



# CITY OF KINGFISHER, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR  
ENDED JUNE 30, 2013

**THE CITY OF KINGFISHER,  
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**CITY OF KINGFISHER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Fiscal Year Ended June 30, 2013**

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**ANNUAL FINANCIAL REPORT**  
As of and for the Fiscal Year Ended June 30, 2013

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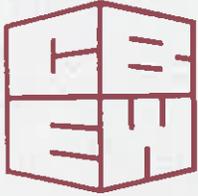
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## INDEPENDENT AUDITOR'S REPORT

January 8, 2014

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, 2013, 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, 2013, 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 and budgetary comparison information and related notes on pages 8 – 16 and 52 – 56 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 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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 January 8, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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  
Certified Public Accountants

**CITY OF KINGFISHER, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2013**

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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, 2013. Please read it in conjunction with the City's financial statements, which follow this section.

***FINANCIAL HIGHLIGHTS***

- For the fiscal year ended June 30, 2013, the City's total net position increased by \$1,001,492 or 3% from the prior year.
- During the year, the City's expenses for governmental activities were \$5.8 million and were funded by program revenues of \$2,507,241 and further funded with taxes and other general revenues and transfers that totaled \$4.3 million.
- In the City's business-type activities, such as utilities, program revenues exceeded expenses by \$585,926.
- For budgetary reporting purposes, the General Fund reported revenues greater than estimates by \$44,261 or 0.9%, while expenditures were under the final appropriations by \$124,319 or 2.6%.

***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) as well as all liabilities (including all long-term debt).

**About the City**

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

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

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

### ***The City's Financial Reporting Entity***

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

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

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

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

### **Using This Annual Report**

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

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

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

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

## **Reporting the City as a Whole**

### **The Statement of Net 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 and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net 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 \$32 million at the close of the most recent fiscal year.

**TABLE 1**  
**NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2013	2012		2013	Restated 2012		2013	Restated 2012	
Current assets	\$ 4,066	\$ 3,706	10%	\$ 4,657	\$ 4,283	9%	\$ 8,723	\$ 7,989	9%
Non-current assets	10,607	9,822	8%	16,042	16,477	-3%	26,649	26,299	1%
<b>Total assets</b>	<b>14,673</b>	<b>13,528</b>	<b>8%</b>	<b>20,699</b>	<b>20,760</b>	<b>-</b>	<b>35,372</b>	<b>34,288</b>	<b>3%</b>
Current liabilities	1,128	1,058	7%	687	619	11%	1,815	1,677	8%
Non-current liabilities	265	271	-2%	1,239	1,289	-4%	1,504	1,560	-4%
<b>Total liabilities</b>	<b>1,393</b>	<b>1,329</b>	<b>5%</b>	<b>1,926</b>	<b>1,908</b>	<b>1%</b>	<b>3,319</b>	<b>3,237</b>	<b>3%</b>
<b>Net position</b>									
Net investment in capital assets	10,034	9,117	10%	15,019	15,411	-3%	25,053	24,528	2%
Restricted	1,896	906	109%	353	111	218%	2,249	1,017	121%
Unrestricted	1,350	2,176	-38%	3,401	3,330	2%	4,751	5,506	-14%
<b>Total net position</b>	<b>\$ 13,280</b>	<b>\$ 12,199</b>	<b>9%</b>	<b>\$ 18,773</b>	<b>\$ 18,852</b>	<b>-</b>	<b>\$ 32,053</b>	<b>\$ 31,051</b>	<b>3%</b>

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 2013, this net investment in capital assets amounted to \$25.1 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$2,248,860, also represents resources that are subject to external restrictions or internal legislation on how they may be used. The remaining balance of

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unrestricted net position approximately, \$4.8 million, is available to meet the government's ongoing obligations to citizens and creditors.

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

**Changes in Net Position**

For the year ended June 30, 2013, 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.)
	2013	2012		2013	Restated 2012		2013	Restated 2012	
<b>Revenues</b>									
Charges for service	\$ 806	\$ 417	93%	\$ 7,349	\$ 7,309	1%	\$ 8,155	\$ 7,726	6%
Operating grants and contributions	1,304	1,180	11%	-	-	-	1,304	1,180	11%
Capital grants and contributions	398	225	77%	-	-	-	398	225	77%
Taxes	3,335	3,352	-1%	-	-	-	3,335	3,352	-1%
Intergovernmental revenue	86	89	-3%	18	264	-93%	104	353	-71%
Investment income	33	42	-21%	15	25	-40%	48	67	-28%
Miscellaneous	67	325	-79%	118	10	1080%	185	335	-45%
<b>Total revenues</b>	<b>6,029</b>	<b>5,630</b>	<b>7%</b>	<b>7,500</b>	<b>7,608</b>	<b>-1%</b>	<b>13,529</b>	<b>13,238</b>	<b>2%</b>
<b>Expenses</b>									
General government	1,016	646	57%	-	-	-	1,016	646	57%
Public safety	2,542	2,345	8%	-	-	-	2,542	2,345	8%
Highways and streets	535	522	2%	-	-	-	535	522	2%
Culture and recreation	529	510	4%	-	-	-	529	510	4%
Health and welfare	156	158	-1%	-	-	-	156	158	-1%
Airport	51	19	168%	-	-	-	51	19	168%
Hospital sales tax payment	934	967	-3%	-	-	-	934	967	-3%
Interest on long-term debt	2	21	-90%	-	-	-	2	21	-90%
Light and power	-	-	-	4,763	4,670	2%	4,763	4,670	2%
Water	-	-	-	658	623	6%	658	623	6%
Sewer	-	-	-	359	394	-9%	359	394	-9%
Sanitation	-	-	-	518	435	19%	518	435	19%
Golf course	-	-	-	159	159	-	159	159	-
Swimming pool	-	-	-	301	289	4%	301	289	4%
Economic development	-	-	-	5	5	-	5	5	-
<b>Total expenses</b>	<b>5,765</b>	<b>5,188</b>	<b>11%</b>	<b>6,763</b>	<b>6,575</b>	<b>3%</b>	<b>12,528</b>	<b>11,763</b>	<b>7%</b>
Excess (deficiency) before transfers	264	442	-40%	737	1,033	-29%	1,001	1,475	-32%
Transfers	816	1,240	-34%	(816)	(1,240)	34%	-	-	-
<b>Change in net position</b>	<b>1,080</b>	<b>1,682</b>	<b>-36%</b>	<b>(79)</b>	<b>(207)</b>	<b>62%</b>	<b>1,001</b>	<b>1,475</b>	<b>-32%</b>
<b>Beginning net position, restated</b>	<b>12,199</b>	<b>10,517</b>	<b>16%</b>	<b>18,852</b>	<b>19,059</b>	<b>-1%</b>	<b>31,051</b>	<b>29,576</b>	<b>5%</b>
<b>Ending net position</b>	<b>\$ 13,279</b>	<b>\$ 12,199</b>	<b>9%</b>	<b>\$ 18,773</b>	<b>\$ 18,852</b>	<b>-</b>	<b>\$ 32,052</b>	<b>\$ 31,051</b>	<b>3%</b>

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

*Governmental Activities:*

Charges for services – 93% increase or \$389,000 related to an increase in ambulance revenue of approximately \$317,000.

Miscellaneous income – 79% decrease or \$258,000 related to the City collecting \$250,000 in the prior year on the judgment they were awarded in 1983 for misappropriation of funds by a former employee.

General government expenses – 57% increase or \$370,000 related to an increase in flood control other services and charges.

Transfers – 34% decrease or \$424,000 related to a decrease in operating subsidies received from KPWA for the Airport runway construction project.

*Business-type Activities:*

Restricted Net Position – 218% increase or \$242,000 related to an increase of approximately \$242,000 in funds restricted for capital projects.

Intergovernmental Revenue – 93% decrease or \$246,000 due to grant monies received in the prior year for the construction of the new water tower.

Transfers – 34% decrease or \$424,000 related to a decrease in operating subsidies to the governmental activities for the Airport runway construction project.

**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.

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

	<b>Total Expense of Services</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. (Dec.)</b>
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>	
General government	\$ 1,016	\$ 646	57%	\$1	\$276	-100%
Public safety	2,542	2,345	8%	(1,545)	(1,780)	13%
Highways and streets	535	522	2%	(448)	(332)	-35%
Culture and recreation	529	510	4%	(512)	(472)	-8%
Health and welfare	156	158	-1%	(120)	(128)	6%
Airport	51	19	168%	303	58	422%
Hospital sales tax payment	934	967	-3%	(934)	(967)	3%
Interest on long-term debt	2	21	-90%	(2)	(21)	90%
<b>Total</b>	<u>5,765</u>	<u>\$ 5,188</u>	11%	<u>(\$3,257)</u>	<u>(\$3,366)</u>	3%

Explanations for significant changes are listed above under Table 2.

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

	<b>Total Expense of Services</b>		<b>% Inc. Dec.</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. Dec.</b>
	<u>2013</u>	<u>Restated 2012</u>		<u>2013</u>	<u>Restated 2012</u>	
		<u>2012</u>			<u>2012</u>	
Light and power	\$ 4,763	\$ 4,669	2%	\$ 781	\$ 854	-9%
Water	658	623	6%	167	205	19%
Sewer	359	394	-9%	54	20	170%
Sanitation	518	435	19%	(53)	18	-394%
Golf course	159	159	-	(148)	(159)	7%
Swimming pool	301	289	4%	(210)	(199)	-6%
Economic development	5	5	-	(5)	(5)	-
<b>Total</b>	<u>\$ 6,763</u>	<u>\$ 6,574</u>	3%	<u>\$ 586</u>	<u>\$ 734</u>	-20%

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

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

- Total business-type activities reported net revenues of \$585,926 for the year ended June 30, 2013.
- While the light and power, water, and sewer activities reported net revenues for the year ended June 30, 2013, sanitation, golf course, swimming pool and economic development had net expenses.

**CITY OF KINGFISHER, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2013**

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

As the City completed its 2013 fiscal year, the governmental funds reported a combined fund balance of \$2,795,385 or a 22.9% increase from 2012. The enterprise funds reported combined net position of approximately \$18.8 million or a 0.4% decrease from 2012.

Other fund highlights include:

- For the year ended June 30, 2013, the General Fund's total fund balance increased by \$402,865 or 46%.
- In the General Fund there was a \$119,549 restriction for insurance, a \$940,140 commitment for economic stabilization, and a \$199,525 assignment for capital improvements.
- Proprietary fund net position restrictions included \$9,300 for debt service and \$343,981 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 8.3% or \$363,678 and an increase in appropriations (including transfers out) of 8.8% or \$383,078. Actual revenues and transfers were over estimates by \$44,261 or 0.9%, while expenditures and transfers were under final appropriations by \$124,319 or 2.6%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2013, the City had approximately \$26 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net increase of approximately \$349,000 over last year.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 1,150	\$ 932	\$ 1,249	\$ 1,249	\$ 2,399	\$ 2,181
Buildings and Improvements	1,830	1,598	3,332	3,427	5,162	5,025
Machinery and Equipment	865	1,001	631	734	1,496	1,735
Infrastructure	4,659	4,825	946	983	5,605	5,808
Utility Property	-	-	9,631	9,833	9,631	9,833
Construction in progress	2,103	1,465	-	-	2,103	1,465
<b>Totals</b>	<b>\$ 10,607</b>	<b>\$ 9,821</b>	<b>\$ 15,789</b>	<b>\$ 16,226</b>	<b>\$ 26,396</b>	<b>\$ 26,047</b>

**CITY OF KINGFISHER, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Fiscal Year Ended June 30, 2013**

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This year's more significant capital asset additions included:

Airport runway land	\$217,988
13 <sup>th</sup> Street sidewalks project	202,265
Phase 4 trails project	66,200
Police Station roof	56,186

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 \$1.7 million in long-term debt outstanding which represents a \$39,206 or 2.2% decrease from the prior year. The City's changes in long-term debt by type of debt are as follows:

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Accrued absences	\$ 286	\$ 252	\$ 227	\$ 199	\$ 513	\$ 451
Capital lease	44	80	-	-	44	80
Notes payable	-	-	770	840	770	840
Meter deposit liability	-	-	383	378	383	378
<b>Totals</b>	<u>\$ 330</u>	<u>\$ 332</u>	<u>\$ 1,380</u>	<u>\$ 1,417</u>	<u>\$ 1,710</u>	<u>\$ 1,749</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 with its flood and drainage projects.

**Contacting the City's Financial Management**

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

**CITY OF KINGFISHER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF KINGFISHER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Fiscal Year Ended June 30, 2013**

**Statement of Net Position– June 30, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 1,098,797	\$ 347,685	\$ 1,446,482
Restricted cash and cash equivalents	-	353,281	353,281
Investments	1,461,145	1,850,000	3,311,145
Deposits with insurance pool	119,549	-	119,549
Accounts receivable, net	246,410	1,659,860	1,906,270
Court fine receivable, net	18,948	-	18,948
Internal balances	(19,693)	19,693	-
Due from other governments	1,140,702	11,043	1,151,745
Inventory	-	415,853	415,853
<b>Total Current Assets</b>	<b>4,065,858</b>	<b>4,657,415</b>	<b>8,723,273</b>
<b>Noncurrent Assets:</b>			
Restricted investments	-	253,275	253,275
<b>Capital Assets:</b>			
Land and construction in progress	3,252,965	1,249,269	4,502,234
Other capital assets, net of depreciation	7,353,556	14,539,583	21,893,139
<b>Total Noncurrent Assets</b>	<b>10,606,521</b>	<b>16,042,127</b>	<b>26,648,648</b>
<b>Total Assets</b>	<b>14,672,379</b>	<b>20,699,542</b>	<b>35,371,921</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	365,227	543,655	908,882
Other payables	700	-	700
Sales tax due to hospital	168,799	-	168,799
Accrued interest payable	-	2,631	2,631
Short-term note payable	528,078	-	528,078
<b>Current portion of:</b>			
Due to depositors	-	38,312	38,312
Capital lease payable	36,737	-	36,737
Notes payable	-	80,000	80,000
Accrued compensated absences	28,583	22,702	51,285
<b>Total Current Liabilities</b>	<b>1,128,124</b>	<b>687,300</b>	<b>1,815,424</b>
<b>Noncurrent liabilities:</b>			
Due to depositors	-	344,811	344,811
Capital lease payable	7,371	-	7,371
Notes payable	-	690,000	690,000
Accrued compensated absences	257,250	204,339	461,589
<b>Total Noncurrent Liabilities</b>	<b>264,621</b>	<b>1,239,150</b>	<b>1,503,771</b>
<b>Total Liabilities</b>	<b>1,392,745</b>	<b>1,926,450</b>	<b>3,319,195</b>
<b>NET POSITION</b>			
Net investment in capital assets	10,034,335	15,018,852	25,053,187
<b>Restricted by:</b>			
<b>External contracts and groups:</b>			
Nonspendable	50,000	-	50,000
Other contracts/groups/legislation	1,845,579	353,281	2,198,860
Unrestricted	1,349,720	3,400,959	4,750,679
<b>Total Net Position</b>	<b>\$ 13,279,634</b>	<b>\$ 18,773,092</b>	<b>\$ 32,052,726</b>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Fiscal Year Ended June 30, 2013

**Statement of Activities –Fiscal Year Ended June 30, 2013**

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>							
<b>Governmental Activities</b>							
General government	\$ 1,015,920	\$ 21,181	\$ 995,863	\$ -	\$ 1,124	\$ -	\$ 1,124
Public safety	2,541,767	732,578	253,134	10,975	(1,545,080)	-	(1,545,080)
Highways and streets	534,947	-	44,055	42,432	(448,480)	-	(448,480)
Culture and recreation	528,540	5,982	10,581	-	(511,977)	-	(511,977)
Health and welfare	156,157	36,076	200	-	(119,881)	-	(119,881)
Airport	50,872	10,026	-	344,158	303,312	-	303,312
Hospital sales tax payment	934,398	-	-	-	(934,398)	-	(934,398)
Interest on Long-term debt	2,258	-	-	-	(2,258)	-	(2,258)
<b>Total governmental activities</b>	<b>5,764,857</b>	<b>805,843</b>	<b>1,303,833</b>	<b>397,565</b>	<b>(3,257,616)</b>	<b>-</b>	<b>(3,257,616)</b>
<b>Business-type activities:</b>							
Light and power	4,762,577	5,543,581	-	-	-	781,004	781,004
Water	658,069	825,257	-	-	-	167,188	167,188
Sewer	359,214	413,062	-	-	-	53,848	53,848
Sanitation	517,577	464,593	-	-	-	(52,984)	(52,984)
Golf course	158,865	10,580	-	-	-	(148,275)	(148,275)
Swimming pool	301,434	91,641	-	-	-	(209,793)	(209,793)
Economic development	5,062	-	-	-	-	(5,062)	(5,062)
<b>Total business-type activities</b>	<b>6,762,798</b>	<b>7,348,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>585,926</b>	<b>585,926</b>
<b>Total primary government</b>	<b>\$ 12,527,655</b>	<b>\$ 8,154,567</b>	<b>\$ 1,303,833</b>	<b>\$ 397,565</b>	<b>(3,257,616)</b>	<b>585,926</b>	<b>(2,671,690)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Sales and use taxes				3,219,201	-		3,219,201
Franchise taxes and public service taxes				99,822	-		99,822
Hotel/motel taxes				16,236	-		16,236
Intergovernmental revenue not restricted to specific programs				86,275	18,465		104,740
Unrestricted investment earnings				32,944	15,038		47,982
Miscellaneous				67,358	117,843		185,201
<b>Transfers - internal activities</b>				<b>816,186</b>	<b>(816,186)</b>		<b>-</b>
<b>Total general revenues and transfers</b>				<b>4,338,022</b>	<b>(664,840)</b>		<b>3,673,182</b>
Change in net position				1,080,406	(78,914)		1,001,492
Net position - beginning (restated)				12,199,228	18,852,006		31,051,234
<b>Net position - ending</b>				<b>\$ 13,279,634</b>	<b>\$ 18,773,092</b>		<b>\$ 32,052,726</b>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Fiscal Year Ended June 30, 2013**

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF KINGFISHER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**Governmental Funds Balance Sheet - June 30, 2013**

	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Airport Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 350,997	\$ 350,277	\$ 7,479	\$ 390,044	\$ 1,098,797
Investments	1,000,000	-	-	461,145	1,461,145
Receivables:					
Ambulance receivable, net	246,410	-	-	-	246,410
Court fines receivable, net	18,948	-	-	-	18,948
Due from other governments	582,360	488,239	40,000	7,487	1,118,086
Other receivables	22,617	-	-	-	22,617
Deposits in insurance pool	119,549	-	-	-	119,549
<b>Total assets</b>	<b>\$ 2,340,881</b>	<b>\$ 838,516</b>	<b>\$ 47,479</b>	<b>\$ 858,676</b>	<b>\$ 4,085,552</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 137,694	201,235	26,298	-	\$ 365,227
Due to other funds	19,693	-	-	-	19,693
Short-term note payable	528,078	-	-	-	528,078
Sales tax due to hospital	168,799	-	700	-	169,499
<b>Total liabilities</b>	<b>\$ 854,264</b>	<b>\$ 201,235</b>	<b>\$ 26,998</b>	<b>\$ -</b>	<b>\$ 1,082,497</b>
Deferred Inflows of resources:					
Deferred revenue	207,670	-	-	-	207,670
Fund balances:					
Nonspendable	-	-	-	50,000	50,000
Restricted for:					
Cemetery Capital Improvements	-	-	-	157,702	157,702
Library	-	-	-	268,041	268,041
Streets	-	-	-	202,823	202,823
Insurance	119,549	-	-	-	119,549
Flood Control	-	633,963	-	-	633,963
Military Memorial	-	-	-	106,391	106,391
Improvements benefiting citizens	-	-	-	65,116	65,116
Committed to:					
Economic stabilization	940,140	-	-	-	940,140
Assigned to:					
Library	-	-	-	8,288	8,288
Capital Improvements	199,525	-	-	-	199,525
Airport	-	-	20,481	-	20,481
Improvements benefiting citizens	-	-	-	315	315
Flood Control	-	3,318	-	-	3,318
Sick leave buy back	19,733	-	-	-	19,733
<b>Total fund balances</b>	<b>\$ 1,278,947</b>	<b>\$ 637,281</b>	<b>\$ 20,481</b>	<b>\$ 858,676</b>	<b>\$ 2,795,385</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 2,340,881</b>	<b>\$ 838,516</b>	<b>\$ 47,479</b>	<b>\$ 858,676</b>	<b>\$ 4,085,552</b>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Fiscal Year Ended June 30, 2013**

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Fiscal Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Airport Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 3,354,361	\$ -	\$ -	\$ 16,236	\$ 3,370,597
Intergovernmental	358,277	1,287,857	344,158	41,645	2,031,937
Charges for services	662,964	-	-	11,113	674,077
Fines and forfeitures	35,434	-	-	-	35,434
Licenses and permits	19,286	-	-	-	19,286
Investment income	9,976	1,079	-	3,570	14,625
Donations	305	-	-	822	1,127
Miscellaneous	81,072	-	10,026	18,519	109,617
Total revenues	<u>4,521,675</u>	<u>1,288,936</u>	<u>354,184</u>	<u>91,905</u>	<u>6,256,700</u>
<b>EXPENDITURES</b>					
Current:					
Administrative	8,468	-	-	-	8,468
City Treasurer	73,048	-	-	-	73,048
City Attorney	28,591	-	-	-	28,591
Municipal Court	20,844	-	-	-	20,844
Police	893,378	-	-	-	893,378
Fire	1,420,857	-	-	-	1,420,857
Streets	341,189	-	-	69	341,258
Culture, tourism and recreation	121,891	-	-	14,612	136,503
General government	250,229	640,852	-	-	891,081
Library	256,803	-	-	-	256,803
Cemetery	136,954	-	-	-	136,954
Airport	-	-	18,773	-	18,773
Capital Outlay	167,047	19,399	1,084,189	2,110	1,272,745
Debt Service:					
Principal	36,061	-	-	-	36,061
Interest and other charges	25,676	-	-	-	25,676
Total expenditures	<u>3,781,036</u>	<u>660,251</u>	<u>1,102,962</u>	<u>16,791</u>	<u>5,561,040</u>
Excess (deficiency) of revenues over expenditures	<u>740,639</u>	<u>628,685</u>	<u>(748,778)</u>	<u>75,114</u>	<u>695,660</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	661,624	-	165,000	-	826,624
Transfers out	(65,000)	-	-	(1,624)	(66,624)
Sales tax payment to hospital	(934,398)	-	-	-	(934,398)
Total other financing sources (uses)	<u>(337,774)</u>	<u>-</u>	<u>165,000</u>	<u>(1,624)</u>	<u>(174,398)</u>
Net change in fund balances	402,865	628,685	(583,778)	73,490	521,262
Fund balances - beginning	876,082	8,596	604,259	785,186	2,274,123
Fund balances - ending	<u>\$ 1,278,947</u>	<u>\$ 637,281</u>	<u>\$ 20,481</u>	<u>\$ 858,676</u>	<u>\$ 2,795,385</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA  
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**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

Total fund balance, governmental funds	\$	2,795,385
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.		10,606,520
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		207,670
Accrued Compensated Absences are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(285,833)
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:		
Capital lease payable		(44,108)
Net Position of Governmental Activities in the Statement of Net Position	\$	13,279,634

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Reconciliation of Governmental Funds and Government-Wide Financial Statements (Continued):**

Net change in fund balances - total governmental funds:	\$	521,262
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
Capital asset purchases capitalized		1,239,088
Depreciation expense		(454,480)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Change in deferred revenue		(227,624)
<p>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:</p>		
Principal payments on long-term debt		36,061
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Change in accrued compensated absences		(33,901)
Change in net position of governmental activities	<u>\$</u>	<u>1,080,406</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS**

**CITY OF KINGFISHER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Fiscal Year Ended June 30, 2013**

**Proprietary Funds Statement of Net Position - June 30, 2013**

	<b>Kingfisher Public Works Authority</b>	<b>Kingfisher Special Projects Authority</b>	<b>Kingfisher Recreation Authority</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 155,911	\$ 53,638	\$ 138,136	\$ 347,685
Investments	1,850,000	-	-	1,850,000
Restricted:				
Cash and cash equivalents	353,281	-	-	353,281
Accounts receivable, net	1,579,360	-	-	1,579,360
Due from other governments	11,043	-	-	11,043
Other receivables	80,500	-	-	80,500
Due from other funds	19,693	-	-	19,693
Inventory	415,853	-	-	415,853
Total current assets	<u>4,465,641</u>	<u>53,638</u>	<u>138,136</u>	<u>4,657,415</u>
Non-current assets:				
Restricted:				
Investments	253,275	-	-	253,275
Capital assets:				
Land and construction in progress	199,144	50,000	1,000,125	1,249,269
Other capital assets, net of accumulated depreciation	12,578,842	65,378	1,895,363	14,539,583
Total non-current assets	<u>13,031,261</u>	<u>115,378</u>	<u>2,895,488</u>	<u>16,042,127</u>
Total assets	<u>\$ 17,496,902</u>	<u>\$ 169,016</u>	<u>\$ 3,033,624</u>	<u>\$ 20,699,542</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 533,992	\$ -	\$ 9,663	\$ 543,655
Accrued interest payable	2,631	-	-	2,631
Due to depositors	38,312	-	-	38,312
Notes payable	80,000	-	-	80,000
Accrued compensated absences	21,924	-	778	22,702
Total current liabilities	<u>676,859</u>	<u>-</u>	<u>10,441</u>	<u>687,300</u>
Non-current liabilities:				
Due to depositors	344,811	-	-	344,811
Notes payable	690,000	-	-	690,000
Accrued compensated absences	197,331	-	7,008	204,339
Total non-current liabilities	<u>1,232,142</u>	<u>-</u>	<u>7,008</u>	<u>1,239,150</u>
Total liabilities	<u>1,909,001</u>	<u>-</u>	<u>17,449</u>	<u>1,926,450</u>
<b>NET POSITION</b>				
Net investment in capital assets	12,007,986	115,378	2,895,488	15,018,852
Restricted for debt service	9,300	-	-	9,300
Restricted for capital projects	343,981	-	-	343,981
Unrestricted	3,226,634	53,638	120,687	3,400,959
Total net position	<u>\$ 15,587,901</u>	<u>\$ 169,016</u>	<u>\$ 3,016,175</u>	<u>\$ 18,773,092</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA**  
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As of and for the Fiscal Year Ended June 30, 2013

**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position – Fiscal Year Ended June 30, 2013**

	<b>Kingfisher Public Works Authority</b>	<b>Kingfisher Special Projects Authority</b>	<b>Kingfisher Recreation Authority</b>	<b>Total</b>
<b>REVENUES</b>				
Charges for services:				
Light and power charges	\$ 5,185,463	\$ -	\$ -	\$ 5,185,463
Water charges	805,701	-	-	805,701
Sewer charges	403,274	-	-	403,274
Penalties	65,543	-	-	65,543
Sanitation charges	453,583	-	-	453,583
Recreation	-	-	91,641	91,641
Refunds and reimbursements	309,519	-	-	309,519
Miscellaneous	19,407	4,002	10,590	33,999
Total operating revenues	<u>7,242,490</u>	<u>4,002</u>	<u>102,231</u>	<u>7,348,723</u>
<b>OPERATING EXPENSES</b>				
Administration	573,331	-	-	573,331
Light and power	4,034,716	-	-	4,034,716
Power plant	167,496	-	-	167,496
Water	407,458	-	-	407,458
Sanitation	449,144	-	-	449,144
Sewer	213,686	-	-	213,686
Recreation	-	-	379,846	379,846
Depreciation expense	418,121	5,062	80,453	503,636
Total operating expenses	<u>6,263,952</u>	<u>5,062</u>	<u>460,299</u>	<u>6,729,313</u>
Operating income (loss)	<u>978,538</u>	<u>(1,060)</u>	<u>(358,068)</u>	<u>619,410</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	15,038	-	-	15,038
Grant revenue	18,465	-	-	18,465
Gain on capital asset disposal	74,833	-	-	74,833
Miscellaneous	43,010	-	-	43,010
Interest expense	(33,484)	-	-	(33,484)
Total non-operating revenue (expenses)	<u>117,862</u>	<u>-</u>	<u>-</u>	<u>117,862</u>
Income (loss) before transfers	1,096,400	(1,060)	(358,068)	737,272
Transfers in	-	-	317,000	317,000
Transfers out	(1,128,186)	-	(5,000)	(1,133,186)
Change in net position	<u>(31,786)</u>	<u>(1,060)</u>	<u>(46,068)</u>	<u>(78,914)</u>
Total net position - beginning (restated)	<u>15,819,687</u>	<u>170,076</u>	<u>3,062,243</u>	<u>18,852,006</u>
Total net position - ending	<u>\$ 15,587,901</u>	<u>\$ 169,016</u>	<u>\$ 3,016,175</u>	<u>\$ 18,773,092</u>

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows – Fiscal Year Ended June 30, 2013**

	<b>Kingfisher Public Works Authority</b>	<b>Kingfisher Special Projects Authority</b>	<b>Kingfisher Recreation Authority</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 7,307,638	\$ 4,002	\$ 102,231	\$ 7,413,871
Payments to suppliers	(4,610,625)	-	(153,978)	(4,764,603)
Payments to employees	(1,154,993)	-	(228,545)	(1,383,538)
Receipts of customer deposits	44,842	-	-	44,842
Refunds of customer meter deposits	(39,693)	-	-	(39,693)
<b>Net cash provided by (used in) operating activities</b>	<b>1,547,169</b>	<b>4,002</b>	<b>(280,292)</b>	<b>1,270,879</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	317,000	317,000
Transfers to other funds	(1,128,186)	-	(5,000)	(1,133,186)
Receipts from governmental grants	7,422	-	-	7,422
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,120,764)</b>	<b>-</b>	<b>312,000</b>	<b>(808,764)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(63,800)	-	(7,636)	(71,436)
Principal paid on debt	(70,000)	-	-	(70,000)
Interest and fiscal agent fees paid on debt	(33,723)	-	-	(33,723)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(167,523)</b>	<b>-</b>	<b>(7,636)</b>	<b>(175,159)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(1,809)	-	-	(1,809)
Interest and dividends	15,031	-	-	15,031
<b>Net cash provided by investing activities</b>	<b>13,222</b>	<b>-</b>	<b>-</b>	<b>13,222</b>
<b>Net increase in cash and cash equivalents</b>	<b>272,104</b>	<b>4,002</b>	<b>24,072</b>	<b>300,178</b>
<b>Balances - beginning of year</b>	<b>237,088</b>	<b>49,636</b>	<b>114,064</b>	<b>400,788</b>
<b>Balances - end of year</b>	<b>\$ 509,192</b>	<b>\$ 53,638</b>	<b>\$ 138,136</b>	<b>\$ 700,966</b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and cash equivalents	\$ 155,911	\$ 53,638	\$ 138,136	\$ 347,685
Restricted cash and cash equivalents - current	353,281	-	-	353,281
<b>Total cash and cash equivalents, end of year</b>	<b>\$ 509,192</b>	<b>\$ 53,638</b>	<b>\$ 138,136</b>	<b>\$ 700,966</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 978,538	\$ (1,060)	\$ (358,068)	\$ 619,410
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	418,121	5,062	80,453	503,636
Other non-operating revenues	43,010	-	-	43,010
Change in assets and liabilities:				
Accounts receivable	22,138	-	-	22,138
Inventory	(5,251)	-	-	(5,251)
Accounts payable	57,110	-	(2,128)	54,982
Deposits subject to refund	5,149	-	-	5,149
Accrued compensated absences	28,354	-	(549)	27,805
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,547,169</b>	<b>\$ 4,002</b>	<b>\$ (280,292)</b>	<b>\$ 1,270,879</b>

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

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

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

*Governmental Funds:*

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds
- Flood Control – accounts for grant revenues, transfers, and expenditures for flood control relief
- Airport Fund – accounts for transfers, revenues and expenditures for airport operations

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

**Special Revenue Funds:**

- Street and Alley Fund – accounts for revenues from gasoline and vehicle taxes restricted for street repairs and maintenance
- Cemetery Perpetual Care Fund – accounts for 12.5 percent of cemetery revenue restricted by State law for cemetery capital improvements.
- 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

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, Flood Control, and Airport Funds are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

*Proprietary Funds:*

The City's proprietary funds include:

**Enterprise Funds**

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

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus.

For 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.

### **New Accounting Pronouncements**

The City implemented the following accounting standards during fiscal year ended June 30, 2013:

*Governmental Accounting Standards Board Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangements* – This had no impact on the city’s financial report.

*Governmental Accounting Standards Board Statement No. 61 – The Financial Reporting Entity: Omnibus*– This had no impact on the city’s financial report.

*Governmental Accounting Standards Board Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* – A few sentences were removed from “Section B – Proprietary Funds” note disclosure to eliminate references to FASB pronouncements and APB opinions issued on or before November 30, 1989.

*Governmental Accounting Standards Board Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – The only change required from the implementation of this statement are changing the Statement of Net Assets to a Statement of Net Position by creating two new financial statement elements.

*Governmental Accounting Standards Board Statement No. 65 – Items Previously Reported as Assets and Liabilities* – This was early implemented, and required the reporting of deferred inflows and deferred outflows, where applicable.

### **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.

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**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 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, 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

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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.

*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.

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### **Long-Term Debt**

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

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

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

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- 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 expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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

*Prior Period Adjustment:*

	KPWA	Government-Wide Business-type Activities
Beginning net position, as previously reported	\$ 15,644,276	\$ 18,876,595
Removal of unamortized debt issuance costs due to the early implementation of GASB Statement 65	(24,589)	(24,589)
Beginning net position, restated	\$ 15,619,687	\$ 18,852,006

**E. Revenues, Expenditures, and Expenses**

**Sales Tax**

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

**Property Tax**

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

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**Operating Revenues and Expenses**

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

**Expenditures/Expenses**

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

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

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

Proprietary Fund - By Operating and Non-Operating

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

**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.

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*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.

**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, 2013, the reporting entity held the following deposits and investments:

**Primary Government:**

<u>Type</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
<b>Deposits:</b>		
Demand deposits		\$ 1,790,463
Time deposits, due within one year		3,564,420
		<u>5,354,883</u>
<b>Investments:</b>		
Cavanal Hill US Treasury Funds	AAAm	9,300
		<u>9,300</u>
<b>Total deposits and investments</b>		<u>\$ 5,364,183</u>
 <b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents		\$ 1,446,482
Restricted cash and cash equivalents		353,281
Investments		3,311,145
Noncurrent restricted investments		253,275
		<u>\$ 5,364,183</u>

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*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, 2013, 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.
- 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.

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*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, 2013 are as follows:

	Current Cash and cash equivalents	Noncurrent Investments
Utility Deposits	\$ -	\$ 253,275
Capital Improvement	343,981	-
Trustee Accounts: 2006 Interest Fund	9,300	-
<b>Total</b>	<b>\$ 353,281</b>	<b>\$ 253,275</b>

### 3. Accounts and Notes Receivable

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

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
<b>Governmental Activities:</b>			
Ambulance receivable	\$ 1,044,008	\$ (797,598)	\$ 246,410
Court fines	37,502	(18,554)	18,948
Total Governmental Activities	\$ 1,081,510	\$ (816,152)	\$ 265,358
<b>Business-Type Activities:</b>			
Utilities	\$ 1,607,478	\$ (28,118)	\$ 1,579,360
Sale of surplus receivable	80,500	-	80,500
Total Business-Type Activities	\$ 1,687,978	\$ (28,118)	\$ 1,659,860

### 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, 2013, capital assets balances changed as follows:

	Balance at July 1, 2012	Additions	Disposals	Balance at June 30, 2013
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 932,453	\$ 217,988	\$ -	\$ 1,150,441
Construction in progress	1,464,788	1,124,189	486,453	2,102,524
Total capital assets not being depreciated	<u>2,397,241</u>	<u>1,342,177</u>	<u>486,453</u>	<u>3,252,965</u>
Other capital assets:				
Buildings	2,023,939	60,646	-	2,084,585
Improvements	1,088,030	280,034	-	1,368,064
Infrastructure	6,669,521	-	-	6,669,521
Machinery, furniture and equipment	3,135,585	42,685	-	3,178,270
Total other capital assets at historical cost	<u>12,917,075</u>	<u>383,365</u>	<u>-</u>	<u>13,300,440</u>
Less accumulated depreciation for:				
Buildings	1,006,625	47,590	-	1,054,215
Improvements	507,236	60,861	-	568,097
Infrastructure	1,844,156	166,807	-	2,010,963
Machinery, furniture and equipment	2,134,386	179,223	-	2,313,609
Total accumulated depreciation	<u>5,492,403</u>	<u>454,481</u>	<u>-</u>	<u>5,946,884</u>
Other capital assets, net	<u>7,424,672</u>	<u>(71,116)</u>	<u>-</u>	<u>7,353,556</u>
Governmental activities capital assets, net	<u>\$ 9,821,913</u>	<u>\$ 1,271,061</u>	<u>\$ 486,453</u>	<u>\$ 10,606,521</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,249,269	\$ -	\$ -	\$ 1,249,269
Total capital assets not being depreciated	<u>1,249,269</u>	<u>-</u>	<u>-</u>	<u>1,249,269</u>
Other capital assets:				
Buildings	3,475,745	-	-	3,475,745
Improvements	2,075,456	23,530	-	2,098,986
Machinery, furniture and equipment	2,849,063	15,407	10,000	2,854,470
Utility property	13,972,218	32,500	-	14,004,718
Infrastructure	1,308,580	-	-	1,308,580
Total other capital assets at historical cost	<u>23,681,062</u>	<u>71,437</u>	<u>10,000</u>	<u>23,742,499</u>
Less accumulated depreciation for:				
Buildings	1,203,571	72,745	-	1,276,316
Improvements	920,087	46,004	-	966,091
Machinery, furniture and equipment	2,115,081	112,989	4,333	2,223,737
Utility property improvements	4,139,234	234,487	-	4,373,721
Infrastructure	325,639	37,412	-	363,051
Total accumulated depreciation	<u>8,703,612</u>	<u>503,637</u>	<u>4,333</u>	<u>9,202,916</u>
Other capital assets, net	<u>14,977,450</u>	<u>(432,200)</u>	<u>5,667</u>	<u>14,539,583</u>
Business-type activities capital assets, net	<u>\$ 16,226,719</u>	<u>\$ (432,200)</u>	<u>\$ 5,667</u>	<u>\$ 15,788,852</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	\$ 19,862	Power and light	\$ 105,679
Public safety	154,513	Water	171,209
Highways and streets	164,856	Sewer	121,447
Culture, tourism, and recreation	96,874	Sanitation	17,818
Health and welfare	13,695	Administration	1,968
Airport	4,681	Pool	71,787
	<u>\$ 454,481</u>	Golf	8,666
		Economic development	5,063
			<u>\$ 503,637</u>

### 5. Debt and Debt Service Requirements

For the year ended June 30, 2013, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Capital lease payable	\$ 80,169	\$ -	\$ 36,061	\$ 44,108	\$ 36,737
Accrued compensated absences	251,932	67,801	33,900	285,833	28,583
Total Governmental Activities	<u>\$ 332,101</u>	<u>\$ 67,801</u>	<u>\$ 69,961</u>	<u>\$ 329,941</u>	<u>\$ 65,320</u>
<b>Business-Type Activities:</b>					
Notes Payable	\$ 840,000	\$ -	\$ 70,000	\$ 770,000	\$ 80,000
Deposits subject to refund	377,974	44,842	39,693	383,123	38,312
Accrued compensated absences	199,236	55,665	27,860	227,041	22,702
Total Business-Type Activities	<u>1,417,210</u>	<u>100,507</u>	<u>137,553</u>	<u>1,380,164</u>	<u>141,014</u>
Total Long-Term Debt	<u>\$ 1,749,311</u>	<u>\$ 168,308</u>	<u>\$ 207,514</u>	<u>\$ 1,710,105</u>	<u>\$ 206,334</u>

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

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*Governmental activities long-term debt:*

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

Capital Lease Payable:

Lease payable to NBC Oklahoma of Kingfisher for the lease/purchase of 1998 ladder fire truck. Monthly payments of \$3,193 including interest at 3.5%, final payment due September 2014.

	\$ 44,108
Total Capital Leases Payable	\$ 44,108
Current portion	36,737
Noncurrent portion	7,371
Total Capital Leases Payable	\$ 44,108

Accrued Compensated Absences:

	\$ 28,583
Current portion	28,583
Noncurrent portion	257,250
Total Accrued Compensated Absences	\$ 285,833

*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

	\$ 770,000
Total Notes Payable	\$ 770,000
Current portion	\$ 80,000
Noncurrent portion	690,000
Total Notes Payable	\$ 770,000

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Meter Deposit Liability:

	Current portion	\$ 38,312
	Noncurrent portion	344,811
	<b>Total Meter Deposit Liability</b>	<b><u>\$ 383,123</u></b>

Accrued Compensated Absences:

	Current portion	\$ 22,702
	Noncurrent portion	204,339
	<b>Total Accrued Compensated Absences</b>	<b><u>\$ 227,041</u></b>

Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>		<u>Governmental Activities</u>	
		<u>Capital</u>	
		<u>Lease obligations</u>	
		<u>Principal</u>	<u>Interest</u>
	2014	36,737	1,029
	2015	7,371	55
	<b>Totals</b>	<b><u>\$ 44,108</u></b>	<b><u>\$ 1,084</u></b>

The asset acquired through capital lease is recorded as follows:

Machinery and equipment	\$173,000
Less: Accumulated depreciation	<u>(110,528)</u>
<b>Total</b>	<b><u>\$62,472</u></b>

<u>Year Ending June 30,</u>		<u>Business-Type Activities</u>	
		<u>Notes Payable</u>	
		<u>Principal</u>	<u>Interest</u>
	2014	\$ 80,000	\$ 30,750
	2015	80,000	27,470
	2016	80,000	24,190
	2017	85,000	20,808
	2018	95,000	17,220
	2019-2022	350,000	29,213
	<b>Totals</b>	<b><u>\$ 770,000</u></b>	<b><u>\$ 149,651</u></b>

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*Non-Commitment Debt:*

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

Outstanding balance at June 30, 2013                      \$1,835,000

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

Outstanding balance at June 30, 2013                      \$4,270,000

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, 2013                      \$24,260,000

*Governmental activities short-term debt:*

Note Payable:

Promissory note for the Starlight project dated August 1, 2012, 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, 2013 with an interest rate of 2.500%.

	\$ 528,078
Total Notes Payable	<u>\$ 528,078</u>
Current portion	\$ 528,078
Noncurrent portion	-
Total Notes Payable	<u>\$ 528,078</u>

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**Pledge of Future Revenues**

*Sales Tax Pledge* - The City has pledged one cent (or 33%) of future sales tax revenues to repay \$25,000,000 of Series 2007 Hospital and Sales Tax Revenue Bonds. Proceeds from the notes provided financing for certain hospital facilities. The bonds are payable through 2042, however, the pledged sales tax revenues are only pledged through 2032. The total principal and interest payable for the remainder of the life of these bonds is \$54,948,800. Pledged sales taxes received in the current year were \$938,598. 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 \$934,398 and were 99.6% 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 \$919,650. Pledged sales taxes received in the current year were \$467,199. Debt service payments of \$103,728 for the current fiscal year were 22.2% of the pledged sales taxes.

**6. Internal and Interfund Balances and Transfers**

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net 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.

*Transfers:*

Internal transfers between funds and activities for the year ended June 30, 2013 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Airport	\$ 65,000	Operating subsidy
KPWA	Airport	100,000	Operating subsidy
KPWA	General Fund	660,000	Operating subsidy
KRA	KRACIP	5,000	Operating subsidy
KRA	KPWA	312,000	Operating subsidy
General Fund	CIF	30,000	Operating subsidy
KPWACIF	KPWA	250,000	Operating subsidy
Hotel/Motel Fund	General Fund	1,624	Administrative fee
Total		<u>\$ 1,423,624</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 826,624	\$ (66,624)	\$ 760,000
Proprietary Funds	317,000	(1,133,186)	(816,186)
	<u>\$ 1,143,624</u>	<u>\$ (1,199,810)</u>	<u>(56,186)</u>

**Reconciliation to Statement of Activities:**

Governmental Funds	\$ 760,000
Transfer of business-type activity asset to governmental activity	56,186
Transfers - internal activity	<u>\$ 816,186</u>

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*Balances:*

Interfund receivable and payables at June 30, 2013 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 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 Employees Retirement System (OPERS) – a state-wide cost-sharing plan

### *Firefighters' Plan:*

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

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

### *Police Plan:*

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

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

The state made on-behalf payments of \$52,046 for the police pension system and \$196,034 for the fire pension during the current fiscal year. These payments are reported as both intergovernmental revenues and public safety expenses.

### *Employee Plan:*

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

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

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*Summary of Contributions – Cost Sharing Plans:*

Oklahoma Police Pension and Retirement System			Oklahoma Firefighter's Pension and Retirement System			Oklahoma Public Employees Retirement System		
Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed	Fiscal Year	Required Contribution	Percentage Contributed
2011	\$ 49,394	100%	2011	\$ 79,155	100%	2011	\$ 160,719	100%
2012	53,344	100%	2012	79,765	100%	2012	171,639	100%
2013	57,353	100%	2013	84,948	100%	2013	176,774	100%

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule (Budgetary Basis)– General Fund – Fiscal Year Ended June 30, 2013**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 999,278	\$ 999,278	\$ 999,278	\$ -
<b>Resources (Inflows):</b>				
<b>TAXES:</b>				
Sales tax	2,550,000	2,775,000	2,815,794	40,794
Use tax	430,000	430,000	433,397	3,397
Franchise tax	81,000	81,000	74,626	(6,374)
<b>Total Taxes</b>	<u>3,061,000</u>	<u>3,286,000</u>	<u>3,323,817</u>	<u>37,817</u>
<b>INTERGOVERNMENTAL:</b>				
Alcoholic beverage tax	49,000	49,000	50,517	1,517
Grants	-	73,678	53,883	(19,795)
<b>Total Intergovernmental</b>	<u>49,000</u>	<u>122,678</u>	<u>104,400</u>	<u>(18,278)</u>
<b>CHARGES FOR SERVICES:</b>				
Ambulance	210,000	275,000	282,177	7,177
Ambulance District #522	245,000	245,000	236,022	(8,978)
Interments	22,500	22,500	22,313	(187)
Inspection fees	500	500	455	(45)
Rentals	700	700	1,440	740
<b>Total Charges for Services</b>	<u>478,700</u>	<u>543,700</u>	<u>542,407</u>	<u>(1,293)</u>
<b>FINES AND FORFEITURES:</b>				
Police fines	40,000	40,000	26,221	(13,779)
Library fines	5,500	5,500	5,982	482
<b>Total Fines and Forfeitures</b>	<u>45,500</u>	<u>45,500</u>	<u>32,203</u>	<u>(13,297)</u>
<b>LICENSES AND PERMITS:</b>				
Permits	7,000	7,000	12,683	5,683
Licenses	4,500	4,500	6,603	2,103
<b>Total Licences and Permits</b>	<u>11,500</u>	<u>11,500</u>	<u>19,286</u>	<u>7,786</u>
<b>MISCELLANEOUS:</b>				
Monument setting fee	2,500	2,500	2,650	150
Burial plot sales	12,000	12,000	10,975	(1,025)
Leases/oil royalty	8,000	8,000	4,139	(3,861)
Reimbursements	21,000	21,000	56,185	35,185
Police training	3,000	3,000	1,635	(1,365)
Sale of surplus property	-	-	677	677
Restitution	-	-	71	71
Check charges	100	100	25	(75)
OK Building Code Fees	500	500	570	70
Miscellaneous	3,000	3,000	4,144	1,144
Donations	-	-	305	305
<b>Total Miscellaneous</b>	<u>50,100</u>	<u>50,100</u>	<u>81,376</u>	<u>31,276</u>
<b>INTEREST:</b>				
Interest - Checking	2,500	2,500	3,457	957
Interest - C.D.'S	7,350	7,350	6,519	(831)
<b>Total Interest</b>	<u>9,850</u>	<u>9,850</u>	<u>9,976</u>	<u>126</u>
<b>Total Revenue</b>	<u>3,705,650</u>	<u>4,069,328</u>	<u>4,113,465</u>	<u>44,137</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	661,500	661,500	661,624	124
<b>Total Other Financing Sources</b>	<u>661,500</u>	<u>661,500</u>	<u>661,624</u>	<u>124</u>
<b>Total revenues and other financing sources</b>	<u>4,367,150</u>	<u>4,730,828</u>	<u>4,775,089</u>	<u>44,261</u>
<b>Amounts available for appropriation</b>	<u>\$ 5,366,428</u>	<u>\$ 5,730,106</u>	<u>\$ 5,774,367</u>	<u>\$ 44,261</u>

(continued)

**CITY OF KINGFISHER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Fiscal Year Ended June 30, 2013**

**Budgetary Comparison Schedule (Budgetary Basis) – General Fund – Fiscal Year Ended June 30, 2013 (Continued)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Charges to Appropriations (Outflows):</b>				
<b>COMMISSIONERS:</b>				
Personal services	\$ 8,075	\$ 8,075	\$ 7,751	\$ 324
Other services and charges	500	500	714	(214)
<b>Total Managerial</b>	<b>8,575</b>	<b>8,575</b>	<b>8,465</b>	<b>110</b>
<b>CITY TREASURER:</b>				
Personal services	72,720	71,520	70,914	606
Materials and supplies	1,100	1,100	687	413
Other services and charges	2,100	2,100	1,353	747
<b>Total City Treasurer</b>	<b>75,920</b>	<b>74,720</b>	<b>72,954</b>	<b>1,766</b>
<b>ATTORNEY:</b>				
Personal services	24,574	28,574	28,037	537
Other services and charges	200	200	273	(73)
<b>Total Attorney</b>	<b>24,774</b>	<b>28,774</b>	<b>28,310</b>	<b>464</b>
<b>GENERAL GOVERNMENT:</b>				
Personal services	31,666	31,666	31,190	476
Materials and supplies	25,050	20,550	14,672	5,878
Other services and charges	166,200	226,500	200,714	25,786
Capital outlay	-	-	9,460	(9,460)
<b>Total General Government</b>	<b>222,916</b>	<b>278,716</b>	<b>256,036</b>	<b>22,680</b>
<b>MUNICIPAL COURT</b>				
Personal services	19,903	19,903	19,705	198
Materials and supplies	700	700	17	683
Other services and charges	500	500	1,092	(592)
<b>Total Municipal Court</b>	<b>21,103</b>	<b>21,103</b>	<b>20,814</b>	<b>289</b>
<b>POLICE:</b>				
Personal services	767,541	757,541	757,924	(383)
Materials and supplies	55,900	52,900	48,244	4,656
Other services and charges	38,000	36,000	32,752	3,248
Capital outlay	10,540	10,540	12,173	(1,633)
<b>Total Police</b>	<b>871,981</b>	<b>856,981</b>	<b>851,093</b>	<b>5,888</b>
<b>FIRE:</b>				
Personal services	990,232	1,019,232	1,020,063	(831)
Materials and supplies	73,200	113,200	112,405	795
Other services and charges	78,200	94,200	92,130	2,070
Debt service	38,318	38,318	38,317	1
<b>Total Fire</b>	<b>1,179,950</b>	<b>1,264,950</b>	<b>1,262,915</b>	<b>2,035</b>
<b>STREET:</b>				
Personal services	250,298	256,298	256,272	26
Materials and supplies	49,900	61,900	59,328	2,572
Other services and charges	27,700	38,700	36,510	2,190
Capital outlay	-	76,000	-	76,000
Debt service	120,000	120,000	120,000	-
<b>Total Street</b>	<b>447,898</b>	<b>552,898</b>	<b>472,110</b>	<b>80,788</b>
<b>PARK AND RECREATION:</b>				
Personal services	83,694	90,694	87,048	3,646
Materials and supplies	32,530	34,530	29,771	4,759
Other services and charges	5,200	5,200	4,722	478
Capital Outlay	-	-	164	(164)
<b>Total Park and Recreation</b>	<b>121,424</b>	<b>130,424</b>	<b>121,705</b>	<b>8,719</b>

(continued)

**CITY OF KINGFISHER, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Fiscal Year Ended June 30, 2013**

**Budgetary Comparison Schedule (Budgetary Basis) – General Fund– Fiscal Year Ended June 30, 2013, (Continued)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Charges to Appropriations (Outflows):</b>				
<b>LIBRARY</b>				
Personal services	\$ 221,386	\$ 221,386	\$ 219,251	\$ 2,135
Materials and supplies	16,600	16,600	20,254	(3,654)
Other services and charges	23,950	23,950	16,963	6,987
Capital outlay	25,000	35,778	30,676	5,102
Total Library	<u>\$ 286,936</u>	<u>\$ 297,714</u>	<u>\$ 287,144</u>	<u>\$ 10,570</u>
<b>CEMETERY:</b>				
Personal services	123,807	112,507	110,633	1,874
Materials and supplies	24,850	24,850	24,300	550
Other services and charges	4,500	4,500	4,018	482
Capital outlay	500	500	-	500
Total Cemetery	<u>153,657</u>	<u>142,357</u>	<u>138,951</u>	<u>3,406</u>
<b>BUILDING INSPECTOR:</b>				
Personal services	62,240	61,240	60,641	599
Material and supplies	1,700	1,700	1,024	676
Other services and charges	7,050	4,050	4,123	(73)
Capital outlay	-	-	-	-
Total Building Inspector	<u>70,990</u>	<u>66,990</u>	<u>65,788</u>	<u>1,202</u>
<b>Total General Fund Expenditures</b>	<u>3,486,124</u>	<u>3,724,202</u>	<u>3,586,285</u>	<u>137,917</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	25,000	95,000	95,000	-
Sales tax transfer to hospital	850,000	925,000	938,598	(13,598)
Total Other Financing Uses	<u>875,000</u>	<u>1,020,000</u>	<u>1,033,598</u>	<u>(13,598)</u>
<b>Total expenditures and other financing uses</b>	<u>4,381,124</u>	<u>4,744,202</u>	<u>4,619,883</u>	<u>124,319</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 1,005,304</u>	<u>\$ 985,904</u>	<u>\$ 1,154,484</u>	<u>\$ 168,580</u>

See accompanying notes to budgetary comparison schedules.

**CITY OF KINGFISHER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**Budgetary Comparison Schedule (Budgetary Basis) – Flood Control Fund – Fiscal Year Ended June 30, 2013**

	FLOOD CONTROL			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 8,596	\$ 8,596	\$ 8,596	\$ -
<b>Resources (Inflows):</b>				
Grants	3,500,000	3,500,000	1,287,857	(2,212,143)
Interest	500	500	1,079	579
<b>Total Revenue</b>	<u>3,500,500</u>	<u>3,500,500</u>	<u>1,288,936</u>	<u>(2,211,564)</u>
<b>Amounts available for appropriation</b>	<u>\$3,509,096</u>	<u>\$3,509,096</u>	<u>\$1,297,532</u>	<u>\$ (2,211,564)</u>
<b>FLOOD:</b>				
Other services and charges	\$ 500	\$ 765,500	\$ 640,852	\$ 124,648
Capital outlay	3,500,000	2,735,000	19,399	2,715,601
<b>Total Expenditures</b>	<u>3,500,500</u>	<u>3,500,500</u>	<u>660,251</u>	<u>2,840,249</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 8,596</u>	<u>\$ 8,596</u>	<u>\$ 637,281</u>	<u>\$ 628,685</u>

**Budgetary Comparison Schedule (Budgetary Basis) – Airport Fund – Fiscal Year Ended June 30, 2013**

	AIRPORT			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 604,259	\$ 604,259	\$ 604,259	\$ -
<b>Resources (Inflows):</b>				
Grants	-	357,588	344,158	(13,430)
Airport fees	12,000	12,000		(12,000)
Aviation fuel sales	10,000	10,000	1,725	(8,275)
Property rents	7,200	7,200	8,301	1,101
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	15,000	165,000	165,000	-
<b>Total Revenue</b>	<u>44,200</u>	<u>551,788</u>	<u>519,184</u>	<u>(32,604)</u>
<b>Amounts available for appropriation</b>	<u>\$ 648,459</u>	<u>\$1,156,047</u>	<u>\$1,123,443</u>	<u>\$ (32,604)</u>
<b>AIRPORT:</b>				
Material and supplies	\$ 2,150	\$ 2,150	\$ 276	\$ 1,874
Other services and charges	42,050	30,050	18,497	11,553
Capital outlay	-	1,092,000	1,084,189	7,811
<b>Total Expenditures</b>	<u>44,200</u>	<u>1,124,200</u>	<u>1,102,962</u>	<u>21,238</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 604,259</u>	<u>\$ 31,847</u>	<u>\$ 20,481</u>	<u>\$ (11,366)</u>

**CITY OF KINGFISHER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Fiscal Year Ended June 30, 2013**

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**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:

Sales tax transfer to hospital	9,398
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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	\$ 4,775,089
Less: budgetary expenses and transfers	<u>(4,619,883)</u>
Net Change to Budgetary Fund Balance	155,206
Change in revenue accruals	349,386
Change in expenditure accruals	(154,586)
Capital Improvement sub-account change in balance	<u>52,859</u>
Change in Fund Balance	<u><u>\$ 402,865</u></u>

**CITY OF KINGFISHER, OKLAHOMA  
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**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF KINGFISHER, OKLAHOMA**  
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**Combining Balance Sheet – General Fund Accounts – June 30, 2013**

	<b>General Fund</b>	<b>Sick Leave Buy Back Fund</b>	<b>Total General Fund Accounts</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 331,264	\$ 19,733	\$ 350,997
Investments	1,000,000	-	1,000,000
Due from other governments	582,360	-	582,360
Court fines receivable, net	18,948	-	18,948
Ambulance receivable, net	246,410	-	246,410
Other receivables	22,617	-	22,617
Deposits with insurance pool	119,549	-	119,549
Total assets	\$ 2,321,148	\$ 19,733	\$ 2,340,881
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 137,694	\$ -	\$ 137,694
Due to other funds	19,693	-	19,693
Short-term note payable	528,078	-	528,078
Sales tax due to hospital	168,799	-	168,799
Total liabilities	854,264	-	854,264
 Deferred Inflows of resources:			
Deferred revenue	207,670	-	207,670
 Fund balances:			
Restricted for:			
Insurance	119,549	-	119,549
Committed to:			
Economic Stabilization	940,140	-	940,140
Assigned to:			
Capital Improvements	199,525	-	199,525
Sick leave buy back	-	19,733	19,733
Total fund balances	1,259,214	19,733	1,278,947
Total liabilities, deferred inflows and fund balances	\$ 2,321,148	\$ 19,733	\$ 2,340,881

**CITY OF KINGFISHER, OKLAHOMA**  
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**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Fiscal Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Sick Leave Buy Back Fund</u>	<u>Total General Fund Accounts</u>
<b>REVENUES</b>			
Taxes	\$ 3,354,361	\$ -	\$ 3,354,361
Fines and forfeitures	35,434	-	35,434
Licenses and permits	19,286	-	19,286
Intergovernmental	358,277	-	358,277
Charges for services	662,964	-	662,964
Investment earnings	9,976	-	9,976
Miscellaneous	81,072	-	81,072
Donations	305	-	305
Total revenues	<u>4,521,675</u>	<u>-</u>	<u>4,521,675</u>
<b>EXPENDITURES</b>			
Current:			
General government	250,229	-	250,229
City Treasurer	73,048	-	73,048
City Attorney	28,591	-	28,591
Municipal Court	20,844	-	20,844
Police	893,378	-	893,378
Fire	1,420,857	-	1,420,857
Highways and streets	341,189	-	341,189
Culture, tourism and recreation	121,891	-	121,891
Cemetery	136,954	-	136,954
Administrative	8,468	-	8,468
Library	256,803	-	256,803
Principal	36,061	-	36,061
Interest and other charges	25,676	-	25,676
Capital Outlay	167,047	-	167,047
Total Expenditures	<u>3,781,036</u>	<u>-</u>	<u>3,781,036</u>
Revenues over (under) expenditures	<u>740,639</u>	<u>-</u>	<u>740,639</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	661,624	-	661,624
Transfers out	(65,000)	-	(65,000)
Sales tax payment to hospital	(934,398)	-	(934,398)
Total other financing sources (uses)	<u>(337,774)</u>	<u>-</u>	<u>(337,774)</u>
Revenues and other sources over (under) expenditures and other uses	402,865	-	402,865
Fund balances - beginning	856,349	19,733	876,082
Fund balances - ending	<u>\$ 1,259,214</u>	<u>\$ 19,733</u>	<u>\$ 1,278,947</u>

**CITY OF KINGFISHER, OKLAHOMA**  
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**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2012**

	<u>Street and Alley Fund</u>	<u>Cemetery Care Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>Military Memorial Fund</u>	<u>Overstreet Memorial Fund</u>	<u>Library Endowment Fund</u>	<u>Total-Other Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 195,336	\$ 97,623	\$ -	\$ 11,391	\$ 55,431	\$ 30,263	\$ 390,044
Investments	-	60,079	-	95,000	10,000	296,066	461,145
Due from other governments	7,487	-	-	-	-	-	7,487
Total assets	<u>\$ 202,823</u>	<u>\$ 157,702</u>	<u>\$ -</u>	<u>\$ 106,391</u>	<u>\$ 65,431</u>	<u>\$ 326,329</u>	<u>\$ 858,676</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Total liabilities	-	-	-	-	-	-	-
<b>Fund balances:</b>							
Nonspendable	-	-	-	-	-	50,000	50,000
<b>Restricted for:</b>							
Cemetery Capital Improvements	-	157,702	-	-	-	-	157,702
Library	-	-	-	-	-	288,041	288,041
Streets	202,823	-	-	-	-	-	202,823
Military Memorial improvements benefiting citizens	-	-	-	106,391	65,116	-	106,391 65,116
<b>Assigned to:</b>							
Library	-	-	-	-	-	8,288	8,288
Improvements benefiting citizens	-	-	-	-	315	-	315
Total fund balances	<u>202,823</u>	<u>157,702</u>	<u>-</u>	<u>106,391</u>	<u>65,431</u>	<u>326,329</u>	<u>858,676</u>
Total liabilities and fund balances	<u>\$ 202,823</u>	<u>\$ 157,702</u>	<u>\$ -</u>	<u>\$ 106,391</u>	<u>\$ 65,431</u>	<u>\$ 326,329</u>	<u>\$ 858,676</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Fiscal Year Ended June 30, 2012**

	<u>Street and Alley Fund</u>	<u>Cemetery Care Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>Military Memorial Fund</u>	<u>Overstreet Memorial Fund</u>	<u>Library Endowment Fund</u>	<u>Total-Other Governmental Funds</u>
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ 16,236	\$ -	\$ -	\$ -	\$ 16,236
Intergovernmental	41,645	-	-	-	-	-	41,645
Charges for services	-	11,113	-	-	-	-	11,113
Investment earnings	-	459	-	708	69	2,334	3,570
Miscellaneous	-	200	-	-	18,319	-	18,519
Donations	-	-	-	175	-	647	822
Total revenues	<u>41,645</u>	<u>11,772</u>	<u>16,236</u>	<u>883</u>	<u>18,388</u>	<u>2,981</u>	<u>91,905</u>
<b>EXPENDITURES</b>							
<b>Current:</b>							
Highways and streets	-	-	-	-	69	-	69
Culture, tourism and recreation	-	-	14,612	-	-	-	14,612
Capital Outlay	-	-	-	-	-	2,110	2,110
Total Expenditures	<u>-</u>	<u>-</u>	<u>14,612</u>	<u>-</u>	<u>69</u>	<u>2,110</u>	<u>16,791</u>
Revenues over (under) expenditures	<u>41,645</u>	<u>11,772</u>	<u>1,624</u>	<u>883</u>	<u>18,319</u>	<u>871</u>	<u>75,114</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers out	-	-	(1,624)	-	-	-	(1,624)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,624)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,624)</u>
Revenues and other sources over (under) expenditures and other uses	<u>41,645</u>	<u>11,772</u>	<u>-</u>	<u>883</u>	<u>18,319</u>	<u>871</u>	<u>73,490</u>
Fund balances - beginning	161,178	145,930	-	105,508	47,112	325,458	785,186
Fund balances - ending	<u>\$ 202,823</u>	<u>\$ 157,702</u>	<u>\$ -</u>	<u>\$ 106,391</u>	<u>\$ 65,431</u>	<u>\$ 326,329</u>	<u>\$ 858,676</u>

**CITY OF KINGFISHER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Fiscal Year Ended June 30, 2013**

**Schedule of Expenditures of State Awards**

<b>State Grantor/Pass Through Agency Grantor/Program Title</b>	<b>Pass-thru Grant #</b>	<b>Award Amount</b>	<b>Awards Expended</b>
<b>STATE AWARDS:</b>			
<b>Department of Libraries:</b>			
State Aid FY 2013	N/A	\$ 10,778	\$ 9,934
<b>Kingfisher County Conservation District:</b>			
Flood Control Project	N/A	614,676	562,833
<b>Department of Agriculture:</b>			
State Aid FY 2013	N/A	4,484	4,484
<b>Oklahoma Aeronautics Commission</b>			
Airport Improvement	N/A	400,000	290,252
<b>Department of Emergency Management:</b>			
Public Utilities Grant	N/A	1,578	1,578
<b>TOTAL STATE AWARDS</b>		<b>\$ 1,031,516</b>	<b>\$ 869,081</b>

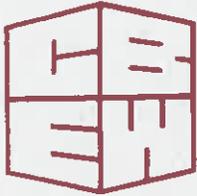
**Footnotes to Schedule of Expenditures of State Awards:**

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.

**CITY OF KINGFISHER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE INFORMATION**



**CBEW**  
**Professional**  
**Group, LLP**  
Certified Public Accountants

DON K. ETHRIDGE, CPA  
WALTER H. WEBB, CPA  
JANE FRAZIER, CPA  
CHARLES E. CROOKS, CPA  
TRISHA J. RIEMAN, CPA

206 N. HARRISON ● P.O. BOX 790 ● CUSHING, OKLAHOMA 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**

January 8, 2014

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, 2013, 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 January 8, 2014.

***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.

City of Kingfisher  
January 8, 2014

***Compliance and Other Matters***

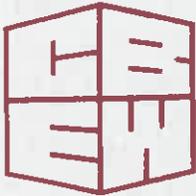
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 communication is not suitable for any other purpose.

*CBEW Professional Group, LLP*

CBEW Professional Group, LLP  
Certified Public Accountants



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY OMB CIRCULAR A-133**

January 8, 2014

Honorable Board of City Commissioners  
City of Kingfisher  
Kingfisher, Oklahoma

***Report on Compliance for Each Major Federal Program***

We have audited the City of Kingfisher, Oklahoma (City)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance

***Opinion on Each Major Federal Program***

In our opinion, City of Kingfisher, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of City of Kingfisher, Oklahoma (the City), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*CBEW Professional Group, LLP*

CBEW Professional Group, LLP  
Certified Public Accountants

**CITY OF KINGFISHER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Fiscal Year Ended June 30, 2013**

**Schedule of Expenditures of Federal Awards**

<b>Federal/State Grantor/Pass Through Agency Grantor/Program Title</b>	<b>CFDA #</b>	<b>Pass-thru Grant #</b>	<b>Award Amount</b>	<b>Awards Expended</b>
<b>FEDERAL AWARDS:</b>				
U.S. Department of Transportation:				
Passed through Oklahoma Department of Transportation:				
Safe Routes to School (Infrastructure)	20.205	SRS-155F(710)ST-SRA-1011	200,000	42,432
Safe Routes to School (Non-Infrastructure)	20.205	SRS-155F(709)ST-SRA-1011	20,000	2,410
<b>Total U.S. Department of Transportation</b>			<u>220,000</u>	<u>44,842</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	160,254	11,285
Hazard Mitigation	97.039	FEMA-1883-DR-OK Project #34	5,823,842	478,626
Public Utilities Grant	97.036	FEMA-4109-DR-OK PW 42	9,466	9,466
<b>Total U.S. Department of Homeland Security</b>			<u>5,993,562</u>	<u>499,377</u>
U.S. Department of Housing and Urban Development:				
Passed through Oklahoma Department of Commerce:				
CDBG	14.228	14313 CDBG 10	123,700	7,422
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 6,337,262</u>	<u>\$ 551,641</u>

CITY OF KINGFISHER  
Kingfisher, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2013

**SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements:*

Type of Auditor's Report Issued: An unqualified opinion on the basic financial statements.

Internal Control Over Financial Reporting:

Material Weakness(es) identified?  Yes  No

Significant Deficiencies identified not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards:*

Type of auditors report issued on compliance for major programs: Unqualified

Internal Control Over Major Programs:

Material Weakness(es) identified?  Yes  No

Significant Deficiencies identified not considered to be material weaknesses? None reported

Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?  Yes  No

Dollar threshold used to distinguish Type A and Type B programs \$300,000

Auditee Qualified as low-risk auditee?  Yes  No

*Identification of Major Programs:*

CFDA#

97.039 Hazard Mitigation Grant

**FINDINGS - FINANCIAL STATEMENT AUDIT**

1. None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

1. None

**CITY OF KINGFISHER  
Kingfisher, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2013**

There were no prior year audit findings.