

CITY OF KINGFISHER, OKLAHOMA



ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

**THE CITY OF KINGFISHER,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018**

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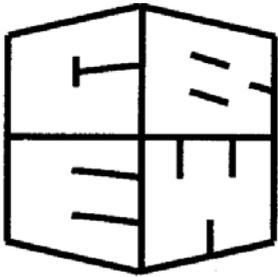
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INDEPENDENT AUDITOR'S REPORT

January 25, 2018

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, 2018, 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, 2018, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension exhibits and budgetary comparison information and related notes on pages 8 – 16 and 64 – 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 25, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2018

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, 2018. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2018, the City's total net position increased by \$770,405 or 2% from the prior year.
- During the year, the City's expenses for governmental activities were \$9.3 million and were funded by program revenues of \$3.2 million and further funded with taxes and other general revenues and transfers that totaled \$6.4 million.
- In the City's business-type activities, such as utilities, program revenues are under expenses by \$163 thousand.
- For budgetary reporting purposes, the General Fund reported revenues over estimates by \$45,309 or 1%, while expenditures were under the final appropriations by \$1.1 million or 13.9%.

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 four blended component units.

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

About the City

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

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

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

The City's Financial Reporting Entity

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

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

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

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

Using This Annual Report

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

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

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

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

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

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

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

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

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

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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Management's Discussion and Analysis
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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 and deferred outflows exceeded liabilities and deferred inflows by \$36.3 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.)
	2018	Restated 2017		2018	2017		2018	Restated 2017	
Current assets	\$ 8,548	\$ 9,240	-7%	\$ 3,298	\$ 3,314	0%	\$ 11,846	\$ 12,554	-6%
Non-current assets	12,236	11,202	9%	20,001	18,711	7%	32,237	29,913	8%
Total assets	<u>20,784</u>	<u>20,442</u>	2%	<u>23,299</u>	<u>22,025</u>	6%	<u>44,083</u>	<u>42,467</u>	4%
Deferred outflow of resources	<u>1,115</u>	<u>1,231</u>	-9%	<u>243</u>	<u>379</u>	-36%	<u>1,358</u>	<u>1,610</u>	-16%
Current liabilities	1,814	1,231	47%	904	888	2%	2,718	2,119	28%
Non-current liabilities	3,963	4,808	-18%	2,036	1,466	39%	5,999	6,274	-4%
Total liabilities	<u>5,777</u>	<u>6,039</u>	-4%	<u>2,940</u>	<u>2,354</u>	25%	<u>8,717</u>	<u>8,393</u>	4%
Deferred inflow of resources	<u>356</u>	<u>117</u>	204%	<u>58</u>	<u>28</u>	107%	<u>414</u>	<u>145</u>	186%
Net position									
Net investment in capital assets	11,546	10,531	10%	18,215	17,842	2%	29,761	28,373	5%
Restricted	1,835	3,683	-50%	170	148	15%	2,005	3,831	-48%
Unrestricted	2,385	1,303	83%	2,159	2,032	6%	4,544	3,335	36%
Total net position	<u>\$ 15,766</u>	<u>\$ 15,517</u>	2%	<u>\$20,544</u>	<u>\$20,022</u>	3%	<u>\$ 36,310</u>	<u>\$ 35,539</u>	2%

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 2018, this net investment in capital assets amounted to \$29.8 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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Management's Discussion and Analysis
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position approximately, \$4.5 million, is available to meet the government's ongoing obligations to citizens and creditors.

Governmental activities current liabilities increase is due to accounts payable increasing by \$593,227. This is mainly due to the rehabilitation on the aquatic center having \$530,220 in accounts payable in the current year.

Restricted net position for the governmental activities decreased because of the continuation of the flood buyout program and the rehabilitation of the aquatic center. These made the expenditures increase and the net positions decrease in the Flood and H.E.A.R.T Funds. This also contributes to the reason for the increase in unrestricted net position.

The increase/decrease in deferred outflows, deferred inflows and other liabilities relates to a shortfall in actual investment earnings versus projected investment earnings in all three defined benefit retirement plans. This also contributes to the increase in unrestricted net position.

Changes in Net Position

For the year ended June 30, 2018, 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.)
	Restated						Restated		
	2018	2017		2018	2017		2018	2017	
Revenues									
Charges for service	\$ 1,151	\$ 997	15%	\$ 8,506	\$ 7,958	7%	\$ 9,657	\$ 8,955	8%
Operating grants and contributions	1,894	743	155%	80	59	36%	1,974	802	146%
Capital grants and contributions	178	53	236%	-	2,020	-100%	178	2,073	-91%
Taxes	5,821	6,699	-13%	-	-	-	5,821	6,699	-13%
Intergovernmental revenue	119	126	-6%	34	-	100%	153	126	21%
Investment income	56	48	17%	11	10	10%	67	58	16%
Miscellaneous	268	187	43%	732	35	1991%	1,000	222	350%
Total revenues	9,487	8,853	7%	9,363	10,082	-7%	18,850	18,935	0%
Expenses									
General government	2,770	628	341%	-	-	-	2,770	628	341%
Public safety	3,372	3,022	12%	-	-	-	3,372	3,022	12%
Highways and streets	790	621	27%	-	-	-	790	621	27%
Culture and recreation	680	607	12%	-	-	-	680	607	12%
Health and welfare	87	77	13%	-	-	-	87	77	13%
Airport	160	124	29%	-	-	-	160	124	29%
Hospital sales tax payment	1,457	1,731	-16%	-	-	-	1,457	1,731	-16%
Interest on long-term debt	14	-	100%	-	-	-	14	-	100%
Light and power	-	-	-	6,070	4,986	22%	6,070	4,986	22%
Water	-	-	-	877	860	2%	877	860	2%
Sewer	-	-	-	717	463	55%	717	463	55%
Sanitation	-	-	-	728	654	11%	728	654	11%
Golf course	-	-	-	141	132	7%	141	132	7%
Swimming pool	-	-	-	147	240	-39%	147	240	-39%
Winter nights	-	-	-	64	44	45%	64	44	45%
Economic development	-	-	-	5	5	-	5	5	-
Total expenses	9,330	6,810	37%	8,749	7,384	18%	18,079	14,194	27%
Excess (deficiency) before transfers	157	2,043	-92%	614	2,698	-77%	771	4,741	-84%
Transfers	92	473	-81%	(92)	(473)	81%	-	-	-
Change in net position	249	2,516	-90%	522	2,225	-77%	771	4,741	-84%
Beginning net position	15,517	13,001	19%	20,022	17,797	13%	35,539	30,798	15%
Ending net position	\$ 15,766	\$ 15,517	2%	\$ 20,544	\$ 20,022	3%	\$ 36,310	\$ 35,539	2%

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

Governmental Activities:

The large increase in the governmental operating grants and contributions is due to receiving more FEMA grant money for the flood buyout program. This is also the reason for the large increase in general government expense.

The large decrease in business-type activities capital grants and contributions revenue and change in net position is due to receiving a grant for \$2.2 million in the prior year to construct the new raw water plant/storage. The final draw on this grant was received this year.

Business-type Activities:

The large increase in light and power expense is due largely to the increase in wholesale power purchases of approximately \$400,000 and they also had a lot of insurance damage claims.

Governmental Activities

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

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2018	2017		2018	2017	
General government	\$ 2,770	\$ 628	341%	(\$1,198)	(\$223)	437%
Public safety	3,372	3,022	12%	(2,022)	(1,790)	13%
Highways and streets	790	621	27%	(747)	(579)	29%
Culture and recreation	680	607	12%	(655)	(592)	11%
Health and welfare	87	77	13%	(59)	(47)	26%
Airport	160	124	29%	45	(54)	-183%
Hospital sales tax payment	1,457	1,731	-16%	(1,457)	(1,731)	-16%
Interest on long-term debt	14	-	100%	(14)	-	100%
Total	9,330	\$ 6,810	37%	(\$6,107)	(\$5,016)	22%

Explanations for significant changes are listed above under Table 2.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2018	2017		2018	2017	
	Light and power	\$ 6,070		\$ 4,986	22%	
Water	877	860	2%	264	2,169	-88%
Sewer	717	463	55%	(196)	41	-578%
Sanitation	728	654	11%	(140)	(92)	52%
Golf course	141	132	7%	(141)	(132)	7%
Swimming pool	147	240	-39%	(131)	(201)	-35%
Winter Nights	64	44	45%	20	22	-9%
Economic development	5	5	-	(5)	(5)	0%
Total	\$ 8,749	\$ 7,384	18%	\$ (163)	\$ 2,652	-106%

The City's business-type activities include utility services for electric, water, sewer, sanitation, winter nights, 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 expense of \$163,359 for the year ended June 30, 2018.
- While the light and power, water, and winter nights activities reported net revenues for the year ended June 30, 2018, sewer, sanitation, golf course, swimming pool and economic development had net expenses.

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2018 fiscal year, the governmental funds reported a combined fund balance of \$6,773,559 or an 18% decrease from 2017. The enterprise funds reported combined net position of approximately \$20.5 million or a 3% increase from 2017.

Other fund highlights include:

- In the General Fund there was a \$88,024 restriction for insurance, a \$3,225,815 commitment for economic stabilization, a \$1,681,051 assignment for capital improvements, and a \$15,765 assignment for sick leave buyback
- The Flood Control Fund had a decrease in fund balance of \$1,270,365 due to the continuation of the flood buyout program.
- The H.E.A.R.T Tax fund had a decrease in fund balance of \$711,439 due to the rehabilitation of the aquatic center.
- Proprietary fund net position restrictions included \$8,691 for debt service and \$161,472 for capital projects.

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General Fund Budgetary Highlights

Over the course of the year, the City Council revised the General Fund budget various times. The revised budget included an increase in overall revenue projections (including transfers in) of 25% or \$1.6 million and an increase in appropriations (including transfers out) of 29% or \$1.8 million. Actual revenues and transfers were over estimates by \$45,309 or 1%, while expenditures and transfers were under final appropriations by \$1.1 million or 13.9%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2018, the City had approximately \$31.8 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and electric, water and sewer lines. (See Table 5). This represents a net increase of approximately \$2.3 million over last year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 1,154	\$ 1,154	\$ 1,228	\$ 1,228	\$ 2,382	\$ 2,382
Buildings and Improvements	2,747	2,778	2,816	2,914	5,563	5,692
Machinery and Equipment	1,359	1,340	813	761	2,172	2,101
Infrastructure	5,530	5,751	856	909	6,386	6,660
Utility Property	-	-	12,279	12,182	12,279	12,182
Construction in progress	1,446	180	1,567	293	3,013	473
Totals	<u>\$ 12,236</u>	<u>\$ 11,203</u>	<u>\$ 19,559</u>	<u>\$ 18,287</u>	<u>\$ 31,795</u>	<u>\$ 29,490</u>

This year's more significant capital asset additions included:

Splash pad	\$228,500
Airport taxilane	\$203,523
Aquatic center rehab	\$1,265,740
AMI system	\$1,076,845

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

CITY OF KINGFISHER, OKLAHOMA
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2018

Long- Term Debt

At year-end, the City had \$3 million in long-term debt outstanding which represents a \$773,296 or 35% increase from the prior year. The City's changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt

	Governmental		Business-Type		Total		Total Percentage Change
	Activities		Activities		Total		
	Restated				Restated		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2017-2018</u>
Accrued absences	\$ 360	\$ 317	\$ 298	\$ 316	\$ 658	\$ 633	3.9%
Sales tax refund payable	510	680	-	-	510	680	-25.0%
Notes payable	-	-	1,344	445	1,344	445	202%
Meter deposit liability	-	-	491	471	491	471	4.2%
Totals	<u>\$ 870</u>	<u>\$ 997</u>	<u>\$ 2,133</u>	<u>\$ 1,232</u>	<u>\$ 3,003</u>	<u>\$ 2,229</u>	34.7%

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

The Economic Outlook

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

- The City will continue to move forward with its flood and drainage projects.
- They City will also continue with the aquatic center rehab and the AMI meter system.

Contacting the City's Financial Management

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

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Statement of Net Position– June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 5,016,145	\$ 166,652	\$ 5,182,797
Restricted cash and cash equivalents	-	313,808	313,808
Investments	1,446,145	827,045	2,273,190
Deposits with insurance pool	88,024	-	88,024
Accounts receivable, net	89,967	1,701,546	1,791,513
Court fine receivable, net	18,236	-	18,236
Internal balances	68,301	(68,301)	-
Due from other governments	1,821,409	-	1,821,409
Inventory	-	357,737	357,737
Total Current Assets	<u>8,548,227</u>	<u>3,298,487</u>	<u>11,846,714</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	-	182,289	182,289
Restricted investments	-	259,591	259,591
Capital Assets:			
Land and construction in progress	2,600,409	2,795,182	5,395,591
Other capital assets, net of depreciation	9,635,706	16,763,532	26,399,238
Total Noncurrent Assets	<u>12,236,115</u>	<u>20,000,594</u>	<u>32,236,709</u>
Total Assets	<u>20,784,342</u>	<u>23,299,081</u>	<u>44,083,423</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	1,105,367	230,824	1,336,191
Deferred amounts related to OPEB	9,211	11,859	21,070
	<u>1,114,578</u>	<u>242,683</u>	<u>1,357,261</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	672,266	588,407	1,260,673
Sales tax due to hospital	245,591	-	245,591
Accrued interest payable	-	1,196	1,196
Short-term note payable	520,049	-	520,049
Current portion of:			
Due to depositors	-	49,098	49,098
Notes payable	340,220	235,248	575,468
Accrued compensated absences	36,014	29,768	65,782
Total Current Liabilities	<u>1,814,140</u>	<u>903,717</u>	<u>2,717,857</u>
Noncurrent liabilities:			
Due to depositors	-	441,880	441,880
Notes payable	170,109	1,108,841	1,278,950
Accrued compensated absences	324,127	267,906	592,033
Net OPEB liability	3,303	4,510	7,813
Net pension liability	3,465,295	212,886	3,678,181
Total Noncurrent Liabilities	<u>3,962,834</u>	<u>2,036,023</u>	<u>5,998,857</u>
Total Liabilities	<u>5,776,974</u>	<u>2,939,740</u>	<u>8,716,714</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	347,584	47,376	394,960
Deferred amounts related to OPEB	8,018	11,210	19,228
	<u>355,602</u>	<u>58,586</u>	<u>414,188</u>
NET POSITION			
Net investment in capital assets	11,545,957	18,214,625	29,760,582
Restricted by:			
External contracts and groups:			
Nonspendable	50,000	-	50,000
Other contracts/groups/legislation	1,785,023	170,163	1,955,186
Unrestricted	<u>2,385,364</u>	<u>2,158,650</u>	<u>4,544,014</u>
Total Net Position	<u>\$ 15,766,344</u>	<u>\$ 20,543,438</u>	<u>\$ 36,309,782</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Statement of Activities –Fiscal Year Ended June 30, 2018

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
Primary government							
Governmental Activities							
General government	\$ 2,769,786	\$ 44,013	\$ 1,528,203	\$ -	\$ (1,197,570)	\$ -	\$ (1,197,570)
Public safety	3,372,074	1,020,382	298,506	31,661	(2,021,525)	-	(2,021,525)
Highways and streets	790,079	-	42,966	-	(747,113)	-	(747,113)
Culture and recreation	680,203	5,867	19,100	-	(655,236)	-	(655,236)
Health and welfare	86,610	22,646	5,000	-	(58,964)	-	(58,964)
Airport	159,734	58,124	600	146,267	45,257	-	45,257
Hospital sales tax payment	1,457,369	-	-	-	(1,457,369)	-	(1,457,369)
Interest on Long-term debt	14,309	-	-	-	(14,309)	-	(14,309)
Total governmental activities	<u>9,330,164</u>	<u>1,151,032</u>	<u>1,894,375</u>	<u>177,928</u>	<u>(6,106,829)</u>	<u>-</u>	<u>(6,106,829)</u>
Business-type activities:							
Light and power	6,069,784	6,235,421	-	-	-	165,637	165,637
Water	877,395	1,141,400	-	-	-	264,005	264,005
Sewer	716,981	520,929	-	-	-	(196,052)	(196,052)
Sanitation	728,302	588,274	-	-	-	(140,028)	(140,028)
Golf course	140,979	-	-	-	-	(140,979)	(140,979)
Swimming pool	147,123	16,461	-	-	-	(130,662)	(130,662)
Winter Nights	63,555	3,308	80,029	-	-	19,782	19,782
Economic development	5,062	-	-	-	-	(5,062)	(5,062)
Total business-type activities	<u>8,749,181</u>	<u>8,505,793</u>	<u>80,029</u>	<u>-</u>	<u>-</u>	<u>(163,359)</u>	<u>(163,359)</u>
Total primary government	<u>\$ 18,079,345</u>	<u>\$ 9,656,825</u>	<u>\$ 1,974,404</u>	<u>\$ 177,928</u>	<u>(6,106,829)</u>	<u>(163,359)</u>	<u>(6,270,188)</u>
General revenues:							
Taxes:							
Sales and use taxes					5,693,879	-	5,693,879
Franchise taxes and public service taxes					102,461	-	102,461
Hotel/motel taxes					24,885	-	24,885
Intergovernmental revenue not restricted to specific programs					119,032	33,473	152,505
Unrestricted investment earnings					56,229	10,746	66,975
Miscellaneous					267,525	732,363	999,888
Transfers - internal activities					91,948	(91,948)	-
Total general revenues and transfers					<u>6,355,959</u>	<u>684,634</u>	<u>7,040,593</u>
Change in net position					249,130	521,275	770,405
Net position - beginning, restated					15,517,214	20,022,163	35,539,377
Net position - ending					<u>\$ 15,766,344</u>	<u>\$ 20,543,438</u>	<u>\$ 36,309,782</u>

See accompanying notes to the basic financial statements.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Governmental Funds Balance Sheet - June 30, 2018

	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,227,698	\$ 245,437	\$ 1,543,010	\$ 5,016,145
Investments	1,000,000	-	446,145	1,446,145
Due from other funds	87,994	-	-	87,994
Receivables:				
Ambulance receivable, net	89,967	-	-	89,967
Court fines receivable, net	18,236	-	-	18,236
Due from other governments	874,182	833,971	95,128	1,803,281
Other receivables	18,128	-	-	18,128
Deposits in insurance pool	88,024	-	-	88,024
Total assets	<u>\$ 5,404,229</u>	<u>1,079,408</u>	<u>\$ 2,084,283</u>	<u>\$ 8,567,920</u>
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 105,450	36,596	\$ 530,220	\$ 672,266
Due to other funds	19,693	-	-	19,693
Sales tax due to hospital	245,591	-	-	245,591
Total liabilities	<u>370,734</u>	<u>36,596</u>	<u>530,220</u>	<u>937,550</u>
Deferred Inflows of resources:				
Deferred revenue	<u>22,840</u>	<u>833,971</u>	<u>-</u>	<u>856,811</u>
Fund balances:				
Nonspendable	-	-	50,000	50,000
Restricted for:				
Cemetery Capital Improvements	-	-	165,230	165,230
Airport	-	-	45,416	45,416
Library	-	-	414,866	414,866
Streets	-	-	120,854	120,854
Insurance	88,024	-	-	88,024
Flood Control	-	208,841	-	208,841
Military Memorial	-	-	87,914	87,914
Improvements benefiting citizens	-	-	90,969	90,969
Health, Exercise, Aquatics, Recreation and Trails	-	-	562,907	562,907
Tourism	-	-	1	1
Committed to:				
Economic stabilization	3,225,815	-	-	3,225,815
Assigned to:				
Library	-	-	15,906	15,906
Capital Improvements	1,681,051	-	-	1,681,051
Sick leave buy back	15,765	-	-	15,765
Total fund balances	<u>5,010,655</u>	<u>208,841</u>	<u>1,554,063</u>	<u>6,773,559</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,404,229</u>	<u>\$ 1,079,408</u>	<u>\$ 2,084,283</u>	<u>\$ 8,567,920</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Fiscal Year Ended June 30, 2018

	<u>General Fund</u>	<u>Flood Control Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 5,285,691	\$ -	\$ 596,681	\$ 5,882,372
Intergovernmental	457,194	1,051,673	189,233	1,698,100
Charges for services	1,067,157	-	21,087	1,088,244
Fines and forfeitures	80,521	-	-	80,521
Licenses and permits	41,553	-	-	41,553
Investment income	24,171	4,641	9,602	38,414
Donations	132,305	-	12,291	144,596
Miscellaneous	413,307	-	68,278	481,585
Total revenues	<u>7,501,899</u>	<u>1,056,314</u>	<u>897,172</u>	<u>9,455,385</u>
EXPENDITURES				
Current:				
Administrative	18,768	-	-	18,768
City Treasurer	95,036	-	-	95,036
City Attorney	30,513	-	-	30,513
Municipal Court	27,265	-	-	27,265
Police	1,325,015	-	-	1,325,015
Fire	1,804,755	-	-	1,804,755
Streets	590,960	-	79	591,039
Culture, tourism and recreation	182,214	-	22,892	205,106
General government	300,569	1,198,788	-	1,499,357
Library	326,013	-	-	326,013
Cemetery	69,934	-	-	69,934
Airport	-	-	203,748	203,748
Capital Outlay	574,736	1,127,891	1,265,740	2,968,367
Debt Service:				
Principal	-	-	24,301	24,301
Interest and other charges	311,903	-	-	311,903
Total expenditures	<u>5,657,681</u>	<u>2,326,679</u>	<u>1,516,760</u>	<u>9,501,120</u>
Excess (deficiency) of revenues over expenditures	<u>1,844,218</u>	<u>(1,270,365)</u>	<u>(619,588)</u>	<u>(45,735)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	70,784	-	10,000	80,784
Transfers out	(16,269)	-	(2,489)	(18,758)
Sales tax payment to hospital	(1,457,369)	-	-	(1,457,369)
Total other financing sources (uses)	<u>(1,402,854)</u>	<u>-</u>	<u>7,511</u>	<u>(1,395,343)</u>
Net change in fund balances	441,364	(1,270,365)	(612,077)	(1,441,078)
Fund balances - beginning	4,569,291	1,479,206	2,166,140	8,214,637
Fund balances - ending	<u>\$ 5,010,655</u>	<u>\$ 208,841</u>	<u>\$ 1,554,063</u>	<u>\$ 6,773,559</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$	6,773,559
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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.		12,236,115
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Certain long-term assets and deferred outflows are not available to pay for current fund liabilities and, therefore, are either deferred or not reported in the funds:

OPEB related deferred outflows		9,211
Pension related deferred outflows		1,105,367
Deferred revenue		856,811

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

Net pension liability		(3,465,295)
Net OPEB liability		(3,303)
Pension related deferred inflows		(347,584)
OPEB related deferred inflows		(8,018)
Note payable		(510,329)
Accrued compensated absences		(360,141)
ST Note payable		(520,049)

Net Position of Governmental Activities in the Statement of Net Position	\$	15,766,344
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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, 2018

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

Net change in fund balances - total governmental funds: \$ (1,441,078)

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized	2,021,013
Depreciation expense	(752,231)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

Book value of disposed capital assets	(265,077)
Transferred assets	29,922

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

15,808

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

Change in deferred revenue	358,365
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long-term debt	321,895
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change Net OPEB liability	3,463
Change in accrued compensated absences	(42,950)

Change in net position of governmental activities	\$ 249,130
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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, 2018**

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Proprietary Funds Statement of Net Position - June 30, 2018

	Kingfisher Public Works Authority	Kingfisher Special Projects Authority	Kingfisher Recreation Authority	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 302	\$ 103,271	\$ 63,079	\$ 166,652
Investments	827,045	-	-	827,045
Restricted:				
Cash and cash equivalents	271,528	-	42,280	313,808
Accounts receivable, net	1,701,546	-	-	1,701,546
Due from other funds	19,693	-	-	19,693
Inventory	357,737	-	-	357,737
Total current assets	<u>3,177,851</u>	<u>103,271</u>	<u>105,359</u>	<u>3,386,481</u>
Non-current assets:				
Restricted:				
Cash and cash equivalents	182,289	-	-	182,289
Investments	259,591	-	-	259,591
Capital assets:				
Land and construction in progress	1,704,286	29,150	1,061,746	2,795,182
Other capital assets, net of accumulated depreciation	15,039,701	40,069	1,683,762	16,763,532
Total non-current assets	<u>17,185,867</u>	<u>69,219</u>	<u>2,745,508</u>	<u>20,000,594</u>
Total assets	<u>\$ 20,363,718</u>	<u>\$ 172,490</u>	<u>\$ 2,850,867</u>	<u>\$23,387,075</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred amounts related to pensions	214,475	-	16,349	230,824
Deferred amounts related to OPEB	10,961	-	898	11,859
	<u>225,436</u>	<u>-</u>	<u>17,247</u>	<u>242,683</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 587,123	\$ -	\$ 1,284	\$ 588,407
Accrued interest payable	1,196	-	-	1,196
Due to other funds	87,994	-	-	87,994
Due to depositors	49,098	-	-	49,098
Notes payable	235,248	-	-	235,248
Accrued compensated absences	29,056	-	712	29,768
Total current liabilities	<u>989,715</u>	<u>-</u>	<u>1,996</u>	<u>991,711</u>
Non-current liabilities:				
Due to depositors	441,880	-	-	441,880
Notes payable	1,108,841	-	-	1,108,841
Accrued compensated absences	261,506	-	6,400	267,906
Net OPEB liability	4,273	-	237	4,510
Net pension liability	201,686	-	11,200	212,886
Total non-current liabilities	<u>2,018,186</u>	<u>-</u>	<u>17,837</u>	<u>2,036,023</u>
Total liabilities	<u>3,007,901</u>	<u>-</u>	<u>19,833</u>	<u>3,027,734</u>
DEFERRED INFLOW OF RESOURCES				
Deferred amounts related to pensions	39,977	-	7,399	47,376
Deferred amounts related to OPEB	10,037	-	1,173	11,210
	<u>50,014</u>	<u>-</u>	<u>8,572</u>	<u>58,586</u>
NET POSITION				
Net investment in capital assets	15,399,898	69,219	2,745,508	18,214,625
Restricted for debt service	8,691	-	-	8,691
Restricted for capital projects	161,472	-	-	161,472
Unrestricted	1,961,178	103,271	94,201	2,158,650
Total net position	<u>\$ 17,531,239</u>	<u>\$ 172,490</u>	<u>\$ 2,839,709</u>	<u>\$20,543,438</u>

See accompanying notes to the basic financial statements.

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position – Fiscal Year Ended June 30, 2018

	<u>Kingfisher Public Works Authority</u>	<u>Kingfisher Special Projects Authority</u>	<u>Kingfisher Recreation Authority</u>	<u>Total</u>
REVENUES				
Charges for services:				
Light and power charges	\$ 5,945,528	\$ -	\$ -	\$ 5,945,528
Water charges	1,125,380	-	-	1,125,380
Sewer charges	513,618	-	-	513,618
Penalties	68,181	-	-	68,181
Sanitation charges	580,017	-	-	580,017
Recreation	-	-	16,461	16,461
Refunds and reimbursements	236,153	-	-	236,153
Miscellaneous	17,147	-	-	17,147
Total operating revenues	<u>8,486,024</u>	<u>-</u>	<u>16,461</u>	<u>8,502,485</u>
OPERATING EXPENSES				
Administration	1,454,365	-	-	1,454,365
Light and power	4,715,083	-	-	4,715,083
Power plant	143,407	-	-	143,407
Water	389,766	-	-	389,766
Sanitation	613,024	-	-	613,024
Sewer	477,230	-	-	477,230
Recreation	-	-	280,304	280,304
Depreciation expense	584,243	5,062	71,353	660,658
Total operating expenses	<u>8,377,118</u>	<u>5,062</u>	<u>351,657</u>	<u>8,733,837</u>
Operating income (loss)	<u>108,906</u>	<u>(5,062)</u>	<u>(335,196)</u>	<u>(231,352)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	10,746	-	-	10,746
Grant revenue	33,473	-	-	33,473
Gain (Loss) on capital asset disposal	(3,991)	-	-	(3,991)
Miscellaneous	736,354	-	83,337	819,691
Interest expense	(45,266)	-	-	(45,266)
Total non-operating revenue (expenses)	<u>731,316</u>	<u>-</u>	<u>83,337</u>	<u>814,653</u>
Income (loss) before transfers	840,222	(5,062)	(251,859)	583,301
Transfers in	6,269	-	161,000	167,269
Transfers out	(229,295)	-	-	(229,295)
Change in net position	617,196	(5,062)	(90,859)	521,275
Total net position - beginning	<u>16,914,043</u>	<u>177,552</u>	<u>2,930,568</u>	<u>20,022,163</u>
Total net position - ending	<u>\$ 17,531,239</u>	<u>\$ 172,490</u>	<u>\$ 2,839,709</u>	<u>\$ 20,543,438</u>

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Cash Flows – Fiscal Year Ended June 30, 2018

	Kingfisher Public Works Authority	Kingfisher Special Projects Authority	Kingfisher Recreation Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,024,378	\$ -	\$ 99,798	\$ 9,124,176
Payments to suppliers	(6,418,106)	-	(171,803)	(6,589,909)
Payments to employees	(1,476,763)	-	(110,203)	(1,586,966)
Receipts of customer deposits	84,050	-	-	84,050
Refunds of customer meter deposits	(63,883)	-	-	(63,883)
Receipts (payments) from other funds	67,221	-	-	67,221
Net cash provided by (used in) operating activities	<u>1,216,897</u>	<u>-</u>	<u>(182,208)</u>	<u>1,034,689</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	6,269	-	161,000	167,269
Transfers to other funds	(229,295)	-	-	(229,295)
Receipts from governmental grants	314,330	-	-	314,330
Net cash provided by noncapital financing activities	<u>91,304</u>	<u>-</u>	<u>161,000</u>	<u>252,304</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(1,920,594)	-	(24,884)	(1,945,478)
Proceeds debt issuance	1,073,602	-	-	1,073,602
Principal paid on debt	(174,513)	-	-	(174,513)
Proceeds from sale of capital assets	9,082	-	-	9,082
Interest and fiscal agent fees paid on debt	(45,591)	-	-	(45,591)
Net cash provided by (used in) capital and related financing activities	<u>(1,058,014)</u>	<u>-</u>	<u>(24,884)</u>	<u>(1,082,898)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	(178,512)	-	-	(178,512)
Interest and dividends	10,745	-	-	10,745
Net cash provided by (used in) investing activities	<u>(167,767)</u>	<u>-</u>	<u>-</u>	<u>(167,767)</u>
Net increase (decrease) in cash and cash equivalents	82,420	-	(46,092)	36,328
Balances - beginning of year	<u>371,699</u>	<u>103,271</u>	<u>151,451</u>	<u>626,421</u>
Balances - end of year	<u>\$ 454,119</u>	<u>\$ 103,271</u>	<u>\$ 105,359</u>	<u>\$ 662,749</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 302	\$ 103,271	\$ 63,079	\$ 166,652
Restricted cash and cash equivalents - current	271,528	-	42,280	313,808
Restricted cash and cash equivalents - noncurrent	182,289	-	-	182,289
Total cash and cash equivalents, end of year	<u>\$ 454,119</u>	<u>\$ 103,271</u>	<u>\$ 105,359</u>	<u>\$ 662,749</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 108,906	\$ (5,062)	\$ (335,196)	\$ (231,352)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	584,243	5,062	71,353	660,658
Other non-operating revenues	736,354	-	83,337	819,691
Change in assets and liabilities:				
Due to other funds	67,221	-	-	67,221
Accounts receivable	(198,000)	-	-	(198,000)
Inventory	62,438	-	-	62,438
Accounts payable	(122,147)	-	(2,272)	(124,419)
Net OPEB liability	(10,768)	-	(1,330)	(12,098)
Net Pension liability	(152,541)	-	(25,706)	(178,247)
Pension and OPEB deferrals	141,678	-	25,753	167,431
Deposits subject to refund	20,167	-	-	20,167
Accrued compensated absences	(20,654)	-	1,853	(18,801)
Net cash provided by (used in) operating activities	<u>\$ 1,216,897</u>	<u>\$ -</u>	<u>\$ (182,208)</u>	<u>\$ 1,034,689</u>

See accompanying notes to the basic financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," as amended by Statement 61, and includes all component units for which the City is financially accountable.

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

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

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

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

Component Units:

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

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

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

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

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

Governmental Funds:

The City's governmental funds include:

Major Funds:

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

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

Special Revenue Funds:

- Street and Alley Fund – accounts for revenues from gasoline and vehicle taxes restricted for street repairs and maintenance
- Cemetery Care Fund – accounts for 12.5 percent of cemetery revenue restricted by State law for cemetery capital improvements, with interest used for maintenance or capital improvements
- Hotel/Motel Tax Fund – accounts for hotel/motel tax collections paid to the Chamber of Commerce for tourism
- Overstreet Memorial – accounts for donations to the City restricted for improvements benefiting the citizens of Kingfisher
- Military Memorial Fund – accounts for donations to the City restricted for maintenance of the military memorial monument
- Permanent Fund – Library Endowment Fund – accounts for funds donated to the City and interest earnings for use as deemed by the City Commissioners
- Airport Fund – accounts for transfers, revenues and expenditures for airport operations
- H.E.A.R.T. Tax Fund– accounts for one-half of one percent of sales tax and one-half of one percent of use tax restricted for improvement and creation of enhancements to health, exercise, aquatics, recreation and trails

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

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

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

Proprietary Funds:

The City's proprietary funds include:

Enterprise Funds

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

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS) and Oklahoma Police Pension & Retirement System (OPPRS) and additions to/deductions from FPRS's and OPPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS and OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available

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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, Deferrals and Equity

Cash and Investments

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

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

Receivables

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

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

Inventories

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

Capital Assets

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

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Government-Wide Statements

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

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

Restricted Assets

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

Long-Term Debt

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

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

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

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide

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statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Net Position and Fund Balances

Net position is displayed in three components:

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

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

Fund Balances:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

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

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

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For the year ended June 30, 2018, the city restated beginning net position as follows:

	<u>Government-Wide</u>
	<u>Governmental</u>
	<u>Activities</u>
Beginning net position, as previously reported	\$ 16,197,653
Sales tax refund due to Oklahoma Tax Commission from FY 17	(680,439)
Beginning net position, restated	\$ 15,517,214

E. Revenues, Expenditures, and Expenses

Sales Tax

The City presently levies a three and one-half 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. Three cents of the sales tax is recorded in the General Fund, with one cent transferred to the local hospital per voter approval. The other one-half cent is recorded in the H.E.A.R.T Tax Fund per voter approval.

Property Tax

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Proprietary Fund - By Operating and Non-Operating

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

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

G. Use of Estimates

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

2. Cash, Cash Equivalents, and Investments

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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, 2018, the reporting entity held the following deposits and investments:

Primary Government:

<u>Type</u>	<u>Credit Rating</u>	<u>Fair Value Valuation Level</u>	<u>Carrying Value</u>
Deposits:			
Demand deposits			\$ 5,669,007
Time deposits, due within one year			2,532,781
			<u>8,201,788</u>
Investments:			
Cavanal Hill US Treasury Funds	AAAm	Level I	9,887
			<u>9,887</u>
Total deposits and investments			<u>\$ 8,211,675</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			\$ 5,182,797
Restricted cash and cash equivalents			313,808
Investments			2,273,190
Noncurrent restricted cash and cash equivalents			182,289
Noncurrent restricted investments			259,591
			<u>\$ 8,211,675</u>

See accompanying footnotes to this schedule.

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, 2018, 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:

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- 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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

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

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

Restricted Cash and Investments – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts held by the Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill), amounts held by the trustee bank for debt retirement, and amounts held in a capital improvement fund. The restricted assets as of June 30, 2018 are as follows:

	Current	Noncurrent	Noncurrent
	Cash and cash equivalents	Cash and cash equivalents	Investments
Utility Deposits	\$ 49,098	\$ 182,289	\$ 259,591
Capital Improvement	212,543	-	-
Trustee Accounts:			
2006 Interest Fund	9,887	-	-
Total	\$ 271,528	\$ 182,289	\$ 259,591

3. Accounts and Notes Receivable

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

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Ambulance receivable	\$ 445,674	\$ (355,707)	\$ 89,967
Court fines	36,474	(18,238)	18,236
Total Governmental Activities	\$ 482,148	\$ (373,945)	\$ 108,203
 Business-Type Activities:			
Utilities	\$ 1,746,329	\$ (44,783)	\$ 1,701,546
Total Business-Type Activities	\$ 1,746,329	\$ (44,783)	\$ 1,701,546

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, 2018, capital assets balances changed as follows:

	Balance at July 1, 2017	Additions	Disposals	Balance at June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,154,016	\$ -	\$ -	\$ 1,154,016
Construction in progress	180,005	1,511,819	245,431	1,446,393
Total capital assets not being depreciated	<u>1,334,021</u>	<u>1,511,819</u>	<u>245,431</u>	<u>2,600,409</u>
Other capital assets:				
Buildings	2,397,410	-	285,953	2,111,457
Improvements	2,774,738	463,052	-	3,237,790
Infrastructure	8,632,790	31,684	-	8,664,474
Machinery, furniture and equipment	4,120,105	289,810	51,606	4,358,309
Total other capital assets at historical cost	<u>17,925,043</u>	<u>784,546</u>	<u>337,559</u>	<u>18,372,030</u>
Less accumulated depreciation for:				
Buildings	1,278,794	58,842	25,640	1,311,996
Improvements	1,116,099	173,985	-	1,290,084
Infrastructure	2,881,480	252,968	-	3,134,448
Machinery, furniture and equipment	2,780,203	266,436	46,842	2,999,797
Total accumulated depreciation	<u>8,056,576</u>	<u>752,231</u>	<u>72,482</u>	<u>8,736,325</u>
Other capital assets, net	9,868,467	32,315	265,077	9,635,705
Governmental activities capital assets, net	<u>\$ 11,202,488</u>	<u>\$ 1,544,134</u>	<u>\$ 510,508</u>	<u>\$ 12,236,114</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,228,419	\$ -	\$ -	\$ 1,228,419
Construction in progress	293,160	1,273,603	-	1,566,763
Total capital assets not being depreciated	<u>1,521,579</u>	<u>1,273,603</u>	<u>-</u>	<u>2,795,182</u>
Other capital assets:				
Buildings	3,544,375	14,981	-	3,559,356
Improvements	2,105,610	15,256	-	2,120,866
Machinery, furniture and equipment	3,381,145	182,458	159,388	3,404,215
Utility property	17,523,053	459,183	-	17,982,236
Infrastructure	1,449,646	-	-	1,449,646
Total other capital assets at historical cost	<u>28,003,829</u>	<u>671,878</u>	<u>159,388</u>	<u>28,516,319</u>
Less accumulated depreciation for:				
Buildings	1,582,848	78,894	-	1,661,742
Improvements	1,153,822	49,063	-	1,202,885
Machinery, furniture and equipment	2,620,375	116,808	146,315	2,590,868
Utility property improvements	5,340,671	362,708	-	5,703,379
Infrastructure	540,726	53,187	-	593,913
Total accumulated depreciation	<u>11,238,442</u>	<u>660,660</u>	<u>146,315</u>	<u>11,752,787</u>
Other capital assets, net	16,765,387	11,218	13,073	16,763,532
Business-type activities capital assets, net	<u>\$ 18,286,966</u>	<u>\$ 1,284,821</u>	<u>\$ 13,073</u>	<u>\$ 19,558,714</u>

See accompanying footnotes to this schedule.

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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	\$ 27,203	Power and light	\$ 152,765
Public safety	179,084	Water	260,207
Highways and streets	318,717	Sewer	150,141
Culture, tourism, and recreation	98,612	Sanitation	14,084
Health and welfare	16,577	Administration	7,047
Airport	112,038	Pool	58,704
	<u>\$ 752,231</u>	Golf	12,650
		Economic development	5,062
			<u>\$ 660,660</u>

5. Debt and Debt Service Requirements

For the year ended June 30, 2018, the reporting entity's long-term debt changed as follows:

Type of Debt	Restated Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
Sales tax refund payable	\$ 680,439	\$ -	\$ 170,110	\$ 510,329	\$ 340,220
Accrued compensated absences	317,188	64,429	21,476	360,141	36,014
Total Governmental Activities	<u>\$ 997,627</u>	<u>\$ 64,429</u>	<u>\$ 191,586</u>	<u>\$ 870,470</u>	<u>\$ 376,234</u>
Business-Type Activities:					
Notes Payable	\$ 445,000	\$ 1,073,602	\$ 174,513	\$ 1,344,089	\$ 235,248
Deposits subject to refund	470,811	84,050	63,883	490,978	49,098
Accrued compensated absences	316,477	24,152	42,955	297,674	29,768
Total Business-Type Activities	<u>1,232,288</u>	<u>1,181,804</u>	<u>281,351</u>	<u>2,132,741</u>	<u>314,114</u>
Total Long-Term Debt	<u>\$ 2,229,915</u>	<u>\$ 1,246,233</u>	<u>\$ 472,937</u>	<u>\$ 3,003,211</u>	<u>\$ 690,348</u>

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

Governmental activities long-term debt:

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

Accrued Compensated Absences:

Current portion	\$ 36,014
Noncurrent portion	<u>324,127</u>
Total Accrued Compensated Absences	<u>\$ 360,141</u>

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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	\$ 350,000
Total Notes Payable	\$ 350,000

Current portion	\$ 95,000
Noncurrent portion	255,000
Total Note Payable	\$ 350,000

Note payable to OMPA dated July, 10, 2017 in the amount of \$1,073,602 due in monthly principal and interest payments in the amount of \$14,478.01 beginning December 1, 2017, with an interest rate of 3.60%, maturing November 1, 2024.	\$ 994,089
Total Notes Payable	\$ 994,089

Current portion	\$ 140,248
Noncurrent portion	853,841
Total Note Payable	\$ 994,089

Total Notes Payable Current portion	\$ 235,248
Total Notes Payable Noncurrent portion	1,108,841
Total Notes Payable	\$ 1,344,089

Meter Deposit Liability:

Current portion	\$ 49,098
Noncurrent portion	441,880
Total Meter Deposit Liability	\$ 490,978

Accrued Compensated Absences:

Current portion	\$ 29,768
Noncurrent portion	267,906
Total Accrued Compensated Absences	\$ 297,674

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Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	Sales Tax Refund	
	Payable	
	<u>Principal</u>	<u>Interest</u>
2019	340,220	-
2020	170,109	-
Totals	\$ 510,329	\$ -

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	Notes Payable	
	<u>Principal</u>	<u>Interest</u>
2019	235,248	46,813
2020	245,381	37,785
2021	250,702	28,364
2022	211,218	18,646
2023	161,935	11,801
2024-2025	239,605	6,521
Totals	\$ 1,344,089	\$ 149,930

Non-Commitment Debt:

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, 2018	<u>\$22,660,000</u>
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Governmental activities short-term debt:

Short-term Promissory note, first draw was in Aug of 2016, original amount \$671,834, due in monthly installments of \$15,000 for the first 11 months then a single balloon payment for the unpaid balance due August 1, 2018 with an interest rate of 2.400%.

	\$ 520,049
Total Notes Payable	\$ 520,049

For the year ended June 30, 2018 the reporting entity's short-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Short-term note payable	\$ 671,834	\$ -	\$ 151,785	\$ 520,049	\$ 520,049
Total Governmental Activities	\$ 671,834	\$ -	\$ 151,785	\$ 520,049	\$ 520,049

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one cent (or 28.6%) 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 \$45,711,300. Pledged sales taxes received in the current year were \$1,457,369. When the pledged sales tax revenue is received it is sent to the trustee bank to be held for debt service on the bonds. As noted above, the City of Kingfisher and the Kingfisher Hospital Authority are not liable for this debt and have no obligation other than the annual appropriation and remittance of the pledged sales taxes. The payments made to the trustee bank were \$1,457,369 and were 100% of the pledged sales tax received.

Sales Tax Pledge - The City has pledged one half cent (or 14.3%) 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 \$379,213. Pledged sales taxes received in the current year were \$828,216. Debt service payments of \$112,220 for the current fiscal year were 13.5% of the pledged sales taxes.

6. Internal and Interfund Balances and Transfers

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

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Transfers:

Internal transfers between funds and activities for the year ended June 30, 2018 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	Airport	\$ 10,000	Operating subsidy
KPWA	General Fund	68,295	Operating subsidy
KPWA	KRA	161,000	Operating subsidy
General Fund	KPWA	6,269	Operating subsidy
Hotel/Motel Fund	General Fund	2,489	Administrative fee
Total		<u>\$ 248,053</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 80,784	\$ (18,758)	\$ 62,026
Proprietary Funds	167,269	(229,295)	(62,026)
Total	<u>\$ 248,053</u>	<u>\$ (248,053)</u>	<u>-</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ 62,026
Transfer of business-type activity asset to governmental activity	29,922
Transfers - internal activity	<u>\$ 91,948</u>

Balances:

Interfund receivable and payables at June 30, 2018 were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
Public Works Authority	General Fund	\$ 19,693	Operating
General Fund	Public Works Authority	87,994	Operating
Total		<u>\$ 107,687</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 87,994	\$ (19,693)	\$ 68,301
Proprietary Funds	19,693	(87,994)	(68,301)
Total	<u>\$ 107,687</u>	<u>\$ (107,687)</u>	<u>\$ -</u>

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 Public Employees Retirement System (OPERS) – a state-wide cost-sharing plan

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Firefighters' Plan:

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

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

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$113,006. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$278,480 (modified-accrual); these on-behalf payments did not meet the criteria of a special funding situation. For full-accrual reporting the amount of on-behalf payments made were \$230,906.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the City reported a liability of \$3,295,169 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2017. Based upon this information, the City's proportion was 0.26199%.

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For the year ended June 30, 2018, the City recognized pension expense of \$395,945. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 440,178	\$ -
Net difference between projected and actual earnings on pension plan investments	-	91,825
Changes in proportion	194,478	130,710
City contributions during measurement date	2,106	1,123
City contributions subsequent to the measurement date	113,006	-
Total	\$ 749,768	\$ 223,658

\$113,006 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 57,419
2020	159,376
2021	127,200
2022	621
2023	55,529
Thereafter	12,959
Total	\$ 413,104

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

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The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.38%
Domestic equity	47%	7.72%
International equity	15%	9.70%
Real estate	10%	6.96%
Other assets	8%	5.75%

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

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

	<u>1% Decrease 6.5%</u>	<u>Current Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
Employers' net pension liability	\$ 4,322,781	\$ 3,295,169	\$ 2,424,294

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

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Police Plan:

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

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

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

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

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

Contributions -The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$75,552. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$77,074 during the calendar year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$63,320. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -At June 30, 2018, the City reported a liability of \$14,207 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30,

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2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2017. Based upon this information, the City's proportion was 0.18469%.

For the year ended June 30, 2018, the City recognized pension expense of \$87,701. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 713	\$ 85,891
Net difference between projected and actual earnings on pension plan investments	105,817	-
Changes in proportion	3,922	398
City contributions during measurement date	-	723
City contributions subsequent to the measurement date	<u>75,552</u>	<u>-</u>
Total	<u>\$ 186,004</u>	<u>\$ 87,012</u>

\$75,552 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (2,467)
2020	53,160
2021	24,951
2022	(42,579)
2023	<u>(9,625)</u>
	<u>\$ 23,440</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 3%
- Salary increases: 4.5% to 17% average, including inflation
- Investment rate of return: 7.5% net of pension plan investment expense

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Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.

Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	4.51%
Domestic equity	6.62%
International equity	9.70%
Real estate	6.96%
Private Equity	9.86%
Commodities	5.18%

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

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

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future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Employers' net pension liability (asset)	\$ 480,157	\$ 14,207	\$ (379,358)

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

Oklahoma Public Employees Retirement System:

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

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

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

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

Benefits are calculated for each member category as follows:

- Employees

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

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

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

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

Contributions - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 7.5% percent of their annual pay. Participating entities are required to contribute 12.5% of the employees' annual pay. A portion of the contributions received by OPERS are allocated to the Supplemental Health Insurance program; see Note 10. Contributions to the pension plan from the City were \$188,891.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the City reported a liability of \$368,805 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an

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actuarial valuation as of July 1, 2017. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2017. Based upon this information, the City's proportion was 0.06821%.

For the year ended June 30, 2018, the City recognized pension expense of \$154,220. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 65,953
Changes of assumptions	163,728	-
Net difference between projected and actual earnings on pension plan investments	16,475	-
Changes in proportion	27,331	10,174
City contributions during measurement date	3,994	8,162
City contributions subsequent to the measurement date	188,891	-
Total	\$ 400,419	\$ 84,289

\$188,891 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 50,774
2020	109,123
2021	26,236
2022	(58,894)
	\$ 127,239

Actuarial Assumptions- The total pension liability as of June 30, 2018, was determined based on an actuarial valuation prepared as of July 1, 2017, using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – Active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2025 by Scale AA (disabled pensioners set forward 15 years)
- No annual post-retirement benefit increases

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- Assumed inflation rate – 2.75%
- Payroll growth – 3.5% per year
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2017, valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2013. The experience study report is dated May 9, 2014.

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

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	5.30%
U.S. Small Cap Equity	6.0%	5.60%
U.S. Fixed Income	25.0%	70.00%
International stocks	18.0%	5.60%
Emerging Market Stock	6.0%	6.40%
TIPS	3.5%	70.00%
Rate Anticipation	3.5%	1.50%
TOTAL	100.0%	

Discount Rate- The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease Rate 6.00%	Current Discount Rate 7.00%	1% Increase Rate 8.00%
Net Pension Liability (Asset)	\$ 1,090,018	\$ 368,805	\$ (241,894)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.opers.ok.gov.

10. Other Postemployment Benefits Plan

Plan description - The City of Kingfisher, as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Public Employees Retirement System (OPERS). The authority to establish and amend benefit provisions rests with the State Legislature. OPERS issues a publicly available financial report that can be obtained at www.ok.gov/OPERS

Benefits provided - OPERS pays a medical insurance supplement to eligible members who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries. The supplement payment is capped at \$105 per month per retiree, remitted to the (insurance provider or entity).

Contributions - The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code. Based on the contribution requirements of the plan employers and employees contribute a single amount based on a single contribution rate as described in Note (pension note number); from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from the City were \$13,220.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2018, the City reported a liability of \$7,813 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The City's proportion of the net OPEB liability was based on the City's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2017. Based upon this information, the City's proportion was .0682% percent.

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For the year ended June 30, 2018, the City recognized OPEB expense of \$4,843. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,629
Changes of assumptions	6,363	-
Net difference between projected and actual earnings on OPEB plan investments	-	8,431
Changes in proportion	1,133	785
City contributions during to the measurement date	355	383
City contributions subsequent to the measurement date	13,220	-
Total	\$ 21,071	\$ 19,228

The \$13,220 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (2,658)
2020	(2,658)
2021	(2,658)
2022	(2,658)
2023	(551)
Thereafter	(194)
	\$ (11,377)

Actuarial Assumptions- The total OPEB liability as of June 30, 2018, was determined based on an actuarial valuation prepared as if June 30, 2017 using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases

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- Assumed inflation rate – 2.75%
- Payroll growth – 3.5%
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2017, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

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

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2017, are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	5.30%
U.S. Small Cap Equity	6.0%	5.60%
U.S. Fixed Income	25.0%	0.70%
International stocks	18.0%	5.60%
Emerging Market Stock	6.0%	6.40%
TIPS	3.5%	0.70%
Rate Anticipation	3.5%	1.50%
TOTAL	100.0%	

Discount Rate- A single discount rate of 7.00% was used to measure the total OPEB liability as of June 30, 2017. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate-The following presents the net OPEB liability of the employer calculated using the discount rate of 7.00%, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

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	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Net Pension Liability (Asset)	\$ 30,861	\$ 7,813	\$ (12,002)

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.ok.gov/OPERS.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Flood Control Fund – Fiscal Year Ended June 30, 2018

	FLOOD CONTROL			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,559,829	\$ 1,559,829	\$ 1,559,829	\$ -
Resources (Inflows):				
Grants	1,125,000	1,750,000	1,051,673	(698,327)
Interest	8,000	8,000	4,642	(3,358)
Total Revenue	<u>1,133,000</u>	<u>1,758,000</u>	<u>1,056,315</u>	<u>(701,685)</u>
Amounts available for appropriation	<u>\$ 2,692,829</u>	<u>\$ 3,317,829</u>	<u>\$ 2,616,144</u>	<u>\$ (701,685)</u>
FLOOD:				
Other services and charges	\$ 1,000,000	\$ 1,285,000	\$ 1,162,192	\$ 122,808
Capital outlay	500,000	1,285,000	1,127,891	157,109
Total Expenditures	<u>1,500,000</u>	<u>2,570,000</u>	<u>2,290,083</u>	<u>279,917</u>
Ending Budgetary Fund Balance	<u>\$ 1,192,829</u>	<u>\$ 747,829</u>	<u>\$ 326,061</u>	<u>\$ (421,768)</u>

See accompanying notes to budgetary comparison schedules.

Footnotes to Budgetary Comparison Schedules:

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

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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	\$ 8,036,759
Less: budgetary expenses and transfers	<u>(7,083,897)</u>
Net Change to Budgetary Fund Balance	952,862
Change in revenue accruals	(1,084,894)
Change in expenditure accruals	372,125
Capital Improvement sub-account change in balance	<u>201,271</u>
Change in Fund Balance- Modified Accrual	<u><u>\$ 441,364</u></u>

Flood Control Fund:

Total budgetary revenues and transfers	\$ 1,056,315
Less: budgetary expenses and transfers	<u>(2,290,083)</u>
Net Change to Budgetary Fund Balance	(1,233,768)
Change in expenditure accruals	<u>(36,597)</u>
Change in Fund Balance- Modified Accrual	<u><u>\$ (1,270,365)</u></u>

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SCHEDULE OF THE CITY OF KINGFISHER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability	0.245167%	0.277143%	0.270811%	0.261995%
City's proportionate share of the net pension liability	\$ 2,521,171	\$ 2,941,609	\$ 3,308,540	\$3,295,169
City's covered-employee payroll	\$ 665,806	\$ 757,126	\$ 755,600	\$ 772,571
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	379%	389%	438%	427%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%

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

Notes to Schedule:

Only four years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorially required contribution	\$ 105,998	\$ 105,784	\$ 108,160	\$113,006
Contributions in relation to the statutorially required contribution	<u>105,998</u>	<u>105,784</u>	<u>108,160</u>	<u>113,006</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 757,126	\$ 755,600	\$ 772,571	\$807,186
Contributions as a percentage of coverd-employee payroll	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

Only four years are presented because 10-year data is not yet available.

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Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF KINGFISHER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability (asset)	0.1748%	0.1810%	0.1795%	0.1847%
City's proportionate share of the net pension liability (asset)	\$ (58,859)	\$ 7,379	\$ 274,934	\$ 14,207
City's covered-employee payroll	\$ 506,050	\$ 512,283	\$ 529,392	\$ 551,654
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.63%	1.44%	51.93%	2.58%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.82%	93.50%	99.68%

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

Notes to Schedule:

Only four years are presented because 10-year data is not yet available.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorially required contribution	\$ 66,596	\$ 68,821	\$ 71,715	\$ 75,552
Contributions in relation to the statutorially required contribution	<u>66,596</u>	<u>68,821</u>	<u>71,715</u>	<u>75,552</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 512,283	\$ 529,392	\$ 551,654	\$ 581,169
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

Only four years are presented because 10-year data is not yet available.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018**

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

	<u>2015</u>	<u>2016</u>	<u>** 2017</u>	<u>2018</u>
City's proportion of the net pension liability	0.0624%	0.0594%	0.0672%	0.0682%
City's proportionate share of the net pension liability	\$ 114,472	\$ 213,735	\$ 639,567	\$ 368,805
City's covered-employee payroll	\$ 1,394,587	\$ 1,386,599	\$ 1,501,544	\$ 1,464,328
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	8%	15%	43%	25%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	96.00%	89.48%	94.28%

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

Notes to Schedule:

Only four fiscal years are presented because 10-year data is not yet available.

The Plan's net pension liability increased between 2015 and 2016 due to changes in assumptions adopted by the System's Board .

The most notable change was the lowering of the System's discount rate from 7.25% to 7.5%.

** The net pension liability for fiscal year 2017 was restated due to the restatement of other post employment benefits at OPERS.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 173,326	\$ 187,693	\$ 183,041	\$ 188,891
Contributions in relation to the contractually required contribution	<u>173,326</u>	<u>187,693</u>	<u>183,041</u>	<u>188,891</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,386,599	\$ 1,501,544	\$ 1,464,328	\$ 1,511,128
Contributions as a percentage of covered-employee payroll	12.50%	12.50%	12.50%	12.50%

Notes to Schedule:

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Schedules of Required Supplementary Information
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SUPPLEMENTAL HEALTH INSURANCE PROGRAM
Last 10 Fiscal Years* (Dollar amounts in thousands)

	<u>2018</u>
Center's proportion of the net OPEB liability	0.0682%
Center's proportionate share of the net OPEB liability	\$ 7,813
Center's covered payroll	\$ 1,464,328
Center's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.53%
Plan fiduciary net position as a percentage of the total OPEB liability	96.50%

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

Notes to Schedule:

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

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Schedules of Required Supplementary Information
SCHEDULE OF THE CITY'S CONTRIBUTIONS
SUPPLEMENTAL HEALTH INSURANCE PROGRAM
Last 10 Fiscal Years (Dollar amounts in thousands)

	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 12,810	\$ 13,220
Contributions in relation to the contractually required contribution	<u>12,810</u>	<u>13,220</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,464,328	\$ 1,511,128
Contributions as a percentage of covered payroll	0.87%	0.87%

Notes to Schedule:

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

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

OTHER SUPPLEMENTARY INFORMATION

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Combining Balance Sheet – General Fund Accounts – June 30, 2018

	<u>General Fund</u>	<u>Sick Leave Buy Back Account</u>	<u>Total General Fund Accounts</u>
ASSETS			
Cash and cash equivalents	\$ 3,211,933	\$ 15,765	\$ 3,227,698
Investments	1,000,000	-	1,000,000
Due from other governments	874,182	-	874,182
Due from other funds	87,994	-	87,994
Court fines receivable, net	18,236	-	18,236
Ambulance receivable, net	89,967	-	89,967
Other receivables	18,128	-	18,128
Deposits with insurance pool	88,024	-	88,024
Total assets	<u>\$ 5,388,464</u>	<u>\$ 15,765</u>	<u>\$ 5,404,229</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 105,450	\$ -	\$ 105,450
Due to other funds	19,693	-	19,693
Sales tax due to hospital	245,591	-	245,591
Total liabilities	<u>370,734</u>	<u>-</u>	<u>370,734</u>
Deferred Inflows of resources:			
Deferred revenue	<u>22,840</u>	<u>-</u>	<u>22,840</u>
Fund balances:			
Restricted for:			
Insurance	88,024	-	88,024
Committed to:			
Economic Stabilization	3,225,815	-	3,225,815
Assigned to:			
Capital Improvements	1,681,051	-	1,681,051
Sick leave buy back	-	15,765	15,765
Total fund balances	<u>4,994,890</u>	<u>15,765</u>	<u>5,010,655</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,388,464</u>	<u>\$ 15,765</u>	<u>\$ 5,404,229</u>

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts – For the Fiscal Year Ended June 30, 2018

	General Fund	Sick Leave Buy Back Account	Total General Fund Accounts
REVENUES			
Taxes	\$ 5,285,691	\$ -	\$ 5,285,691
Fines and forfeitures	80,521	-	80,521
Licenses and permits	41,553	-	41,553
Intergovernmental	457,194	-	457,194
Charges for services	1,067,157	-	1,067,157
Investment earnings	24,171	-	24,171
Miscellaneous	413,307	-	413,307
Donations	132,305	-	132,305
Total revenues	<u>7,501,899</u>	<u>-</u>	<u>7,501,899</u>
EXPENDITURES			
Current:			
General government	300,569	-	300,569
City Treasurer	95,036	-	95,036
City Attorney	30,513	-	30,513
Municipal Court	27,265	-	27,265
Police	1,325,015	-	1,325,015
Fire	1,804,755	-	1,804,755
Highways and streets	590,960	-	590,960
Culture, tourism and recreation	182,214	-	182,214
Cemetery	69,934	-	69,934
Administrative	18,768	-	18,768
Library	326,013	-	326,013
Interest and other charges	311,903	-	311,903
Capital Outlay	574,736	-	574,736
Total Expenditures	<u>5,657,681</u>	<u>-</u>	<u>5,657,681</u>
Revenues over (under) expenditures	<u>1,844,218</u>	<u>-</u>	<u>1,844,218</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	70,784	-	70,784
Transfers out	(16,269)	-	(16,269)
Sales tax payment to hospital	(1,457,369)	-	(1,457,369)
Total other financing sources (uses)	<u>(1,402,854)</u>	<u>-</u>	<u>(1,402,854)</u>
Revenues and other sources over (under) expenditures and other uses	441,364	-	441,364
Fund balances - beginning	4,553,526	15,765	4,569,291
Fund balances - ending	<u>\$ 4,994,890</u>	<u>\$ 15,765</u>	<u>\$ 5,010,655</u>

CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018

Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2018

	Street and Alley Fund	Cemetery Care Fund	Hotel Motel Tax Fund	Military Memorial Fund	Overstreet Memorial Fund	Library Endowment Fund	H.E.A.R.T Tax Fund	Airport Fund	Total-Other Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 113,426	\$ 105,151	\$ 1	\$ 7,914	\$ 80,969	\$ 184,706	\$ 1,005,427	\$ 45,416	\$ 1,543,010
Investments	-	60,079	-	80,000	10,000	296,066	-	-	446,145
Due from other governments	7,428	-	-	-	-	-	87,700	-	95,128
Total assets	\$ 120,854	\$ 165,230	\$ 1	\$ 87,914	\$ 90,969	\$ 480,772	\$ 1,093,127	\$ 45,416	\$ 2,084,283
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 530,220	\$ -	\$ 530,220
Total liabilities	-	-	-	-	-	-	530,220	-	530,220
Fund balances:									
Nonspendable	-	-	-	-	-	50,000	-	-	50,000
Restricted for:									
Cemetery Capital Improvements	-	165,230	-	-	-	-	-	-	165,230
Airport	-	-	-	-	-	-	-	45,416	45,416
Library	-	-	-	-	-	414,866	-	-	414,866
Streets	120,854	-	-	-	-	-	-	-	120,854
Military Memorial	-	-	-	87,914	-	-	-	-	87,914
Improvements benefiting citizens	-	-	-	-	90,969	-	-	-	90,969
Health, Exercise, Aquatics, Recreation	-	-	-	-	-	-	562,907	-	562,907
Tourism	-	-	1	-	-	-	-	-	1
Assigned to:									
Library	-	-	-	-	-	15,906	-	-	15,906
Total fund balances	120,854	165,230	1	87,914	90,969	480,772	562,907	45,416	1,554,063
Total liabilities and fund balances	\$ 120,854	\$ 165,230	\$ 1	\$ 87,914	\$ 90,969	\$ 480,772	\$ 1,093,127	\$ 45,416	\$ 2,084,283

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Fiscal Year Ended June 30, 2018

	Street and Alley Fund	Cemetery Care Fund	Hotel Motel Tax Fund	Military Memorial Fund	Overstreet Memorial Fund	Library Endowment Fund	H.E.A.R.T Tax Fund	Airport Fund	Total-Other Governmental Funds
REVENUES									
Taxes	\$ -	\$ -	\$ 24,885	\$ -	\$ -	\$ -	\$ 571,796	\$ -	\$ 596,681
Intergovernmental	42,966	-	-	-	-	-	-	146,267	189,233
Charges for services	-	7,826	-	-	-	-	-	13,261	21,087
Investment earnings	-	378	-	337	61	2,020	6,806	-	9,602
Miscellaneous	-	5,000	-	-	17,815	-	-	45,463	68,278
Donations	-	-	-	-	-	12,291	-	-	12,291
Total revenues	42,966	13,204	24,885	337	17,876	14,311	578,602	204,991	897,172
EXPENDITURES									
Current:									
Highways and streets	-	-	-	-	79	-	-	-	79
Culture, tourism and recreation	-	-	22,396	496	-	-	-	-	22,892
Airport	-	-	-	-	-	-	-	203,748	203,748
Principal	-	-	-	-	-	-	24,301	-	24,301
Capital Outlay	-	-	-	-	-	-	1,265,740	-	1,265,740
Total Expenditures	-	-	22,396	496	79	-	1,290,041	203,748	1,516,760
Revenues over (under) expenditures	42,966	13,204	2,489	(159)	17,797	14,311	(711,439)	1,243	(619,588)
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	10,000	10,000
Transfers out	-	-	(2,489)	-	-	-	-	-	(2,489)
Total other financing sources (uses)	-	-	(2,489)	-	-	-	-	10,000	7,511
Revenues and other sources over (under) expenditures and other uses	42,966	13,204	-	(159)	17,797	14,311	(711,439)	11,243	(612,077)
Fund balances - beginning	77,888	152,026	1	88,073	73,172	466,461	1,274,346	34,173	2,166,140
Fund balances - ending	\$ 120,854	\$ 165,230	\$ 1	\$ 87,914	\$ 90,969	\$ 480,772	\$ 562,907	\$ 45,416	\$ 1,554,063

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018**

Schedule of Expenditures of State Awards

State Grantor/Pass Through Agency Grantor/Program Title	Pass-thru Grant #	Award Amount	Awards Expended
STATE AWARDS:			
Department of Libraries:			
State Aid FY 2018	N/A	\$ 7,566	\$ 6,809
Total Department of Libraries		<u>7,566</u>	<u>6,809</u>
Department of Agriculture:			
State Aid FY 2018	N/A	3,744	3,744
Total Department of Agriculture		<u>3,744</u>	<u>3,744</u>
Northern Oklahoma Development Authority			
REAP Grant	N/A	<u>21,086</u>	<u>21,086</u>
Oklahoma Department of Emergency Management			
Disaster Assistance	N/A	3,064	3,064
Disaster Assistance	N/A	5,110	5,110
Total Department of Emergency Management		<u>8,174</u>	<u>8,174</u>
TOTAL STATE AWARDS		<u><u>\$ 40,570</u></u>	<u><u>\$ 39,813</u></u>

Footnotes to Schedule of Expenditures of State Awards:

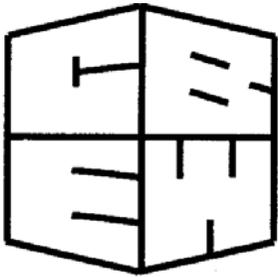
1. The Schedules of Expenditures of State Awards are prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018**

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE SECTION

**CITY OF KINGFISHER, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Fiscal Year Ended June 30, 2018**

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CBEW Professional Group, LLP

Certified Public Accountants

P.O. Box 790

Cushing, OK 74023

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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 25, 2018

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, 2018, 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 25, 2018

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

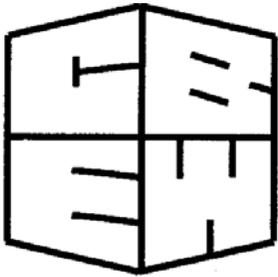
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

January 25, 2018

The Honorable Governance Board
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 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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, the 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, 2018.

Report on Internal Control Over Compliance

Management of City of Kingfisher, Oklahoma, 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 Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CBEW Professional Group, LLP

CBEW PROFESSIONAL GROUP, LLP
Certified Public Accountants

**CITY OF KINGFISHER
Kingfisher, Oklahoma**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018**

<u>Federal Grantor/ Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Revenue Collected</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>				
<u>Passed through the Oklahoma Department of Commerce:</u>				
17122 CDBG CIP17	14.228	36,350	12,116	12,116
Sub-total U.S. Department of Housing and Urban Development		36,350	12,116	12,116
<u>U.S. Department of Homeland Security:</u>				
Disaster Grants - FEMA DR 4256 PW 210	97.036	9,501	9,501	9,501
Disaster Grants - PA-06-OK-4247 PW	97.036	7,245	299	299
Disaster Grants - PA-06-OK-4247 PW	97.036	15,500	15,500	15,500
Hazard Mitigation Grant - FEMA-1883-DR-OK	97.039	6,749,421	1,516,087	1,516,087
Sub-total U.S. Department of Homeland Security		6,781,667	1,541,387	1,541,387
<u>Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities:</u>				
<u>Passed through the Oklahoma Department of Libraries:</u>				
State Library Program	45.310	7,586	6,809	6,809
Total Expenditures of Federal Awards		\$ 6,825,603	\$ 1,560,312	\$ 1,560,312

Note A - Basis of Presentation - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only selected portion of the operations of the City, it is not intended and does not present the financial position, changes in net assets, or cash flows of the City.

Note B - Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported using accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF KINGFISHER
Kingfisher, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of Auditor's Report Issued: An unmodified 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: Unmodified

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 Uniform Guidance? Yes No

Dollar threshold used to distinguish Type A and Type B programs \$750,000

Auditee Qualified as low-risk auditee? Yes No

Identification of Major Programs:

CFDA#

97.039 Hazard Mitigation #34 – FEMA-1883-DR-OK

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, 2018**

There were no prior year audit findings.