

**Independent Accountants' Compilation Report on
Annual Survey of City and Town Finances
Pursuant to Section 17-105.1 of Title 11
of the Oklahoma Statutes**

Honorable Mayor and City Council
City of Poteau, Oklahoma

We have compiled the financial schedules as of and for the year ended June 30, 2012, of the City of Poteau, Oklahoma, included in the accompanying Annual Survey of City and Town Finances (SA&I Form 2643). We have not audited or reviewed the accompanying financial schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial schedules are in accordance with the form prescribed by the Office of the State Auditor and Inspector of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the schedules in the form prescribed by the Office of the State Auditor and Inspector of the State of Oklahoma and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial schedules.

Our responsibility is to conduct the compilation in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting the financial schedules in the form prescribed by the Office of the State Auditor and Inspector of the State of Oklahoma without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial schedules.

These financial schedules are presented in accordance with the reporting requirements of the Office of the State Auditor and Inspector of the State of Oklahoma, and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America. This report is intended solely for the information of the City of Poteau and the State Auditor and Inspector of the State of Oklahoma and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

September 17, 2013

Part IB OTHER REVENUES — Other than tax and intergovernmental revenues — Continued			
Enter below amounts of the stated types of revenue (net of refunds and interfund transfers) received by your government during the fiscal year. Be sure to include revenues of all funds other than the exceptions noted in the special instructions.			
2. Other sales and service revenue — Continued	Amount (Omit cents)	5. Interest earnings — Interest received on all deposits and investment holdings of your government and its agencies excluding earnings of any employee pension fund.	Amount (Omit cents)
d. Recreation charges (swimming, golf, auditoriums, etc.)	A61 167,189		U20 59,095
e. Airports — Include rentals and gross sales of gas and oil.	A01 216,129	6. Rents — Exclude housing, airport, and all other rental revenue reported from specific municipal services in item 2.	U40 1,800
f. Parking facilities (parking lots, garages, parking meters)	A60 0	7. Royalties — Compensation or portion of proceed from extraction of natural resources such as oil.	U41 0
g. Municipal housing project rentals (gross)	A50 0	8. Fines and forfeitures — (City or town share only)	U30 277,091
h. Ambulance services	A89 0	9. Private donations	U50 1,937,684
i. Miscellaneous commercial activities (cemeteries)	A03 24,301	10. Miscellaneous other revenue — Revenue of your government and its agencies not covered by items above, except tax and intergovernmental revenues, include insurance adjustments, etc. DO NOT include: (1) proceeds from borrowing; (2) receipts from sale of holdings; (3) transfers between funds or agencies of your government; or (4) employee's contributions to, and interest earnings of, any employee pension fund.	U99 278,567
j. Other (including miscellaneous fee collections)	A89 0	a. MISC	0
3. Special assessments — Compulsory contributions and reimbursements from owners or property benefited by improvements (streets, sewers, sidewalks, water extensions, etc.) Do not include proceeds from sales of special assessment bonds. Report maintenance assessments under item 2 on page 1.	U01 0	b.	0
4. Receipts from sale of property — Amounts from sale of realty, other than by tax sales, including property sold to other governments.	U11 0	c.	0
		TOTAL miscellaneous other revenue Sum of items 10a-10c. →	U99 278,567

Part II DIRECT EXPENDITURES BY PURPOSE AND TYPE				
Please note that payments made to other governments (State or local) should NOT be included in amounts reported here, but should be reported at part III.				
Enter below all amounts expended during the fiscal year for the purposes listed (net of interfund transfers). Be sure to include expenditures of all funds other than the exceptions noted in the instructions on the first page.				
Column (a) — Gross salaries and wages without deduction of withholdings for income taxes, employee contributions for Social Security or retirement		Column (b) — Enter in the appropriate functional category direct expenditure for supplies, materials, and contractual services.		Column (c) — Report construction outlays from all sources; i.e., bond proceeds, assessments, grants, etc.
PURPOSE	EXPENDITURES BY PURPOSE AND TYPE			
	Personal services (a)	Operations and maintenance (b)	CAPITAL OUTLAY	
			Construction (c)	Purchase of land, equipment, and structures (d)
GOVERNMENTAL ADMINISTRATION	E23	E23	F23	G23
1. Financial administration — Office of the finance director, auditor, comptroller, treasurer, tax assessment and collection, central accounting and purchasing services, budgeting, etc. (including related data processing, information technology).	12,591	0	0	0
2. Judicial and legal — All municipal court and court-related activities including juries, probate officials, prosecutors, public defenders, municipal attorneys, and legal departments. Exclude probation and parole (report in item 16).	136,916	17,224	0	0
3. Central administration — City council, aldermen or commissioners, mayor, manager, city clerk's office, recorder, planning, zoning, and personnel.	442,074	87,192	0	0
HEALTH AND WELFARE	E79	E79	F79	G79
4. Social services	106,542	59,209	0	0
5. Own hospitals — Construction and operation of hospitals by your government. Nursing homes are to be reported in item 7.	0	0	0	0
6. Other hospitals — Payments to hospitals operated privately. Exclude here and report in item 6, any payments under public welfare programs. Report payments to hospitals operated by other governments in part III.	0	0	0	0
7. Welfare institutions — Construction and operation of nursing homes and welfare institutions by your government for veterans and needy persons.	0	0	0	0
8. Health (other than hospitals) — All public health activities except provision of hospital care. Include environmental health activities; health regulation and inspection, water and air pollution control, mosquito control, and inspection of food handling establishments. Also include public health nursing, vital statistics collection, and all other services performed directly by the public health department. Report in item 6 payments under public welfare programs.	0	0	0	0
TRANSPORTATION	E44	E44	F44	G44
9. Highways — Construction and maintenance of municipal streets, sidewalks, bridges. Also includes street lighting, snow removal, and highway engineering, control, and safety. Exclude here and report in item 2 ff, street cleaning expenditure. Include in part III any payments to the State or county for highway purposes. Report interest on highway debt in item 22e.	369,872	485,046	0	106,574
10. Toll highways and facilities — Operation and maintenance of highways, roads, and bridges operated on fee or toll basis	0	0	0	0
11. Municipal airports	67,772	217,092	0	0
12. Parking facilities — Municipal garages, parking lots, etc., and all purchase and maintenance of meters (including on-street meters)	0	0	0	0
PUBLIC SAFETY	E62	E62	F62	G62
13. Police — Include municipal police agencies for preventing, controlling, or reducing crime; coroners, medical examiners; special police for highways, tunnels, bridges, and vehicular control; vehicular inspection activities; and traffic control and safety activities. Exclude highway engineering and planning (report in item 9).	1,555,307	322,321	0	107,917
14. Fire — All costs incurred for firefighting and fire prevention, including contributions to volunteer fire units. Include any municipal contribution to a State fire pension fund.	377,514	101,378	0	7,500

PURPOSE	EXPENDITURES BY PURPOSE AND TYPE			
	Personal services (a)	Operations and maintenance (b)	CAPITAL OUTLAY	
			Construction (c)	Purchase of land, equipment, and structures (d)
PUBLIC SAFETY — Continued	E04	E04	F04	G04
15. Correction institutions — Operation of facilities for confinement, correction and rehabilitation of adults or juveniles.	0	0	0	0
16. Other corrections — Probation and parole activities — But exclude "lock-up" operations (report in item 16).	E05 0	E05 0	F05 0	G05 0
17. Protection inspection and regulation, n.e.c. — Regulation of private enterprise for the protection of the public and inspection of hazardous activities (including building inspection), except when related to major functions, such as health, natural resources, etc.	E66 17,147	E66 6,103	F66 0	G66 0
AMBULANCE	E32	E32	F32	G32
18. All expenditures for city operated or subsidized ambulance services	0	0	0	0
CULTURE AND RECREATION	E61	E61	F61	G61
19. Parks, cultural activities, and other recreation — Include playgrounds, golf courses, swimming pools, museums, marinas, community music, drama, celebrations, and zoos.	435,645	638,763	0	2,205,208
20. Libraries — Include payments to nongovernmental libraries as well as libraries operated by the city. <i>Aid to other governmental libraries should be excluded and reported in part III.</i>	E52 13,290	E52 895,357	F52 0	G52 10,000
UTILITIES				
21. Gross expenditure for utility systems operated by your government. <i>Exclude interest (report in item 19); also exclude utility contributions to the parent government and deduct the cost of providing services to the parent government (e.g., for street lighting, hydrant rental, etc.).</i>	E91 252,623	E91 796,418	F910	G910
a. Water supply system				
b. Electric power system	E92 0	E92 0	F92 0	G92 0
c. Gas supply system	E93 0	E93 0	F93 0	G93 0
d. Transit system	E94 0	E94 0	F94 0	G94 0
e. Sewers and storm sewers — Construction, maintenance and operation of sanitary and storm sewer systems and sewage disposal plants	E80 387,761	E80 254,495	F80 0	G80 0
f. Solid waste and landfill — The collection and disposal of garbage and landfill operations	E81 115,471	E81 454,451	F81 0	G81 0
INTEREST ON DEBT				
22. Amounts of interest paid, including any interest on short-term or nonguaranteed obligations, as well as general obligations.	0	191 0	0	0
a. Water supply system				
b. Electric power system	0	192 0	0	0
c. Gas supply system	0	193 0	0	0
d. Transit system	0	194 0	0	0
e. All interest not covered by items 19a through 19d	0	189 119,251	0	0
ALL OTHER EXPENDITURES				
23. Include any amounts which have not been allocated above by purpose, such as: your employer contribution to a State administered retirement system or to the Federal Social Security System; judgments and insurance premiums; and municipal service agencies, such as a central garage or an engineering department, which serve more than one functional agency, and whose expenses are not allocated to the various departments. Do not include: (1) <i>Payments for retirement of debt</i> , (2) <i>payments for purchase of securities</i> , (3) <i>transfer between funds or agencies of your government</i> , or (4) <i>benefits and payments from distinct employee pension funds</i> .				
a. Housing and community development — Gross expenditure for urban renewal, slum clearance, municipal housing projects, and similar activities.	E50 0	E50 0	F50 0	G50 0
b. Economic development	E89 0	E89 139,146	F89 0	G89 0
c. Civil defense	E89 0	E89 0	F89 0	G89 0
d. Cemetery operations and maintenance	E03 107,266	E03 47,400	F03 0	G03 89,928
e. Miscellaneous commercial activities	E03 0	E03 0	F03 0	G03 0
Other — <i>Specify</i>	E89	E89	F89	G89
f. General Gov't	167,843	250,248	0	0
g.	0	0	0	0
h.	0	0	0	0

Part III INTERGOVERNMENTAL EXPENDITURES

Please detail all payments made to other governments for services or programs performed on a reimbursement or cost-sharing basis — e.g., for hospital care, highways, school tuition, or support, etc. (Such amounts should be excluded from expenditure figures reported in column (b) of part II.) Enter "None" if your government made no reportable payments to other governments during the fiscal year.

Item	Type of recipient government(s) (County, State, school districts, etc.) (a)	Amount (Omit cents) (b)	Item	Type of recipient government(s) (County, State, school districts, etc.) (a)	Amount (Omit cents) (b)
1.			5.		
2.			6.		
3.			7.		
4.			8.		

Part IV SALARIES, WAGES, AND FORCE ACCOUNT	Amount (Omit cents)
Report the total expenditure for salaries and wages included in column (a) of part II, as well as any salaries and wages paid on force account construction projects.	200 2,899,823

Part V DEBT OUTSTANDING, ISSUED, AND RETIRED — Report special obligations of all agencies of your government as well as general city or town debt.

1. Long-term debt — Bonds, mortgages, etc., with an original term of more than one year issued in the name of your government or of particular agencies. Include revenue and nonguaranteed special assessment bonds payable solely from pledged earnings or special assessments on property owners (column (e)). Report also general obligations and any debt backed by pledged resources but guaranteed by your government if these sources are insufficient (column (f)).

When an advance refunding has resulted in a legal or an in-substance defeasance, the debt may be considered extinguished, reported as retired in the year of defeasance and should not be reported herein in subsequent years.

	AMOUNT, BY PURPOSE (Omit cents)					
	Outstanding at beginning of fiscal year (a)	DURING FISCAL YEAR		Outstanding total (a) plus (b) minus (c) (d)	DETAIL OF LONG-TERM DEBT OUTSTANDING	
		Issued (b)	Retired (c)		Revenue and nonguaranteed bonds (e)	Guaranteed bonds (f)
a. Sewer debt	19U 1,055,002	29U 0	39U 125,681	49U 929,321	44U 0	41U 0
b. Water supply system debt	19U 0	29U 0	39U 0	49U 0	44U 0	41U 0
c. Electric power system debt	19U 0	29U 0	39U 0	49U 0	44U 0	41U 0
d. Gas supply system debt	19U 0	29U 0	39U 0	49U 0	44U 0	41U 0
e. Transit	19U 0	29U 0	39U 0	49U 0	44U 0	41U 0
f. Industrial revenue and pollution control debt	19T 1,500,000	24T 5,617,550	34T 385,941	44T 6,731,609	44T 0	41U 0
g. All other purposes	19U 0	29U 0	39U 0	49U 0	44U 0	41U 0
2. Short-term (interest-bearing) debt — Tax anticipation notes, bond anticipation notes, interest-bearing warrants, and other obligations with a term of one year or less — Exclude accounts payable and other noninterest-bearing obligations.	Amount (Omit cents)					
a. Amount outstanding at beginning of fiscal year						61V 0
b. Amount outstanding at end of fiscal year						64V 0

Part VI CASH AND INVESTMENTS HELD AT END OF FISCAL YEAR

Report separately for each of the three types of funds listed below, the total amount of cash on hand and on deposit and investments in Federal Government, Federal agency, State and local government, and non-governmental securities. Report all investments at carrying value. Include in the sinking fund total any mortgages and notes receivable held as offsets to housing and industrial financing loans. Exclude accounts receivable, value of real property, and all non-security assets. Assets obtained and held pursuant to an advance refunding that results in a legal or in-substance defeasance should not be reported herein.

Type of fund	Amount at end of fiscal year (Omit cents)
1. Sinking funds — Reserves held for redemption of long-term debt. All cash held for statutory sinking fund and revenue bond related accounts and any other reserves held for redemption of long-term debt.	W01 0
2. Bond funds — Unexpended proceeds from sale of G.O. and revenue bond issues held pending disbursement	W31 0
3. All other funds except employee retirement funds	W61 11,509,125
4. Retirement systems — Single employer plans only	0

Remarks

Part VII AUDITOR INFORMATION

NOTE — This report will not be considered complete unless an accompanying "accountants compilation report on financial statements included in certain prescribed forms" is attached to the report. The municipality's auditor should follow the guidelines in AR Section 300 of the AICPA Professional Standards in preparing such compilation report.

Auditor's firm name BKD CPAs and Advisors					
Address — <i>Number and street</i> 5000 Rogers Avenue, Suite 700			TELEPHONE		
City Fort Smith	State AR	ZIP Code 72903	Area code 479	Number 452-1040	Extension
Name of contact person/Email Andrew Richards arichards@bkd.com					

COVERAGE OF THIS REPORT

The financial reporting entity for which information is to be presented should comply with generally accepted accounting principles for governments. Current authoritative guidance is provided in GASB Codification Section 2100 and/or GASB Statement No. 14. These statements prescribe that the financial reporting entity should consist of the primary government or oversight unit and all blended and discreetly presented component units.

Oklahoma Statutes, Section 17-105.1 of Title 11 require that municipalities include information relating to all of its duly constituted authorities. Copies of this form may be distributed to component units for their completion. Forms completed by component units should not be filed separately but should be returned to the appropriate municipality for inclusion in the report filed for the financial reporting entity. Such component units would include special districts, hospitals, boards, trusts, and authorities meeting the inclusion criteria of the statements reference above.

**SUPPLEMENTARY INSTRUCTIONS FOR OKLAHOMA MUNICIPALITIES
2012 ANNUAL SURVEY OF CITY AND TOWN FINANCES**

COVERAGE OF THIS REPORT

In addition to the fiscal activities of your general government, include the revenues, expenditures, assets and debt of the following types of agencies, if they are operative in your city or town.

- City water districts
- Medical center authorities
- Joint airport boards
- Municipal parking districts
- Rural water, sewer, gas, and solid waste management districts with ex officio boards
- Public trusts (Title 60, Section 176 of the Oklahoma Statutes)
- Separate road districts
- Sewer districts
- Utilities authorities
- Zoning districts

Part I — TAX REVENUES

This part refers to all city-imposed taxes. It does not include service charges, special assessments (such as those for paving districts), or interest earnings, fines, or any other sources which are not taxes or licenses.

1. Property taxes (code T01)

Also include city-imposed ad valorem property taxes collected by the county and paid to the city for the repayment of G.O. bonds.

2. Local sales taxes

a. General sales tax (code T09)

Report revenue from city-imposed sales tax only. This tax is collected by the State and paid back to the city minus a small percentage withheld by the State for handling expenses. Be sure to enter only the amount of the check received from the State.

b. Franchise fee or tax, public utilities (code T15)

Enter here any franchise tax collected from a private utility to operate within the city such as gas, electric, telephone, cable TV, etc.

d. Other — Specify any sales tax not mentioned above.

3. Licenses, permits, and other taxes

a. Occupation and business licensing and permits (code T28)

Enter here licenses and inspection charges on occupation and business.

b. Report only licenses and permits not included in 3a. (code T29)

Part IA — INTERGOVERNMENTAL REVENUE

1. General support

From State (code C30) — Enter amount received from alcoholic beverage tax county distribution.

2. Streets and highways (codes C46, D46, and B46)

Enter receipts from commercial vehicle tags, gasoline tax, bus mileage tax, registration tags.

3. Health or hospitals (codes C42, D42, and B42)

In the appropriate column, list any intergovernmental revenues received for operation of a hospital, health facility, or health department, (grants, not loans) or funds received from other government jurisdictions for health services or facilities operated by your government.

4. Grants received for utilities (codes C91 to B91)

7. Grants received for mass transit and/or bus systems (codes C94 to B94)

9. All other (From State —code C-89; From Federal Government — code B89)

Include in the appropriate box, receipts from various payments such as:

- Park and recreation (BOR or HUD)
- Community development and urban renewal
- Civic defense
- Water and sewer facilities
- Manpower planning and utilization

Part 1B — OTHER REVENUE

3. Special assessment funds

Include—

- All transactions of special assessment funds established to finance streets, sidewalks, or other local improvements within the city.
- Assessments collected from property owners at part IB, item 3.
- Expenditure from improvements at part II. Report as capital outlay.
- Interest paid on special assessment obligations at part II, item 19e.
- Transactions of special assessment bonds at part V.
- Cash and security holdings of special assessment funds at part VI.

Part IV — SALARIES, WAGES, AND FORCE ACCOUNT

Report salaries and wages for all employees full- and part-time. Include salaries paid for employees of any utility owned and operated by your government. Report salaries in gross amounts before deductions for income taxes, Social Security, or retirement coverage.

Part V — DEBT OUTSTANDING, ISSUED, AND RETIRED

Also include industrial revenue or pollution control bonds, if issued by your city or town.

Hospitals — The following hospitals are classified as agencies of various municipal governments and their transactions should be included in the appropriate parts of this report.

Municipality	Hospital
Anadarko	Anadarko Municipal Hospital
Bethany	Bethany General Hospital
Carnegie	Carnegie Tri-County Municipal Hospital
Cleveland	Cleveland Area Hospital
Clinton	Clinton Regional Hospital
El Reno	Park View Hospital
Fairfax	Fairfax Municipal Hospital
Fairview	Fairview Hospital
Heraldton	Heraldton Municipal Hospital
Holdenville	Holdenville General Hospital
Lindsay	Lindsay Municipal Hospital
Mangum	Mangum City Hospital
Norman	Norman Municipal Hospital
Okeene	Okeene Municipal Hospital
Pauls Valley	Pauls Valley General Hospital
Pawnee	Pawnee Municipal Hospital
Sayre	Sayre Memorial Hospital
Seminole	Seminole Municipal Hospital
Tahlequah	Tahlequah City Hospital
Watonga	Watonga Municipal Hospital