>(6,624)</b>                                 | <b>(404,513)</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |  |  |                     |
| Purchase of investments  | (1,270)  | -  | -  | (1,270)             |
| Interest and dividends   | 8,083  | -  | -  | 8,083               |
| <b>Net cash provided by investing activities</b>   | <b>6,813</b>                                     | <b>-</b>   | <b>-</b>                                       | <b>6,813</b>        |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>(75,704)</b>                                  | <b>42,827</b>  | <b>32,252</b>                                  | <b>(625)</b>        |
| <b>Balances - beginning of year</b>  | <b>510,030</b>                                   | <b>57,640</b>  | <b>32,088</b>                                  | <b>599,758</b>      |
| <b>Balances - end of year</b>  | <b>\$ 434,326</b>                                | <b>\$ 100,467</b>                                    | <b>\$ 64,340</b>                               | <b>\$ 599,133</b>   |
| <b>Reconciliation to Statement of Net Position:</b>  |  |  |  |                     |
| Cash and cash equivalents  | \$ 149,263                                       | \$ 100,467   | \$ 64,340                                      | \$ 314,070          |
| Restricted cash and cash equivalents - current   | 285,063  | -  | -  | 285,063             |
| Total cash and cash equivalents, end of year   | <b>\$ 434,326</b>                                | <b>\$ 100,467</b>                                    | <b>\$ 64,340</b>                               | <b>\$ 599,133</b>   |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |  |  |  |                     |
| Operating income (loss)  | \$ 911,479                                       | \$ (3,485)   | \$ (311,670)                                   | \$ 596,324          |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |  |  |  |                     |
| Depreciation expense   | 405,735  | 5,062  | 79,720   | 490,517             |
| Other non-operating revenues   | 18,148   | -  | -  | 18,148              |
| Change in assets and liabilities:  |  |  |  |                     |
| Accounts receivable  | (30,295)   | -  | -  | (30,295)            |
| Inventory  | (6,454)  | -  | -  | (6,454)             |
| Accounts payable   | 94,379   | -  | (20,546)                                       | 73,833              |
| Pension liability  | (87,590)   | -  | (7,583)  | (95,173)            |
| Deposits subject to refund   | 7,761  | -  | -  | 7,761               |
| Accrued compensated absences   | 21,459   | -  | (1,045)  | 20,414              |
| <b>Net cash provided by (used in) operating activities</b>   | <b>\$ 1,334,622</b>                              | <b>\$ 1,577</b>                                      | <b>\$ (261,124)</b>                            | <b>\$ 1,075,075</b> |

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

**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," as amended by Statement 61, and includes all component units for which the City is financially accountable.

**The City of Kingfisher** – 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** – operates the electric, water, wastewater and sanitation services of the City
- **The Kingfisher Special Projects Authority** – promotes, develops and secures industrial development within the City
- **The Kingfisher Recreation Authority** – 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 position 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, operating grants
- 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 grants
- Health and Welfare – Cemetery revenue
- Airport – rental fees, fuel sales, operating and capital grants

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
- Flood Control – accounts for grant revenues, transfers, and expenditures for flood control relief

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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 Care Fund – accounts for 12.5 percent of cemetery revenue restricted by State law for cemetery capital improvements, with interest used for maintenance or capital improvements
- Hotel/Motel Tax Fund – accounts for hotel/motel tax collections paid to the Chamber of Commerce for tourism
- 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
- Permanent Fund – Library Endowment Fund – accounts for funds donated to the City and interest earnings for use as deemed by the City Commissioners
- Airport Fund – accounts for transfers, revenues and expenditures for airport operations

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 Fund and Flood Control 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.

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For purposes of the statement of revenues, expenses and changes in fund net position, 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 Position 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 position (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 position.
- c. For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS) and Oklahoma Police Pension & Retirement System (OPPRS) and additions to/deductions from FPRS's and OPPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS and OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Basis of Accounting**

In the government-wide Statement of Net Position 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

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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.

#### **D. Assets, Liabilities, Deferrals and Equity**

##### **Cash and Investments**

For the purposes of the statements of net position, 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 Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,500 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, 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 funds 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.

### **Net Position and Fund Balances**

*Net position is displayed in three components:*

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

*Fund Balances:*

Governmental fund equity is classified as fund balance. 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.

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



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

**F. Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the government-wide Statement of Net Position 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 Position, 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 position, 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, 2015, the reporting entity held the following deposits and investments:

**Primary Government:**

| Type  | Credit<br>Rating | Carrying<br>Value          |
|---|------------------|----------------------------|
| <b>Deposits:</b>  |                  |                            |
| Demand deposits   |                  | \$ 4,002,624               |
| Time deposits, due within one year                      |                  | <u>3,167,129</u>           |
|   |                  | <u>7,169,753</u>           |
| <b>Investments:</b>                                     |                  |                            |
| Cavalan Hill US Treasury Funds                          | AAAm             | <u>8,751</u>               |
|   |                  | <u>8,751</u>               |
| <b>Total deposits and investments</b>                   |                  | <u><u>\$ 7,178,504</u></u> |
| <br><b>Reconciliation to Statement of Net Position:</b> |                  |                            |
| Cash and cash equivalents                               |                  | \$ 3,726,312               |
| Restricted cash and cash equivalents                    |                  | 285,063                    |
| Investments   |                  | 2,911,145                  |
| Noncurrent restricted investments                       |                  | <u>255,984</u>             |
|   |                  | <u><u>\$ 7,178,504</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, 2015, the City had no custodial credit risk as described 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.

*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.

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- 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 position 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, 2015 are as follows:

|                     | Current                      | Noncurrent  |
|---------------------|------------------------------|-------------|
|                     | Cash and cash<br>equivalents | Investments |
| Utility Deposits    | \$ 114,396                   | \$ 255,984  |
| Capital Improvement | 161,916                      | -           |
| Trustee Accounts:   |                              |             |
| 2006 Interest Fund  | 8,751                        | -           |
| Total               | \$ 285,063                   | \$ 255,984  |

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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<br>Receivable | Less: Allowance<br>for Uncollectible<br>Accounts | Net<br>Accounts<br>Receivable |
|--------------------------------|------------------------|--|-------------------------------|
| Governmental Activities:       |                        |  |                               |
| Ambulance receivable           | \$ 357,198             | \$ (316,641)                                     | \$ 40,557                     |
| Court fines                    | 45,579                 | (22,790)   | 22,789                        |
| Total Governmental Activities  | \$ 402,777             | \$ (339,431)                                     | \$ 63,346                     |
| Business-Type Activities:      |                        |  |                               |
| Utilities                      | \$ 1,459,225           | \$ (31,483)                                      | \$ 1,427,742                  |
| Total Business-Type Activities | \$ 1,459,225           | \$ (31,483)                                      | \$ 1,427,742                  |

**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, 2015, capital assets balances changed as follows:

|   | Balance at<br>July 1, 2014 | Additions           | Disposals         | Balance at<br>June 30, 2015 |
|---|----------------------------|---------------------|-------------------|-----------------------------|
| <b>Governmental activities:</b>               |                            |                     |                   |                             |
| Capital assets not being depreciated:         |                            |                     |                   |                             |
| Land  | \$ 1,150,441               | \$ -                | \$ -              | \$ 1,150,441                |
| Construction in progress                      | 78,310                     | 95,998              | 174,308           | -                           |
| Total capital assets not being depreciated    | <u>1,228,751</u>           | <u>95,998</u>       | <u>174,308</u>    | <u>1,150,441</u>            |
| Other capital assets:                         |                            |                     |                   |                             |
| Buildings                                     | 2,370,538                  | 6,307               | -                 | 2,376,845                   |
| Improvements                                  | 2,625,430                  | 149,308             | -                 | 2,774,738                   |
| Infrastructure                                | 7,453,783                  | 25,000              | -                 | 7,478,783                   |
| Machinery, furniture and equipment            | 3,313,392                  | 279,355             | 87,999            | 3,504,748                   |
| Total other capital assets at historical cost | <u>15,763,143</u>          | <u>459,970</u>      | <u>87,999</u>     | <u>16,135,114</u>           |
| Less accumulated depreciation for:            |                            |                     |                   |                             |
| Buildings                                     | 1,109,592                  | 56,814              | -                 | 1,166,406                   |
| Improvements                                  | 634,881                    | 155,684             | -                 | 790,565                     |
| Infrastructure                                | 2,206,560                  | 219,141             | -                 | 2,425,701                   |
| Machinery, furniture and equipment            | 2,451,627                  | 168,142             | 86,598            | 2,533,171                   |
| Total accumulated depreciation                | <u>6,402,660</u>           | <u>599,781</u>      | <u>86,598</u>     | <u>6,915,843</u>            |
| Other capital assets, net                     | <u>9,360,483</u>           | <u>(139,811)</u>    | <u>1,401</u>      | <u>9,219,271</u>            |
| Governmental activities capital assets, net   | <u>\$ 10,589,234</u>       | <u>\$ (43,813)</u>  | <u>\$ 175,709</u> | <u>\$ 10,369,712</u>        |
| <b>Business-type activities:</b>              |                            |                     |                   |                             |
| Capital assets not being depreciated:         |                            |                     |                   |                             |
| Land  | \$ 1,249,269               | \$ -                | \$ 20,850         | \$ 1,228,419                |
| Construction in progress                      | 41,140                     | 223,979             | -                 | 265,119                     |
| Total capital assets not being depreciated    | <u>1,290,409</u>           | <u>223,979</u>      | <u>20,850</u>     | <u>1,493,538</u>            |
| Other capital assets:                         |                            |                     |                   |                             |
| Buildings                                     | 3,517,060                  | 27,315              | -                 | 3,544,375                   |
| Improvements                                  | 2,098,986                  | 6,624               | -                 | 2,105,610                   |
| Machinery, furniture and equipment            | 3,076,492                  | 11,837              | -                 | 3,088,329                   |
| Utility property                              | 14,004,718                 | -                   | -                 | 14,004,718                  |
| Infrastructure                                | 1,308,580                  | 68,539              | -                 | 1,377,119                   |
| Total other capital assets at historical cost | <u>24,005,836</u>          | <u>114,315</u>      | <u>-</u>          | <u>24,120,151</u>           |
| Less accumulated depreciation for:            |                            |                     |                   |                             |
| Buildings                                     | 1,352,422                  | 77,782              | -                 | 1,430,204                   |
| Improvements                                  | 1,013,024                  | 46,933              | -                 | 1,059,957                   |
| Machinery, furniture and equipment            | 2,334,891                  | 96,883              | -                 | 2,431,774                   |
| Utility property improvements                 | 4,609,544                  | 230,941             | -                 | 4,840,485                   |
| Infrastructure                                | 400,463                    | 37,978              | -                 | 438,441                     |
| Total accumulated depreciation                | <u>9,710,344</u>           | <u>490,517</u>      | <u>-</u>          | <u>10,200,861</u>           |
| Other capital assets, net                     | <u>14,295,492</u>          | <u>(376,202)</u>    | <u>-</u>          | <u>13,919,290</u>           |
| Business-type activities capital assets, net  | <u>\$ 15,585,901</u>       | <u>\$ (152,223)</u> | <u>\$ 20,850</u>  | <u>\$ 15,412,828</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               | \$ 25,283         | Power and light           | \$ 105,295        |
| Public safety                    | 141,819           | Water                     | 167,386           |
| Highways and streets             | 229,835           | Sewer                     | 111,420           |
| Culture, tourism, and recreation | 92,958            | Sanitation                | 15,985            |
| Health and welfare               | 19,615            | Administration            | 5,649             |
| Airport                          | 90,271            | Pool                      | 65,448            |
|                                  | <u>\$ 599,781</u> | Golf                      | 14,272            |
|                                  |                   | Economic development      | 5,062             |
|                                  |                   |                           | <u>\$ 490,517</u> |

### 5. Debt and Debt Service Requirements

For the year ended June 30, 2015, the reporting entity's long-term debt changed as follows:

| <u>Type of Debt</u>              | <u>Balance</u><br><u>July 1, 2014</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance</u><br><u>June 30, 2015</u> | <u>Due Within</u><br><u>One Year</u> |
|----------------------------------|---------------------------------------|-------------------|-------------------|--|--------------------------------------|
| <b>Governmental Activities:</b>  |                                       |                   |                   |  |                                      |
| Capital lease payable            | \$ 6,747                              | \$ -              | \$ 6,747          | \$ -                                   | \$ -                                 |
| Accrued compensated absences     | 313,504                               | 62,390            | 31,195            | 344,699                                | 34,470                               |
| Total Governmental Activities    | <u>\$ 320,251</u>                     | <u>\$ 62,390</u>  | <u>\$ 37,942</u>  | <u>\$ 344,699</u>                      | <u>\$ 34,470</u>                     |
| <b>Business-Type Activities:</b> |                                       |                   |                   |  |                                      |
| Notes Payable                    | \$ 690,000                            | \$ -              | \$ 80,000         | \$ 610,000                             | \$ 80,000                            |
| Deposits subject to refund       | 400,691                               | 45,625            | 37,864            | 408,452                                | 40,845                               |
| Accrued compensated absences     | 242,751                               | 42,918            | 22,504            | 263,165                                | 26,316                               |
| Total Business-Type Activities   | <u>1,333,442</u>                      | <u>88,543</u>     | <u>140,368</u>    | <u>1,281,617</u>                       | <u>147,161</u>                       |
| Total Long-Term Debt             | <u>\$ 1,653,693</u>                   | <u>\$ 150,933</u> | <u>\$ 178,310</u> | <u>\$ 1,626,316</u>                    | <u>\$ 181,631</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:

Accrued Compensated Absences:

|  |                                    |    |                |
|--|------------------------------------|----|----------------|
|  | Current portion                    | \$ | 34,470         |
|  | Noncurrent portion                 |    | 310,229        |
|  | Total Accrued Compensated Absences | \$ | <u>344,699</u> |

*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

|                     |    |                |
|---------------------|----|----------------|
|                     | \$ | 610,000        |
| Total Notes Payable | \$ | <u>610,000</u> |

|  |                     |    |                |
|--|---------------------|----|----------------|
|  | Current portion     | \$ | 80,000         |
|  | Noncurrent portion  |    | 530,000        |
|  | Total Notes Payable | \$ | <u>610,000</u> |

Meter Deposit Liability:

|  |                               |    |                |
|--|-------------------------------|----|----------------|
|  | Current portion               | \$ | 40,845         |
|  | Noncurrent portion            |    | 367,607        |
|  | Total Meter Deposit Liability | \$ | <u>408,452</u> |

Accrued Compensated Absences:

|  |                                    |    |                |
|--|------------------------------------|----|----------------|
|  | Current portion                    | \$ | 26,316         |
|  | Noncurrent portion                 |    | 236,849        |
|  | Total Accrued Compensated Absences | \$ | <u>263,165</u> |

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Debt Service Requirements to Maturity:

| <u>Year Ending June 30,</u> | <u>Business-Type Activities</u> |                 |
|-----------------------------|---------------------------------|-----------------|
|                             | <u>Notes Payable</u>            |                 |
|                             | <u>Principal</u>                | <u>Interest</u> |
| 2016                        | 80,000                          | 24,190          |
| 2017                        | 85,000                          | 20,808          |
| 2018                        | 95,000                          | 17,220          |
| 2019                        | 95,000                          | 13,325          |
| 2020                        | 100,000                         | 9,430           |
| 2021-2022                   | 155,000                         | 6,458           |
| Totals                      | \$ 610,000                      | \$ 91,431       |

*Non-Commitment Debt:*

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, 2015                      \$3,945,000

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, 2015                      \$23,680,000

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*Governmental activities short-term debt:*

Note Payable:

Promissory note for the Starlight project dated August 1, 2013, 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, 2014 with an interest rate of 2.500%.

|                     |    |            |
|---------------------|----|------------|
|                     |    | \$ 298,208 |
| Total Notes Payable | \$ | 298,208    |
| Current portion     | \$ | 298,208    |
| Noncurrent portion  |    | -          |
| Total Notes Payable | \$ | 298,208    |

**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 \$51,252,050. Pledged sales taxes received in the current year were \$1,139,784. 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 \$1,848,950 and were 162.2% 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 \$701,430. Pledged sales taxes received in the current year were \$564,193. Debt service payments of \$107,470 for the current fiscal year were 19% 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 position 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.

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*Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2015 were as follows:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u>     | <u>Purpose of Transfer</u> |
|----------------------|--------------------|-------------------|----------------------------|
| General Fund         | Airport            | \$ 10,000         | Operating subsidy          |
| KPWA                 | General Fund       | 678,000           | Operating subsidy          |
| KRA                  | KRACIP             | 5,000             | Operating subsidy          |
| KPWA                 | KRA                | 300,000           | Operating subsidy          |
| Hotel/Motel Fund     | General Fund       | 1,606             | Administrative fee         |
| Total                |                    | <u>\$ 994,606</u> |                            |

**Reconciliation to Fund Financial Statements:**

|                    | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Net Transfers</u> |
|--------------------|---------------------|----------------------|----------------------|
| Governmental Funds | \$ 689,606          | \$ (11,606)          | \$ 678,000           |
| Proprietary Funds  | 305,000             | (983,000)            | (678,000)            |
|                    | <u>\$ 994,606</u>   | <u>\$ (994,606)</u>  | <u>-</u>             |

*Balances:*

Interfund receivable and payables at June 30, 2015 were comprised of an Enterprise Fund receivable of \$19,693 due from the General Fund for operations.

**7. 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.

**8. 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

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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.

## **9. 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 Public Employees Retirement System (OPERS) – a state-wide cost-sharing plan

*Firefighters' Plan:*

**Plan description** - The City of Kingfisher, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**Benefits provided** - FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters,

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the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$105,998. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$324,359 (modified-accrual); these on-behalf payments did not meet the criteria of a special funding situation. For full-accrual reporting the amount of on-behalf payments made were \$195,019.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2015, the City reported a liability of \$2,521,171 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 0.2452%.

For the year ended June 30, 2015, the City recognized pension expense of \$226,435. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                               | \$ 60,071                         | \$ -                             |
| Net difference between projected and actual earnings on pension plan investments |                                   | 381,636                          |
| City contributions subsequent to the measurement date                            | 105,998                           | -                                |
| Total  | \$ 166,069                        | \$ 381,636                       |

\$105,998 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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| Year ended June 30: |             |
|---------------------|-------------|
| 2016                | \$ (84,223) |
| 2017                | (84,223)    |
| 2018                | (84,223)    |
| 2019                | (84,223)    |
| 2020                | 11,186      |
| Thereafter          | 4,139       |

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

|                            |   |
|----------------------------|---|
| Inflation:                 | 3%  |
| Salary increases:          | 3.5% to 9.0% average, including inflation   |
| Investment rate of return: | 7.5% net of pension plan investment expense |

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed income         | 20%                      | 5.48%   |
| Domestic equity      | 37%                      | 9.61%   |
| International equity | 20%                      | 9.24%   |
| Real estate          | 10%                      | 7.76%   |
| Other assets         | 13%                      | 6.88%   |

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on

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pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

|                                  | 1% Decrease<br>6.50% | Current Discount<br>Rate 7.5% | 1% Increase<br>8.50% |
|----------------------------------|----------------------|-------------------------------|----------------------|
| Employers' net pension liability | \$ 3,292,117         | \$ 2,521,171                  | \$ 1,874,818         |

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

*Police Plan:*

**Plan description**-The City of Kingfisher, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

**Benefits provided**-OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

**Contributions** -The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$66,596. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$63,908 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$54,763. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** -At June 30, 2015, the City reported an asset of \$58,859 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 0.1748%.

For the year ended June 30, 2015, the City recognized pension expense of \$23,362. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                               | \$ -                              | \$ 26,444                        |
| Net difference between projected and actual earnings on pension plan investments | -                                 | 206,880                          |
| City contributions subsequent to the measurement date                            | 66,596                            | -                                |
| Total  | <u>\$ 66,596</u>                  | <u>\$ 233,324</u>                |

\$66,596 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase/decrease of the net pension asset/liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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|                     |            |
|---------------------|------------|
| Year ended June 30: |            |
| 2015                | \$ 57,189  |
| 2016                | 57,189     |
| 2017                | 57,189     |
| 2018                | 57,189     |
| 2019                | 4,568      |
|                     | \$ 233,324 |

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

|                            |  |
|----------------------------|--|
| Inflation:                 | 3%   |
| Salary increases:          | 4.5% to 17% average, including inflation   |
| Investment rate of return: | 7.5% net of pension plan investment expense  |
| Mortality rates:           | <p>Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.</p> <p>Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.</p> |

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

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| <u>Asset Class</u>   | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|----------------------|---|
| Fixed income         | 2.83%   |
| Domestic equity      | 6.47%   |
| International equity | 6.98%   |
| Real estate          | 5.50%   |
| Private Equity       | 5.96%   |
| Commodities          | 3.08%   |

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate**-The following presents the net pension liability/asset of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability/asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

|  | 1% Decrease<br>6.5% | Current Discount<br>Rate 7.5% | 1% Increase<br>8.5% |
|--|---------------------|-------------------------------|---------------------|
| Employers' net pension liability (asset) | \$ 350,167          | \$ (58,863)                   | \$ (403,566)        |

**Pension plan fiduciary net position**-Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

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*Oklahoma Public Employees Retirement System:*

**Plan description** - The City of Kingfisher, as the employer, participates in Oklahoma Public Employees Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at [www.opers.ok.gov](http://www.opers.ok.gov).

**Benefits provided** - OPERS provides retirement, disability, and death benefits to members of the plan. Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Benefits are calculated for each member category as follows:

- Employees
  - Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.
  - Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.
  - Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

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Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay a \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

**Contributions** - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 3.5% percent of their annual pay. Participating entities are required to contribute 16.5% of the employees' annual pay. Contributions to the pension plan from the City were \$173,326.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2015, the City reported a liability of \$114,472 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 0.062361%.

For the year ended June 30, 2015, the City recognized pension expense of \$7,794. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                  | \$ -                              | \$ 37,899                        |
| Changes of assumptions  | 6,551                             | -                                |
| Net difference between projected and actual earnings<br>on pension plan investments | -                                 | 382,561                          |
| City contributions subsequent to the measurement date                               | 173,326                           | -                                |
| Total   | \$ 179,877                        | \$ 420,460                       |

\$173,326 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the

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year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

|      |                           |
|------|---------------------------|
| 2016 | \$(110,289)               |
| 2017 | (110,289)                 |
| 2018 | (97,690)                  |
| 2019 | <u>(95,641)</u>           |
|      | <u><u>\$(413,909)</u></u> |

**Actuarial Assumptions**- The total pension liability as of June 30, 2014, was determined based on an actuarial valuation prepared as of July 1, 2014, using the following actuarial assumptions:

- Investment return – 7.5% compounded annually net of investment expense and including inflation
- Salary increases – 4.5% to 8.4% per year including inflation
- Mortality rates – Active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2010 by Scale AA (disabled pensioners set forward 15 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 3.0%
- Payroll growth – 4.0% per year
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2014, valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2013. The experience study report is dated May 9, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

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| <u>Asset Class</u>    | <u>Target<br/>Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|-----------------------|------------------------------|---|
| U.S. Large Cap Equity | 38.0%                        | 5.3%  |
| U.S. Small Cap Equity | 6.0%                         | 5.6%  |
| U.S. Fixed Income     | 25.0%                        | 0.7%  |
| International Stock   | 18.0%                        | 5.6%  |
| Emerging Market Stock | 6.0%                         | 6.4%  |
| TIPS                  | 3.5%                         | 0.7%  |
| Rate Anticipation     | 3.5%                         | 1.5%  |
| Total                 | <u>100.0%</u>                |   |

**Discount Rate**- The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected through 2113 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

|                               | <u>1% Decrease<br/>6.5%</u> | <u>Current Discount<br/>Rate 7.5%</u> | <u>1% Increase<br/>8.5%</u> |
|-------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| Net Pension Liability (Asset) | \$ 712,676                  | \$ 114,472                            | \$(394,087)                 |

**Pension plan fiduciary net position** - Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at [www.opers.ok.gov](http://www.opers.ok.gov).

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule (Budgetary Basis)– General Fund – Fiscal Year Ended June 30, 2015**

|  | GENERAL FUND        |                     |                     |  |
|--|---------------------|---------------------|---------------------|--|
|  | Budgeted Amounts    |                     | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive (Negative) |
|  | Original            | Final               |                     |  |
| <b>Beginning Budgetary Fund Balance:</b>     | \$ 1,214,700        | \$ 1,214,700        | \$ 1,214,700        | \$ -   |
| <b>Resources (Inflows):</b>                  |                     |                     |                     |  |
| Taxes  | 3,311,000           | 3,909,000           | 3,893,254           | (15,746)   |
| Intergovernmental                            | 321,000             | 65,686              | 347,251             | 281,565  |
| Charges for services                         | 376,900             | 704,900             | 466,237             | (238,663)  |
| Fines and Forfeitures                        | 71,000              | 71,000              | 52,852              | (18,148)   |
| Licenses and Permits                         | 22,500              | 22,500              | 20,372              | (2,128)  |
| Miscellaneous                                | 45,700              | 139,200             | 142,570             | 3,370  |
| Interest                                     | 8,500               | 8,500               | 9,782               | 1,282  |
| Transfers in                                 | 679,500             | 679,500             | 679,606             | 106  |
| <b>Total Resources (Inflows)</b>             | <u>4,836,100</u>    | <u>5,600,286</u>    | <u>5,611,924</u>    | <u>11,638</u>  |
| <b>Amounts available for appropriation</b>   | <u>6,050,800</u>    | <u>6,814,986</u>    | <u>6,826,624</u>    | <u>11,638</u>  |
|  |                     |                     |                     |  |
|  | Original            | Final               | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive (Negative) |
| <b>Charges to Appropriations (Outflows):</b> |                     |                     |                     |  |
| Commissioners                                | 9,075               | 9,075               | 8,331               | 744  |
| Treasurer                                    | 82,293              | 83,893              | 83,470              | 423  |
| Attorney                                     | 28,774              | 28,574              | 22,280              | 6,294  |
| Municipal Court                              | 23,568              | 24,868              | 25,163              | (295)  |
| Police                                       | 1,019,130           | 1,017,830           | 998,297             | 19,533   |
| Fire   | 1,348,590           | 1,387,974           | 1,372,872           | 15,102   |
| Street                                       | 498,897             | 473,297             | 458,410             | 14,887   |
| Parks and Recreation                         | 160,807             | 173,342             | 135,625             | 37,717   |
| General Government                           | 214,123             | 210,623             | 197,294             | 13,329   |
| Library                                      | 292,183             | 314,735             | 309,787             | 4,948  |
| Cemetery                                     | 147,592             | 140,734             | 131,651             | 9,083  |
| Building Inspector                           | 59,678              | 58,928              | 55,159              | 3,769  |
| Transfers out                                | 949,000             | 1,636,000           | 1,149,784           | 486,216  |
| <b>Total Charges to Appropriations</b>       | <u>4,833,710</u>    | <u>5,559,873</u>    | <u>4,948,123</u>    | <u>611,750</u>                                       |
| <b>Ending Budgetary Fund Balance</b>         | <u>\$ 1,217,090</u> | <u>\$ 1,255,113</u> | <u>\$ 1,878,501</u> | <u>\$ 623,388</u>                                    |

See accompanying notes to budgetary comparison schedules.

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**Budgetary Comparison Schedule (Budgetary Basis) – Flood Control Fund – Fiscal Year Ended June 30, 2015**

|  | <b>FLOOD CONTROL</b>    |                     |                     |   |
|--|-------------------------|---------------------|---------------------|---|
|  | <b>Budgeted Amounts</b> |                     | Actual<br>Amounts   | <b>Variance with<br/>Final Budget<br/>Positive (Negative)</b> |
|  | <b>Original</b>         | <b>Final</b>        |                     |   |
| <b>Beginning Budgetary Fund Balance:</b>   | \$ 2,002,381            | \$ 2,002,381        | \$ 2,002,381        | \$ -  |
| <b>Resources (Inflows):</b>                |                         |                     |                     |   |
| Grants                                     | 2,000,000               | 2,000,000           | 1,034,093           | (965,907)   |
| Reimbursements                             | -                       | -                   | 1,066               | 1,066   |
| Interest                                   | 500                     | 500                 | 9,524               | 9,024   |
| Transfer in                                | -                       | 0                   | 0                   | -   |
| <b>Total Revenue</b>                       | <u>2,000,500</u>        | <u>2,000,500</u>    | <u>1,044,683</u>    | <u>(955,817)</u>  |
| <b>Amounts available for appropriation</b> | <u>\$ 4,002,881</u>     | <u>\$ 4,002,881</u> | <u>\$ 3,047,064</u> | <u>\$ (955,817)</u>   |
| <b>FLOOD:</b>                              |                         |                     |                     |   |
| Other services and charges                 | \$ 1,500,000            | \$ 1,500,000        | \$ 128,358          | \$ 1,371,642  |
| Capital outlay                             | 1,000,000               | 1,000,000           | 129,536             | 870,464   |
| Transfer out                               | -                       | -                   | -                   | -   |
| <b>Total Expenditures</b>                  | <u>2,500,000</u>        | <u>2,500,000</u>    | <u>257,894</u>      | <u>2,242,106</u>  |
| <b>Ending Budgetary Fund Balance</b>       | <u>\$ 1,502,881</u>     | <u>\$ 1,502,881</u> | <u>\$ 2,789,170</u> | <u>\$ 1,286,289</u>   |

See accompanying notes to budgetary comparison schedules.

**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 Commission. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

The city exceeded the legal level of budgetary control as follows:

|                 |       |
|-----------------|-------|
| Municipal court | \$295 |
|-----------------|-------|

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3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

|   |                          |
|---|--------------------------|
| General Fund:                                     |                          |
| Total budgetary revenues and transfers            | \$ 5,611,924             |
| Less: budgetary expenses and transfers            | <u>(4,948,123)</u>       |
| Net Change to Budgetary Fund Balance              | 663,801                  |
| Change in revenue accruals                        | 445,830                  |
| Change in expenditure accruals                    | (238,736)                |
| Capital Improvement sub-account change in balance | <u>(55,388)</u>          |
| Change in Fund Balance- Modified Accrual          | <u><u>\$ 815,507</u></u> |

|  |                           |
|--|---------------------------|
| Flood Fund:                              |                           |
| Total budgetary revenues and transfers   | \$ 1,044,683              |
| Less: budgetary expenses and transfers   | <u>(257,894)</u>          |
| Net Change to Budgetary Fund Balance     | 786,789                   |
| Change in revenue accruals               | (851,007)                 |
| Change in expenditure accruals           | 2,855                     |
| Change in Fund Balance- Modified Accrual | <u><u>\$ (61,363)</u></u> |

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**SCHEDULE OF THE CITY OF KINGFISHER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**  
Last 10 Fiscal Years\*

|   | 2015         |
|---|--------------|
| City's proportion of the net pension liability  | 0.245167%    |
| City's proportionate share of the net pension liability   | \$ 2,521,171 |
| City's covered-employee payroll   | \$ 665,806   |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 379%         |
| Plan fiduciary net position as a percentage of the total pension liability                              | 68.12%       |

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

**SCHEDULE OF CITY CONTRIBUTIONS**  
**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**  
Last 10 Fiscal Years

|  | 2015       |
|--|------------|
| Statutorially required contribution                                  | \$ 105,998 |
| Contributions in relation to the statutorially required contribution | 105,998    |
| Contribution deficiency (excess)                                     | \$ -       |
| City's covered-employee payroll                                      | \$ 757,126 |
| Contributions as a percentage of covered-employee payroll            | 14.00%     |

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

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**SCHEDULE OF THE CITY OF KINGFISHER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years\*

|   | <u>2015</u> |
|---|-------------|
| City's proportion of the net pension liability (asset)  | 0.1748%     |
| City's proportionate share of the net pension liability (asset)   | \$ (58,859) |
| City's covered-employee payroll   | \$ 506,050  |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 11.63%      |
| Plan fiduciary net position as a percentage of the total pension liability (asset)                              | 101.53%     |

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

**SCHEDULE OF CITY CONTRIBUTIONS  
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years

|  | <u>2015</u>   |
|--|---------------|
| Statutorially required contribution                                  | \$ 66,596     |
| Contributions in relation to the statutorially required contribution | <u>66,596</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>   |
| City's covered-employee payroll                                      | \$ 512,283    |
| Contributions as a percentage of covered-employee payroll            | 13.00%        |

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

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Schedules of Required Supplementary Information  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN**  
Last 10 Fiscal Years\* (Dollar amounts in thousands)

|   | 2015         |
|---|--------------|
| City's proportion of the net pension liability  | 0.0624%      |
| City's proportionate share of the net pension liability   | \$ 114,472   |
| City's covered-employee payroll   | \$ 1,394,587 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 8%           |
| Plan fiduciary net position as a percentage of the total pension liability                              | 97.90%       |

\*The amounts present for each fiscal year were determined as of 6/30

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

Schedules of Required Supplementary Information  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**OKLAHOMA PUBLIC EMPLOYEES RETIREMENT PLAN**  
Last 10 Fiscal Years (Dollar amounts in thousands)

|  | 2015         |
|--|--------------|
| Contractually required contribution                                  | \$ 173,326   |
| Contributions in relation to the contractually required contribution | 173,326      |
| Contribution deficiency (excess)                                     | \$ -         |
| City's covered-employee payroll                                      | \$ 1,386,599 |
| Contributions as a percentage of covered-employee payroll            | 12.50%       |

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

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**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF KINGFISHER, OKLAHOMA**  
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**Combining Balance Sheet – General Fund Accounts – June 30, 2015**

|  | <u>General Fund</u> | <u>Sick Leave Buy<br/>Back Account</u> | <u>Total General<br/>Fund Accounts</u> |
|--|---------------------|--|--|
| <b>ASSETS</b>  |                     |  |  |
| Cash and cash equivalents                                  | \$ 834,755          | \$ 19,733                              | \$ 854,488                             |
| Investments  | 1,000,000           | -                                      | 1,000,000                              |
| Due from other governments                                 | 754,055             | -                                      | 754,055                                |
| Court fines receivable, net                                | 22,789              | -                                      | 22,789                                 |
| Ambulance receivable, net                                  | 40,557              | -                                      | 40,557                                 |
| Other receivables  | 20,869              | -                                      | 20,869                                 |
| Deposits with insurance pool                               | 114,630             | -                                      | 114,630                                |
| Total assets   | <u>\$ 2,787,655</u> | <u>\$ 19,733</u>                       | <u>\$ 2,807,388</u>                    |
| <br>   |                     |  |  |
| <b>LIABILITIES, DEFERRED INFLOWS AND<br/>FUND BALANCES</b> |                     |  |  |
| Liabilities:   |                     |  |  |
| Accounts payable   | \$ 103,887          | \$ -                                   | \$ 103,887                             |
| Due to other funds   | 19,693              | -                                      | 19,693                                 |
| Short-term note payable                                    | 298,208             | -                                      | 298,208                                |
| Sales tax due to hospital                                  | 226,991             | -                                      | 226,991                                |
| Total liabilities  | <u>648,779</u>      | <u>-</u>                               | <u>648,779</u>                         |
| <br>   |                     |  |  |
| Deferred Inflows of resources:                             |                     |  |  |
| Deferred revenue   | <u>108,669</u>      | <u>-</u>                               | <u>108,669</u>                         |
| <br>   |                     |  |  |
| Fund balances:   |                     |  |  |
| Restricted for:  |                     |  |  |
| Insurance  | 114,630             | -                                      | 114,630                                |
| Committed to:  |                     |  |  |
| Economic Stabilization                                     | 1,789,291           | -                                      | 1,789,291                              |
| Assigned to:   |                     |  |  |
| Capital Improvements                                       | 126,286             | -                                      | 126,286                                |
| Sick leave buy back  | -                   | 19,733                                 | 19,733                                 |
| Total fund balances  | <u>2,030,207</u>    | <u>19,733</u>                          | <u>2,049,940</u>                       |
| Total liabilities, deferred inflows and fund<br>balances   | <u>\$ 2,787,655</u> | <u>\$ 19,733</u>                       | <u>\$ 2,807,388</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, 2015**

|  | <b>General Fund</b> | <b>Sick Leave<br/>Buy Back<br/>Account</b> | <b>Total General<br/>Fund Accounts</b> |
|--|---------------------|--|--|
| <b>REVENUES</b>  |                     |  |  |
| Taxes  | \$ 4,083,523        | \$ -                                       | \$ 4,083,523                           |
| Fines and forfeitures  | 54,838              | -  | 54,838                                 |
| Licenses and permits   | 20,372              | -  | 20,372                                 |
| Intergovernmental  | 394,716             | -  | 394,716                                |
| Charges for services   | 749,091             | -  | 749,091                                |
| Investment earnings  | 9,782               | -  | 9,782                                  |
| Miscellaneous  | 128,155             | -  | 128,155                                |
| Donations  | 14,415              | -  | 14,415                                 |
| Total revenues   | <u>5,454,892</u>    | <u>-</u>                                   | <u>5,454,892</u>                       |
| <b>EXPENDITURES</b>  |                     |  |  |
| Current:   |                     |  |  |
| General government   | 242,539             | -  | 242,539                                |
| City Treasurer   | 83,630              | -  | 83,630                                 |
| City Attorney  | 22,306              | -  | 22,306                                 |
| Municipal Court  | 24,536              | -  | 24,536                                 |
| Police   | 1,064,218           | -  | 1,064,218                              |
| Fire   | 1,615,585           | -  | 1,615,585                              |
| Highways and streets   | 310,574             | -  | 310,574                                |
| Culture, tourism and recreation  | 136,304             | -  | 136,304                                |
| Cemetery   | 131,685             | -  | 131,685                                |
| Administrative   | 8,448               | -  | 8,448                                  |
| Library  | 267,768             | -  | 267,768                                |
| Principal  | 6,747               | -  | 6,747                                  |
| Interest and other charges   | 8,195               | -  | 8,195                                  |
| Capital Outlay   | 204,069             | -  | 204,069                                |
| Total Expenditures   | <u>4,126,604</u>    | <u>-</u>                                   | <u>4,126,604</u>                       |
| Revenues over (under) expenditures                                     | <u>1,328,288</u>    | <u>-</u>                                   | <u>1,328,288</u>                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                                  |                     |  |  |
| Transfers in   | 679,606             | -  | 679,606                                |
| Transfers out  | (10,000)            | -  | (10,000)                               |
| Sales tax payment to hospital  | (1,182,387)         | -  | (1,182,387)                            |
| Total other financing sources (uses)                                   | <u>(512,781)</u>    | <u>-</u>                                   | <u>(512,781)</u>                       |
| Revenues and other sources over<br>(under) expenditures and other uses | 815,507             | -  | 815,507                                |
| Fund balances - beginning  | 1,214,700           | 19,733                                     | 1,234,433                              |
| Fund balances - ending   | <u>\$ 2,030,207</u> | <u>\$ 19,733</u>                           | <u>\$ 2,049,940</u>                    |

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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2015**

|                                      | Street and Alley Fund | Cemetery Care Fund | Hotel Motel Tax Fund | Military Memorial Fund | Overstreet Memorial Fund | Library Endowment Fund | Airport Fund     | Total-Other Governmental Funds |
|--------------------------------------|-----------------------|--------------------|----------------------|------------------------|--------------------------|------------------------|------------------|--------------------------------|
| <b>ASSETS</b>                        |                       |                    |                      |                        |                          |                        |                  |                                |
| Cash and cash equivalents            | \$ 284,023            | \$ 87,883          | \$ -                 | \$ 10,255              | \$ 89,294                | \$ 165,057             | \$ 60,846        | \$ 697,358                     |
| Investments                          | -                     | 60,079             | -                    | 95,000                 | 10,000                   | 296,066                | -                | 461,145                        |
| Due from other governments           | 7,645                 | -                  | -                    | -                      | -                        | -                      | -                | 7,645                          |
| Total assets                         | <u>\$ 291,668</u>     | <u>\$ 147,962</u>  | <u>\$ -</u>          | <u>\$ 105,255</u>      | <u>\$ 99,294</u>         | <u>\$ 461,123</u>      | <u>\$ 60,846</u> | <u>\$ 1,166,148</u>            |
| <b>LIABILITIES AND FUND BALANCES</b> |                       |                    |                      |                        |                          |                        |                  |                                |
| Liabilities:                         |                       |                    |                      |                        |                          |                        |                  |                                |
| Accounts payable                     | \$ -                  | \$ -               | \$ -                 | \$ -                   | \$ 6,308                 | \$ -                   | \$ -             | \$ 6,308                       |
| Other payables                       | -                     | -                  | -                    | -                      | -                        | -                      | -                | -                              |
| Total liabilities                    | <u>-</u>              | <u>-</u>           | <u>-</u>             | <u>-</u>               | <u>6,308</u>             | <u>-</u>               | <u>-</u>         | <u>6,308</u>                   |
| Fund balances:                       |                       |                    |                      |                        |                          |                        |                  |                                |
| Nonspendable                         | -                     | -                  | -                    | -                      | -                        | 50,000                 | -                | 50,000                         |
| Restricted for:                      |                       |                    |                      |                        |                          |                        |                  |                                |
| Cemetery Capital Improvements        | -                     | 147,962            | -                    | -                      | -                        | -                      | -                | 147,962                        |
| Airport                              | -                     | -                  | -                    | -                      | -                        | -                      | 9,365            | 9,365                          |
| Library                              | -                     | -                  | -                    | -                      | -                        | 399,745                | -                | 399,745                        |
| Streets                              | 291,668               | -                  | -                    | -                      | -                        | -                      | -                | 291,668                        |
| Military Memorial                    | -                     | -                  | -                    | 105,255                | -                        | -                      | -                | 105,255                        |
| Improvements benefiting citizens     | -                     | -                  | -                    | -                      | 92,561                   | -                      | -                | 92,561                         |
| Assigned to:                         |                       |                    |                      |                        |                          |                        |                  |                                |
| Library                              | -                     | -                  | -                    | -                      | -                        | 11,378                 | -                | 11,378                         |
| Airport                              | -                     | -                  | -                    | -                      | -                        | -                      | 51,481           | 51,481                         |
| Improvements benefiting citizens     | -                     | -                  | -                    | -                      | 425                      | -                      | -                | 425                            |
| Total fund balances                  | <u>291,668</u>        | <u>147,962</u>     | <u>-</u>             | <u>105,255</u>         | <u>92,986</u>            | <u>461,123</u>         | <u>60,846</u>    | <u>1,159,840</u>               |
| Total liabilities and fund balances  | <u>\$ 291,668</u>     | <u>\$ 147,962</u>  | <u>\$ -</u>          | <u>\$ 105,255</u>      | <u>\$ 99,294</u>         | <u>\$ 461,123</u>      | <u>\$ 60,846</u> | <u>\$ 1,166,148</u>            |

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Fiscal Year Ended June 30, 2015**

|   | Street and Alley Fund | Cemetery Care Fund | Hotel Motel Tax Fund | Military Memorial Fund | Overstreet Memorial Fund | Library Endowment Fund | Airport Fund     | Total-Other Governmental Funds |
|---|-----------------------|--------------------|----------------------|------------------------|--------------------------|------------------------|------------------|--------------------------------|
| <b>REVENUES</b>   |                       |                    |                      |                        |                          |                        |                  |                                |
| Taxes   | \$ -                  | \$ -               | \$ 16,062            | \$ -                   | \$ -                     | \$ -                   | \$ -             | \$ 16,062                      |
| Intergovernmental   | 44,711                | -                  | -                    | -                      | -                        | -                      | 81,215           | 125,926                        |
| Charges for services  | -                     | 9,821              | -                    | -                      | -                        | -                      | 10,846           | 20,667                         |
| Investment earnings   | -                     | 367                | -                    | 705                    | 50                       | 1,850                  | -                | 2,972                          |
| Miscellaneous   | -                     | -                  | -                    | -                      | 3,066                    | -                      | 31,657           | 34,723                         |
| Donations   | -                     | -                  | -                    | 440                    | -                        | 36,575                 | -                | 37,015                         |
| Total revenues  | <u>44,711</u>         | <u>10,188</u>      | <u>16,062</u>        | <u>1,145</u>           | <u>3,116</u>             | <u>38,425</u>          | <u>123,718</u>   | <u>237,365</u>                 |
| <b>EXPENDITURES</b>   |                       |                    |                      |                        |                          |                        |                  |                                |
| Current:  |                       |                    |                      |                        |                          |                        |                  |                                |
| Highways and streets  | -                     | -                  | -                    | -                      | 74                       | -                      | -                | 74                             |
| Culture, tourism and recreation                                     | -                     | -                  | 14,456               | 402                    | -                        | -                      | -                | 14,858                         |
| Airport   | -                     | -                  | -                    | -                      | -                        | -                      | 36,446           | 36,446                         |
| Capital Outlay  | -                     | -                  | -                    | -                      | 7,001                    | -                      | 89,753           | 96,754                         |
| Total Expenditures  | <u>-</u>              | <u>-</u>           | <u>14,456</u>        | <u>402</u>             | <u>7,075</u>             | <u>-</u>               | <u>126,199</u>   | <u>148,132</u>                 |
| Revenues over (under) expenditures                                  | <u>44,711</u>         | <u>10,188</u>      | <u>1,606</u>         | <u>743</u>             | <u>(3,959)</u>           | <u>38,425</u>          | <u>(2,481)</u>   | <u>89,233</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                               |                       |                    |                      |                        |                          |                        |                  |                                |
| Transfers in  | -                     | -                  | -                    | -                      | -                        | -                      | 10,000           | 10,000                         |
| Transfers out   | -                     | -                  | (1,606)              | -                      | -                        | -                      | -                | (1,606)                        |
| Total other financing sources (uses)                                | <u>-</u>              | <u>-</u>           | <u>(1,606)</u>       | <u>-</u>               | <u>-</u>                 | <u>-</u>               | <u>10,000</u>    | <u>8,394</u>                   |
| Revenues and other sources over (under) expenditures and other uses | <u>44,711</u>         | <u>10,188</u>      | <u>-</u>             | <u>743</u>             | <u>(3,959)</u>           | <u>38,425</u>          | <u>7,519</u>     | <u>97,627</u>                  |
| Fund balances - beginning   | 246,957               | 137,774            | -                    | 104,512                | 96,945                   | 422,698                | 53,327           | 1,062,213                      |
| Fund balances - ending  | <u>\$ 291,668</u>     | <u>\$ 147,962</u>  | <u>\$ -</u>          | <u>\$ 105,255</u>      | <u>\$ 92,986</u>         | <u>\$ 461,123</u>      | <u>\$ 60,846</u> | <u>\$ 1,159,840</u>            |

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**Schedule of Expenditures of Federal and State Awards**

| Federal/State Grantor/Pass Through Agency<br>Grantor/Program Title | CFDA # | Pass-thru<br>Grant #        | Award<br>Amount     | Awards<br>Expended |
|--|--------|-----------------------------|---------------------|--------------------|
| <b>FEDERAL AWARDS:</b>   |        |                             |                     |                    |
| U.S. Department of Emergency Management:                           |        |                             |                     |                    |
| Passed through Oklahoma Department of Emergency Management:        |        |                             |                     |                    |
| FEMA Severe Storms and Flooding                                    | 97.036 | PA-06-OK-4222-PW-00045(38)  | \$ 6,870            | \$ 6,870           |
| FEMA Severe Storms and Flooding                                    | 97.036 | PA-06-OK-4222-PW-00027(44)  | 7,563               | 7,563              |
| Total U.S. Department of Emergency Management                      |        |                             | <u>14,433</u>       | <u>14,433</u>      |
| U.S. Department of Homeland Security:                              |        |                             |                     |                    |
| Passed through Oklahoma Department of Emergency Management:        |        |                             |                     |                    |
| Hazard Mitigation Flood Proofing Project                           | 97.039 | FEMA-1876-DR-OK Project #16 | 158,789             | 29,786             |
| Hazard Mitigation  | 97.039 | FEMA-1883-DR-OK Project #34 | <u>5,823,842</u>    | <u>153,300</u>     |
| Total U.S. Department of Homeland Security                         |        |                             | <u>5,982,631</u>    | <u>183,086</u>     |
| U.S. Department of Housing and Urban Development:                  |        |                             |                     |                    |
| Passed through Oklahoma Department of Commerce:                    |        |                             |                     |                    |
| CDBG   | 14.228 | 16413-CDBG-DR-13            | <u>2,200,000</u>    | <u>212,747</u>     |
| <b>TOTAL FEDERAL AWARDS</b>  |        |                             | <u>\$ 8,197,064</u> | <u>\$ 410,266</u>  |
| <b>STATE AWARDS:</b>   |        |                             |                     |                    |
| Department of Libraries:   |        |                             |                     |                    |
| State Aid FY 2015  |        | N/A                         | <u>\$ 8,030</u>     | <u>\$ 8,030</u>    |
| Oklahoma Aeronautics Commission:                                   |        |                             |                     |                    |
| Airport runway lighting - Capital                                  |        | N/A                         | <u>81,215</u>       | <u>81,215</u>      |
| Department of Agriculture:   |        |                             |                     |                    |
| State Aid FY 2014  |        | N/A                         | <u>4,484</u>        | <u>4,484</u>       |
| <b>TOTAL STATE AWARDS</b>  |        |                             | <u>\$ 93,729</u>    | <u>\$ 93,729</u>   |

**Footnotes to Schedule of Expenditures of Federal and State Awards:**

1. The Schedules of Expenditures of 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.

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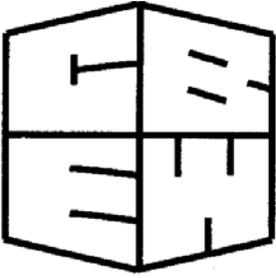
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**INTERNAL CONTROL AND COMPLIANCE SECTION**

**CITY OF KINGFISHER, OKLAHOMA**  
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## **CBEW Professional Group, LLP**

Certified Public Accountants

P.O. Box 790

Cushing, OK 74023

918-225-4216 FAX 918-225-4315

### **INDEPENDENT AUDITOR'S 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**

February 2, 2016

Honorable Board of City Commissioners  
City of Kingfisher  
Kingfisher, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingfisher, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Kingfisher, Oklahoma's basic financial statements, and have issued our report thereon dated February 2, 2016

#### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether 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*.

***Purpose of this Report***

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

***CBEW Professional Group, LLP***

CBEW Professional Group, LLP  
Certified Public Accountants