

**AUDIT REPORT**  
**OF**  
***TOWN OF STERLING, OKLAHOMA***

**AS OF**  
**JUNE 30, 2012**

**BY**  
**JOHNSON, BADERTSCHER & MOORE, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**TOWN OF STERLING, OKLAHOMA**

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INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Sterling, Oklahoma

We have audited the accompanying financial statements of governmental activities and the business-type activities of the Town of Sterling, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town of Sterling's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Town of Sterling as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2012, on our consideration of Multiple Community Services Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 4 and page 19 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedule of Financial Assistance presented in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

  
JOHNSON, BADERTSCHER & MOORE, P.C.  
Certified Public Accountants

September 15, 2012

**TOWN OF STERLING, OKLAHOMA**  
**Management Discussion and Analysis**

Our discussion and analysis of the Town of Sterling's financial performance provided an overview of the Town's financial activities for the year ended June 30, 2012.

**Using the Audited Financial Statements**

The financial statements consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operation in more detail than the government-wide statements by providing information about the Town's most significant funds.

**Reporting on the Town as a Whole**

The Statement of Net Assets and the Statement of Activities report information about the town as a whole and about its activities in a way that helps answer the question, did the Town's financial condition improve or deteriorate during the period in question. These statements include all assets and liabilities of the Town and are prepared using the accrual basis of accounting. Revenues and expenses are recorded when earned and incurred not when received. The government wide statements are broken up into two categories: governmental activities and business activities. Governmental activities include police, fire, streets and garbage services. Business activities are primarily water and sewer services.

**Fund Financial Statements**

The fund financial statements consist of the individual funds that are maintained by the Town. The general fund accounts for most Town services including fire, town and street maintenance and garbage. The street and alley fund accounts for street maintenance. The general fund and special revenue funds are classified as governmental funds. The Sterling PWA accounts for the sale of water and sewer services. The Sterling PWA is classified as an enterprise fund. What is not presented with the fund financial statements is any long-term debt associated with the governmental funds nor are the fixed assets associated with the governmental funds presented in the fund financial statements.

Presented at the bottom of the government wide financial statements is a reconciliation of the government wide financial statements net assets to the fund financial statements net assets and changes in fund net assets.

**TOWN OF STERLING, OKLAHOMA**

**FINANCIAL DATA**

Selected financial data from the Town's government wide financial statements as follows:

	<u>2012</u>	<u>2011</u>
Total non capital assets	\$ 415,850	\$ 344,547
Total capital assets	\$ 957,708	\$ 878,941
Total current liabilities	\$ 39,892	\$ 40,324
Total noncurrent liabilities	-0-	-0-
Net assets unrestricted	\$ 343,599	\$ 283,031
Investment in capital assets net of related debt	\$ 957,708	\$ 878,941
<b>Revenues</b>		
Charges for services	\$ 48,165	\$ 41,875
Grants and contributions	\$ 135,510	\$ 140,383
Water and sewer	\$ 262,094	\$ 248,257
Sales taxes	\$ 79,384	\$ 73,291
Other taxes	\$ 31,090	\$ 30,920
Interest and other	\$ 14,485	\$ 8,417
Total revenues	\$ 570,728	\$ 543,143
<b>Expenses</b>		
General government	\$ 63,516	\$ 97,074
Street maintenance	\$ 18,993	\$ 29,972
Fire department	\$ 41,705	\$ 55,761
Police department	\$ 42,445	\$ 66,983
Water and sewer	\$ 253,527	\$ 235,098
Total expenses	\$ 420,186	\$ 484,888
Change in net assets	\$ 150,542	\$ 58,255
Ending net assets	\$1,333,666	\$1,183,164

**Analysis of Financial Position and Results of Operations**

The overall financial condition of the Town of Sterling is good. The governmental funds continue to maintain a high rate of liquidity with cash representing 27% of total assets. The business type funds have unrestricted cash representing 11% of total assets. An inventory of fixed assets has been compiled and will continue to be maintained in the future. Overall, the Town had a net gain of \$150,542. Total unrestricted cash increased by \$57,156.

For the year ending June 30, 2012, there were no significant changes to the approved budget. There were purchases of \$135,510 in fixed assets.

(Unaudited)

**TOWN OF STERLING, OKLAHOMA**  
**Government-Wide Statement of Net Assets**

-----  
**June 30, 2012**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current assets:			
Cash - unrestricted	\$ 114,731	\$ 102,366	\$ 217,097
Cash - restricted	9,092	23,267	32,359
Accounts receivable	9,936	22,458	32,394
Investments	<u>15,000</u>	<u>119,000</u>	<u>134,000</u>
Total current assets	148,759	267,091	415,850
Noncurrent assets:			
Net capital assets	<u>300,436</u>	<u>657,272</u>	<u>957,708</u>
Total assets	<u>\$449,195</u>	<u>\$924,363</u>	<u>\$1,373,558</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	\$ 1,811	\$ 9,034	\$ 10,845
Compensated absences	3,097	2,683	5,780
Trust liabilities	<u>          </u>	<u>23,267</u>	<u>23,267</u>
Total current liabilities	4,908	34,984	39,892
Noncurrent liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities	4,908	34,984	39,892
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	300,436	657,272	957,708
Restricted	9,092	23,267	32,359
Unrestricted	<u>134,759</u>	<u>208,840</u>	<u>343,599</u>
Total net assets	<u>444,287</u>	<u>889,379</u>	<u>1,333,666</u>
Total liabilities and net assets	<u>\$449,195</u>	<u>\$924,363</u>	<u>\$1,373,558</u>

The accompanying notes and opinion are an  
integral part of these financial statements.

**TOWN OF STERLING, OKLAHOMA**  
**Government-Wide Statement of Activities**  
 -----  
**For the Year Ended June 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Government		
Functions/Programs				Governmental Activities	Business-type Activities	Total
Primary government						
Governmental activities:						
General government	\$ 63,516	\$ 17,850		(\$ 45,666)		(\$ 45,666)
Street maintenance	18,993			( 18,993)		( 18,993)
Fire department	41,705			( 41,705)		( 41,705)
Police department	<u>42,445</u>	<u>30,315</u>		<u>( 12,130)</u>		<u>( 12,130)</u>
Total governmental activities	166,659	48,165		( 118,494)		( 118,494)
Business-type activities:						
Water and sewer	<u>253,527</u>	<u>262,094</u>	<u>\$135,510</u>		<u>\$144,077</u>	144,077
Total business-type activities	<u>253,527</u>	<u>262,094</u>	<u>135,510</u>	_____	<u>144,077</u>	_____
Total primary government	<u>\$420,186</u>	<u>\$310,259</u>	<u>\$135,510</u>	( 118,494)	144,077	<u>25,583</u>
<u>General Revenues</u>						
Taxes:						
Sales taxes				79,384		79,384
Other taxes				31,090		31,090
Transfers in/out						
Interest income				294	1,416	1,710
Other				<u>12,775</u>	_____	<u>12,775</u>
Total general revenues				<u>123,543</u>	<u>1,416</u>	<u>124,959</u>
Change in net assets				5,049	145,493	150,542
Net assets - beginning				<u>439,238</u>	<u>743,886</u>	<u>1,183,124</u>
Net assets - ending				<u>\$444,287</u>	<u>\$889,379</u>	<u>\$1,333,666</u>

The accompanying notes and opinion are an  
integral part of these financial statements.

## TOWN OF STERLING, OKLAHOMA

Balance Sheet  
Governmental Funds-----  
June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$114,731	\$9,902	\$123,823
Accounts receivable	9,936		9,936
Investments	<u>15,000</u>		<u>15,000</u>
Total assets	<u>\$139,667</u>	<u>\$9,902</u>	<u>\$148,759</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 1,811		\$ 1,811
Compensated absences	<u>3,097</u>		<u>3,097</u>
Total liabilities	4,908		4,908
<b><u>FUND BALANCES</u></b>			
Restricted for streets		\$9,092	9,092
Unassigned	<u>134,759</u>		<u>134,759</u>
Total fund balances	134,759	9,092	143,851
Total liabilities and fund balances	<u>\$139,667</u>	<u>\$9,092</u>	<u>\$148,759</u>

Reconciliation of total Governmental Fund balance  
to net assets of Governmental Activities June 30, 2012

Total Government Fund Balances \$143,851

Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported  
in the funds. 300,436

Net Assets of Governmental Activities \$444,287

The accompanying notes and opinion are an  
integral part of these financial statements.

**TOWN OF STERLING, OKLAHOMA**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**

-----  
**For the Year Ended June 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>Revenues</b>			
Taxes	\$103,593	\$ 6,881	\$110,474
Charges for services	48,165		48,165
Interest	294		294
Intergovernmental	1,715		1,715
Other	<u>11,060</u>		<u>11,060</u>
Total revenues	<u>164,827</u>	<u>6,881</u>	<u>171,708</u>
<b>Expenditures</b>			
Current operations:			
General government	58,130		58,130
Street Maintenance	15,297	3,696	18,993
Fire department	24,317		24,317
Police department	<u>42,446</u>		<u>42,446</u>
Total expenditures	<u>140,190</u>	<u>3,696</u>	<u>143,886</u>
Excess revenues and other resources			
Over (under) expenditures and uses	24,637	3,185	27,822
Fund balances at beginning of year	<u>110,122</u>	<u>5,907</u>	<u>116,029</u>
Fund balances at end of year	<u>\$134,759</u>	<u>\$ 9,092</u>	<u>\$143,851</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the year ended June 30, 2012

Net change in fund balances - total governmental funds \$ 27,822

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those assets is  
allocated over their estimated useful lives as depreciation expense.

Depreciation expense	( 22,773)
Capital outlays expended	<u>5,049</u>
Change in net assets of governmental activities	<u>\$ 5,049</u>

The accompanying notes and opinion are an  
integral part of these financial statements.

**TOWN OF STERLING, OKLAHOMA****Statement of Net Assets  
Proprietary Fund**-----  
June 30, 2012**ASSETS**

Current assets	
Cash - unrestricted	\$102,366
Cash - restricted	23,267
Accounts receivable	22,458
Investments	<u>119,000</u>
Total current assets	267,091
Noncurrent assets	
Net capital assets	<u>657,272</u>
Total Assets	<u>\$924,363</u>

**LIABILITIES**

Current liabilities	
Accounts payable	\$ 9,034
Compensated absences	2,683
Trust liability	<u>23,267</u>
Total current liabilities	34,984
Noncurrent liabilities	<u>-0-</u>
Total Liabilities	<u>34,984</u>

**NET ASSETS**

Invested in capital assets, net of related debt	657,272
Restricted for meter deposits	23,267
Unrestricted	<u>208,840</u>
Total Net Assets	<u>889,379</u>
 Total Liabilities and Net Assets	 <u>\$924,363</u>

The accompanying notes and opinion are an integral part of these financial statements.

**TOWN OF STERLING, OKLAHOMA**  
**Statement of Revenue Over Expenditures**  
**and Changes in Net Assets**  
**Proprietary Fund Type**  
 -----  
**For the Year Ended June 30, 2012**

Operating Revenues:	
Water and sewer	<u>\$262,094</u>
Operating Expenses:	
Personal services	68,870
Maintenance and operations	150,728
Depreciation	<u>33,929</u>
Total operating expenses	<u>253,527</u>
Operating income (loss)	8,567
Nonoperating revenues:	
Interest	1,416
Grants	<u>135,510</u>
Change in net assets	145,493
Net assets beginning of year	<u>743,886</u>
Net assets, end of year	<u>\$889,379</u>

The accompanying notes and opinion are an  
integral part of these financial statements.

**TOWN OF STERLING, OKLAHOMA**

**Statement of Cash Flows  
Proprietary Fund**

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**For the Fiscal Year Ended June 30, 2012**

<u>Cash flows from operating activities</u>	
Cash received from customers	\$264,205
Cash paid to employees	( 69,730)
Cash paid to suppliers	(154,188)
Net cash from operating activities	<u>40,287</u>
<u>Cash flows from non-capital financing activities</u>	
Change in restricted cash	<u>2,075</u>
Net cash from non-capital financing activities	<u>2,075</u>
<u>Cash flows from capital and related financing activities</u>	
Grants received	135,510
Acquisition of capital assets	(135,510)
Net cash from capital and related financing activities	<u>(-0-)</u>
<u>Cash flows from investing activities</u>	
Interest income	1,416
Change in investments	<u>-0-</u>
Net cash from investing activities	<u>1,416</u>
Net change in cash	43,778
Cash beginning of year	<u>81,855</u>
Cash end of year	<u>\$125,633</u>
<u>Reconciliation of operating income to net cash from operating activities</u>	
Operating profit (loss)	\$ 8,567
Depreciation	33,929
Change in accounts payable	( 1,349)
Change in compensated absences	<u>( 860)</u>
Net cash from operating activities	<u>\$ 40,287</u>

The accompanying notes and opinion are an integral part of these financial statements.

**Town of Sterling, Oklahoma  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2011**

**Note 1 - Summary of Significant Accounting Policies**

Financial Reporting Entity

The Town of Sterling, Oklahoma is a statutory town Government under Oklahoma Statutes. The Town provides the following services: public safety, streets and highways, sanitation, public improvements, utilities and general administrative services.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, and supervision over the accounting functions. Any separate accounting entities would be considered component units. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity. As of June 30, 2012, the Town had only one component unit, the Sterling Public Works Authority.

Basis of Presentation-Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Basis of Accounting

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

## **FUND FINANCIAL STATEMENTS**

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non major funds are aggregated and presented in a single column.

## **GOVERNMENTAL FUNDS**

All governmental funds are accounted for using accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

### Revenue Recognition

If applying the susceptible to accrual concept under the accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within one month of year-end and available to pay obligations for the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursement due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services and miscellaneous income are recorded as revenue when received in cash because they are generally not measurable until actually received.

### Expenditure Recognition

The measurement focus of governmental fund accounting is on the decrease in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

## **PROPRIETARY FUNDS**

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocation of costs, such as depreciation, are recorded in proprietary funds. The proprietary funds use standards issued by the Financial Accounting Standard Board whenever possible, if no FASB pronouncement is applicable, then Government Accounting Standards Board pronouncements are used.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less for the date of acquisition. Restricted cash consists of meter deposits.

### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance on the balance sheet. However, it should be noted that the Town did not recognize any outstanding reserves as of June 30, 2012.

### Budget

In accordance with Oklahoma Statutes, Title 68, Section 2483, the Town Council formally adopts annual budgets which include substantially all funds. These annual budgets are adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Code.

### Risk Management

Significant losses are covered by commercial insurance for all Town operations.

### Estimates

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

### Subsequent Events

Management has evaluated subsequent events through September 15, 2012, which is the date the report was issued.

### **Note 2 - Deposits with Financial Institutions**

The accounts of the Town are required by state law to be secured by collateral pledged by the financial institution and/or FDIC insurance. The Town of Sterling is considered a separate entity from Sterling Public Works Authority for FDIC deposit insurance.

In accordance with GABS No. 3, deposits are to be classified into the following three categories:

1. Insured or collateralized with securities held by the entity or by its agent or in the entity's name. (Referred to as category 1)
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (Referred to as category 2)
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

**Note 3 - Capital Asset Activity**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
<b><u>Governmental</u></b>				
Fire department	\$ 336,960			\$ 336,960
Police department	33,372			33,372
General government	<u>304,877</u>			<u>304,877</u>
Total governmental	675,209			675,209
Less: accumulated depr.	( 351,999)	(\$ 22,774)		( 374,773)
Net governmental	<u>323,210</u>	<u>( 22,774)</u>		<u>300,436</u>
Proprietary	1,293,053	135,510		1,428,563
Less: accumulated depr.	( 737,362)	( 33,929)		( 771,291)
Net proprietary	<u>555,691</u>	<u>101,581</u>		<u>657,272</u>
Total government-wide	<u>\$ 878,901</u>	<u>\$ 78,807</u>		<u>\$ 957,708</u>

Capital assets are depreciated over their estimated useful lives.

Current depreciation expense:

Governmental	\$22,774
Proprietary	<u>33,929</u>
Total	<u>\$56,703</u>

**Note 4 - Investments**

Investments in the Public Works Authority and Government Activities consist of:

Certificates of Deposit	<u>\$134,000</u>
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All CD's are considered current and interest is at the current market rate.

**Note 5 - Supplementary Information**

Minor Funds combining statements are required to be presented as "Supplementary Information" with the total of such funds presented in the body of the financial statements. However, the Town of Sterling has only one Proprietary Fund and two Governmental Funds. All three of the funds are presented separately in the body of the financial statements. Therefore, no "Supplementary Information" related to Major and Minor Funds is required.

**Note 6**

FASB ASC 820, Fair Value Measurements, provides a framework for measuring fair value that requires an entity to determine the fair value based on exit price in the principal market for the asset or liability being measured. Fair value is defined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The guidance also establishes a three level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- ◆ Level 1 Asset and Liability fair values are based on quoted prices in active markets for identical assets and liabilities.
- ◆ Level 2 Asset and Liability fair values are based on observable inputs that include quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data by substantially the full term of the assets or liabilities.
- ◆ Level 3 asset and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level or any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value at June 30, 2012.

The fair value of certificates are valued at face value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Town believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Town's investments at fair value as of June 30, 2012:

**INVESTMENTS AT FAIR VALUE AS OF JUNE 10, 2012**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bank Certificates	<u>-0-</u>	<u>\$134,000</u>	<u>-0-</u>	<u>\$134,000</u>

## **Note 7 - Fund Balances and Net Assets**

### **Fund Statements**

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

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

## **Note 8 - Pension Plan**

The Town does not participate in the Oklahoma Municipal Employee Retirement Plan or any other pension plan.

**TOWN OF STERLING, OKLAHOMA**

**Schedule of Financial Assistance**

-----  
**For the Fiscal Year Ended June 30, 2012**

<u>Grantor</u>	<u>Grant #</u>	<u>Total Grant Amount</u>	<u>Current Revenue Received</u>	<u>Current Expenditures</u>	<u>Current Funds Unexpended</u>
* REAP	92278	\$55,000	\$46,910	\$46,910	-0-
* CDGB	14564-CDGB-10	88,600	88,600	88,600	-0-

\* All funds used for Manholes, Sewers and Pipelines and reported in the Proprietary Fund.

**TOWN OF STERLING, OKLAHOMA**  
**Budgetary Comparison Schedule**  
 -----  
**For the Fiscal Year Ended June 30, 2012**

**General Fund**

<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sales tax	\$ 65,103	\$ 79,384	\$ 14,281
Fines	27,374	30,315	( 2,941)
Franchises	15,784	17,154	1,370
Other tax	6,549	7,055	506
Miscellaneous, permits, royalty	20,989	29,182	( 8,193)
Interest	409	294	( 115)
Other	<u>651</u>	<u>1,443</u>	<u>792</u>
<b>Total Revenues</b>	<b><u>136,859</u></b>	<b><u>164,827</u></b>	<b><u>27,968</u></b>
<u>Expenditures</u>			
Personal services	85,000	81,268	3,732
Maintenance and operations	90,000	58,921	31,079
Capital outlay	<u>70,230</u>	<u>-0-</u>	<u>70,230</u>
<b>Total Expenditures</b>	<b><u>245,230</u></b>	<b><u>140,189</u></b>	<b><u>105,041</u></b>
Excess of revenues over expenditures	( 108,371)	24,638	<u>\$133,009</u>
Beginning fund balance (budgetary basis)	<u>108,371</u>	<u>110,121</u>	
Ending fund balance (budgetary basis)	<u>\$ -0-</u>	<u>\$134,759</u>	

(Unaudited)

JOHNSON, BADERTSCHER & MOORE, P .C.

*Certified Public Accountants*

P.O. BOX 1405  
CHICKASHA, OK 73023-1405

JIMMIE P. JOHNSON, C.P.A.  
TAMMIE S. MOORE, C.P.A.

505 CHICKASHA AVE.  
Phone (405) 224-0212  
Fax (405) 222-4139

Report 2

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*

The Town Council  
Town of Sterling  
Sterling, Oklahoma

We have audited the financial statements of the Town of Sterling, Sterling, Oklahoma, as of and for the year ended June 30, 2012, and have issued our report thereon dated August 15, 2012. 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.

Internal Control Over Financial Reporting

Management of the Town of Sterling is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Sterling's internal control over financial reporting as a basis for designing our auditing procedures 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 Town of Sterling's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Sterling's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Multiple Community Services Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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*.

This report is intended solely for the information and use of management, City Council, others within the entity, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
JOHNSON, BADERTSCHER & MOORE, P.C.  
Certified Public Accountants

September 15, 2012

JOHNSON, BADERTSCHER & MOORE, P .C.

*Certified Public Accountants*

P.O. BOX 1405  
CHICKASHA, OK 73023-1405

JIMMIE P. JOHNSON, C.P.A.  
TAMMIE S. MOORE, C.P.A.

December 4, 2012

505 CHICKASHA AVE.  
Phone (405) 224-0212  
Fax (405) 222-4139

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Trustees  
Town of Sterling, Oklahoma

We have compiled the Annual Survey of City and Town Finances of the Town of Sterling, Oklahoma as of June 30, 2012, included in the accompanying prescribed form. We have not audited or reviewed the Annual Survey of City and Town Finances included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the Annual Survey of City and Town Finances is in accordance with the form prescribed by the Office of the State Auditor and Inspector.

Management is responsible for the preparation and fair presentation of the Annual Survey of City and Town Finances included in the form prescribed by the Office of the State Auditor and Inspector and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the Annual Survey of City and Town Finances.

Our responsibility is to conduct the compilation in accordance with 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 financial information in the form of the Annual Survey of City and Town Finances without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the Annual Survey of City and Town Finances.

The Annual Survey of City and Town Finances included in the accompanying prescribed form is presented in accordance with the requirements of the Office of the State Auditor and Inspector, and is 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 and use of the Office of the State Auditor and Inspector and is not intended to be and should not be used by anyone other than this specified party.

*Johnson, Badertscher & Moore, P.C.*

Johnson, Badertscher & Moore, P.C.  
Certified Public Accountants

**DUE DATE: December 31, 2012**      FORM SA&I 2643

**IMPORTANT**  
 This report is to be compiled by your auditor from the audited financial statements of the municipality as required by Oklahoma Statutes, Section 17-105.1 of Title 11.  
 This report details the funds available to the municipality and the use of those funds including information relating to the duly constituted authorities of the municipality (public trusts, etc.) for the fiscal year ending June 30, 2012. See supplementary instructions (coverage of this report) for information related to entities and activities to be included in this report on page 5 of this document.  
 This report, principally for planning purposes at the local, State, and national level, is used by the Office of the State Auditor, the Oklahoma Municipal League, public interest groups, State and Federal agencies and universities.  
 For assistance in completing this report, please call the Office of the State Auditor at (405) 521-3495. When completed, please return this form to the Office of the State Auditor at the address below.

**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
 STATE OF OKLAHOMA  
 GARY JONES, AUDITOR AND INSPECTOR  
 ANNUAL SURVEY OF CITY AND TOWN FINANCES**

Name: Sterling, Town  
 Mayor  
 Address: PO Box 277  
 City: Sterling, OK      State: OK      Zip Code: 73567-0277  
 (Please correct any error in name, address, and ZIP Code)

**RETURN TO**      **Office of the Auditor and Inspector  
 State of Oklahoma  
 2300 North Lincoln Blvd.  
 Room 100 State Capitol  
 Oklahoma City, OK 73105**

**Part I TAX REVENUES**  
 Items 1-3 — Report collections from all taxes imposed by your government. Include current and delinquent amounts, penalties, and interest. Do not include receipts from service charges, special assessments, interest earnings, fines, or any other sources that are not taxes or licenses.

Item	Amount (Omit cents)	Item	Amount (Omit cents)
<b>1. Property taxes</b> — General fund, building fund, and sinking fund	T01	<b>d. Use tax</b>	T09 <u>3858</u>
<b>2. Local sales taxes</b> — Taxes on goods and services, measured as a percent of sales or receipts, or as an amount per unit sold (gallon, package, etc.). Report only these taxes imposed by your government; shares of taxes imposed by another government are to be reported under part 1A below.	T09	<b>3. Occupation and business licensing and permits</b>	T28
a. General sales tax	<u>79384</u>	a. Enter here licenses and inspection charges on occupations and businesses — for example, inspection of restrooms, restaurants, and food manufacturing plants; food handler permits; plumbing permits; taxicab licenses; tags; animal tags; vending licenses, and liquor licenses; business licenses; etc.	<u>17850</u>
b. Franchise fee or tax	T15 <u>17154</u>	b. Other licensing and permits	T29
c. Cigarette tax	T19 <u>1119</u>	<b>4. Other — Specify</b>	T99
d. Hotel/Motel	T19		

**Part 1A INTERGOVERNMENTAL REVENUE**  
 Report all amounts received by your government from other governments, including grants, shares of taxes imposed by other governments, payments in lieu of taxes and reimbursements for services performed for other governments, excluding loans. Also exclude here and report as "Tax Revenues" in part I, any taxes imposed by your government which were collected for it by another government.

**Column (a)** — Report all amounts your government received from the State (other than as collection fees), including any amounts financed wholly or in part from Federal grants to the State.  
**Column (c)** — Report only amounts received directly from the Federal Government.

Purpose for which received	Amount (Omit cents)		
	From State (a)	From other local governments (b)	From Federal Government (directly) (c)
<b>General support</b> — Total amounts received (as per capita grants, shared taxes, etc.) without restrictions as to particular programs or purposes to be financed.	C30	D30	B30
<b>1. Alcoholic beverage tax</b>	<u>2078</u>	D46	B46
<b>2. Street and highways</b>	<u>6881</u>	D42	B42
<b>3. Health or hospital</b>	C81	D91	B91
<b>4. Grants received for water utilities</b>	C80	D80	B80
<b>5. Grants received for waste water utilities</b>	C50	D50	B50
<b>6. Grants received for housing, economic, and community development</b>	<u>1715</u>	D89	B01
<b>7. Airports</b>	C94	D94	B94
<b>8. Mass transit rail and/or bus system</b>	C89	D89	B89
<b>9. Grants received for transportation</b>	C89	D89	B89
<b>10. ALL OTHER (From State — code C89; From Federal Government — Code B89) — Include in the appropriate box, receipts from various payments such as —</b>	C89	D89	B89
a. Parks and recreation (BOR or HUD)	C89	D89	B89
b. Public safety	C89	D89	B89
c. Job training	C89	D89	B89
d. Library grants	C89	D89	B89
Other — Specify	C89	D89	B89
e. <u>Sewer</u>	<u>135510</u>	D89	B89
f.	C89	D89	B89

**Part 1B OTHER REVENUES — Other than tax and intergovernmental revenues**  
 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.

Item	Amount (Omit cents)	Item	Amount (Omit cents)
<b>1. Utility sales revenue</b> — Gross receipts of any water, electric, gas, or transit systems operated by your government, from utility sales and charges. Exclude any amounts paid to such utilities by the parent government.	A51	<b>2. Other sales and service revenue</b> — Gross receipts from sales, rentals, maintenance assessments, and other charges for municipal services, aside from utility receipts (carried in item 1) and exclusive of amounts received from other governments.	A80
a. Water supply system	<u>183466</u>	a. Sewerage charges	<u>78628</u>
b. Electric power system	A52	b. Refuse collection charges	A81
c. Gas supply system	A53	c. Hospital charges received on behalf of individual patients under the Medicare program or other insurance-type arrangements. Exclude Medicaid and amounts for hospital purposes received from other governments.	A35
d. Transit	A54		

PURPOSE		(a)	(b)	(c)	(d)
<b>GOVERNMENTAL ADMINISTRATION</b>					
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).	E23	E23	E23	E23	G23
2. Judicial and legal — All municipal court and court-related activities including judges, probate officials, prosecutors, public defenders, municipal attorneys, and legal departments. Exclude probation and parole (report in item 1g).	E25	E25	E25	E25	G25
3. Central administration — City council, aldermen or commissioners, mayor, manager, city clerk's office, recorder, planning, zoning, and personnel.	E29	E29	E29	E29	G29
<b>HEALTH AND WELFARE</b>					
4. Social services	E36	E36	E36	E36	G36
5. Own hospitals — Construction and operation of hospitals by your government. Nursing homes are to be reported in item 7.	E36	E36	E36	E36	G36
6. Other hospitals — Payments to hospitals operated privately. Exclude here and report in item 6, any payments under public welfare programs.	E36	E36	E36	E36	G36
7. Welfare institutions — Construction and operation of nursing homes and welfare institutions by your government for veterans and needy persons.	E37	E37	E37	E37	G37
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.	E32	E32	E32	E32	G32
<b>TRANSPORTATION</b>					
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 21, 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.	E44	E44	E44	E44	G44
10. Toll highways and facilities — Operation and maintenance of highways, roads, and bridges operated on fee or toll basis	E45	E45	E45	E45	G45
11. Municipal airports	E50	E50	E50	E50	G50
12. Parking facilities — Municipal garages, parking lots, etc., and all purchase and maintenance of meters (including on-street meters)	E50	E50	E50	E50	G50
<b>PUBLIC SAFETY</b>					
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).	E62	E62	E62	E62	G62
14. Fire — All costs incurred for fighting and fire prevention, including contributions to volunteer fire units. Include any municipal contribution to a State fire pension fund.	E24	E24	E24	E24	G24

**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 for 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 proceeds, assessments, grants, etc.

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.

Part II DIRECT EXPENDITURES BY PURPOSE AND TYPE		Part IB OTHER REVENUES — Other than tax and intergovernmental revenues — Continued	
2. Other sales and service revenue — Continued	A61	5. Interest earnings — Interest received on all deposits and investment holdings of your government and its agencies excluding earnings of any employee pension fund.	U20
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.	U81	6. Rents — Exclude housing, airport, and all other rental revenue reported from specific municipal services in item 2.	U40
4. Receipts from sale of property — Amounts from sale of realty, other than by tax sales, including property sold to other governments.	U11	7. Royalties — Compensation or portion of proceeds from extraction of natural resources such as oil.	U41
1. Miscellaneous commercial activities (cemeiteries)	A63	8. Fines and forfeitures — (City or town share only)	U30
h. Ambulance services	A68	9. Private donations	U50
i. Miscellaneous commercial activities (cemeiteries)	A63	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.	U88
g. Municipal housing project rentals (gross)	A50	c. TOTAL miscellaneous other revenue	U88
f. Parking facilities (parking lots, garages, parking meters)	A60	Sum of items 10a-10c.	10293
e. Airports — Include rentals and gross sales of gas and oil.	A61		
d. Recreation charges (swimming, golf, auditoriums, etc.)	A61		
		a. Misc.	10293
		b.	
		c.	

EXPENDITURES BY PURPOSE AND TYPE			
PURPOSE	(a)	(b)	(c)
	Personal services	Operations and maintenance	Construction
CAPITAL OUTLAY			
	(d)		
	Purchase of land, equipment, and structures		
<b>15. PUBLIC SAFETY — Continued</b>	E04	E04	G04
15. Correction institutions — Operation of facilities for confinement, correction and rehabilitation of adults or juveniles.			
<b>16. Other corrections</b> — Probation and parole activities — But exclude lock-up operations (report in item 16).	E05	E05	G05
17. Protection inspection and regulation, n.e.c. — Regulation of private enterprises 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	E66	G66
<b>AMBUANCE</b>	E32	E32	G32
18. All expenditures for city operated or subsidized ambulance services			
<b>CULTURE AND RECREATION</b>	E61	E61	G61
19. Parks, cultural activities, and other recreation — Include playgrounds, golf courses, swimming pools, museums, marinas, community music, drama, celebrations, and zoos.			
<b>UTILITIES</b>	E91	E91	G91
21. Gross expenditure for utility systems operated by your government. 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.).		48209	
a. Water supply system	E91	E91	G91
b. Electric power system	E92	E92	G92
c. Gas supply system	E93	E93	G93
d. Transit system	E94	E94	G94
e. Sewers and storm sewers — Construction, maintenance and operation of sanitary and storm sewer systems and sewage disposal plants	E80	E80	G80
f. Solid waste and landfill — The collection and disposal of garbage and landfill operations	E81	E81	G81
<b>INTEREST ON DEBT</b>			
22. Amounts of interest paid, including any interest on short-term or nonguaranteed obligations, as well as general obligations.			
a. Water supply system	191		
b. Electric power system	192		
c. Gas supply system	193		
d. Transit system	194		
e. All interest not covered by items 19a through 19d	199		
<b>ALL OTHER EXPENDITURES</b>			
23. Include any amounts which have not been allocated above by various departments. Do not include: (1) Payments for retirement of debt, (2) payments for purchase of securities, (3) transfer between funds or agencies of your government, or (4) benefits and payments from distinct employee pension funds.			
a. Housing and community development — Gross expenditure for urban renewal, slum clearance, municipal housing projects, and similar activities.	E50	E50	G50
b. Economic development	E89	E89	G89
c. Civil defense	E03	E03	G03
d. Cemetery operations and maintenance	E03	E03	G03
e. Miscellaneous commercial activities	E03	E03	G03
Other — Specify	E89	F89	G89
h.			
g.			

**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**

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.

Amount (Omit cents)  
200  
150 138

**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	29U	38U	48U	44U	41U
b. Water supply system debt	19U	29U	39U	48U	44U	41U
c. Electric power system debt	19U	29U	39U	48U	44U	41U
d. Gas supply system debt	19U	29U	39U	48U	44U	41U
e. Transit	19T	24T	34T	44T		
f. Industrial revenue and pollution control debt	19U	29U	38U	46U	44U	41U
g. All other purposes						

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.

a. Amount outstanding at beginning of fiscal year

Amount (Omit cents)  
61V

b. Amount outstanding at end of fiscal year

64V

**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. <b>Sinking funds</b> — 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.	W21
2. <b>Bond funds</b> — Unexpended proceeds from sale of G.O. and revenue bond issues held pending disbursement	W31
3. All other funds except employee retirement funds	W61 249 256
4. <b>Retirement systems</b> — Single employer plans only	

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

Johnson Badertscher Moore PC

Address — Number and street

Po Box 1405  
City

Chickasha  
Name of contact person/Email

Jimmie P. Johnson

State ZIP Code

OK 73023

TELEPHONE

Area code Number Extension

405 224-0212

**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
Healdton	Healdton 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