TOWN OF TYRONE
TEXAS COUNTY, OKLAHOMA

AUDIT REPORT
FISCAL YEAR ENDED
JUNE 30, 2013

WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA

TOWN OF TYRONE
TEXAS COUNTY, OKLAHOMA
TOWN COUNCIL AND OFFICERS

Denzil Duvall	Mayor
Doug Baldridge	Trustee
Merriloy Judd-Parker	Trustee
Dean Robertson	Trustee
Ron Glenn	Trustee
Marsha Mosburg	Town Clerk
Amanda Atwood	Town Treasurer

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WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT

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Honorable Town Council
Town of Tyrone
Tyrone, Oklahoma

Independent Auditors' Report

We have audited the accompanying financial statements of Town of Tyrone, State of Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town'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 the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 error or fraud.

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. 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 opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Tyrone, State of Oklahoma, as of June 30, 2013, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

Basis of Accounting
We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tyrone, State of Oklahoma's basic financial statements. The management's discussion (omitted) and analysis and budgetary comparison information on pages 24, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Watonga, Oklahoma
April 30, 2014

TOWN OF TYRONE, OKLAHOMA
Statement of Net Position - Modified Cash Basis
June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Unrestricted			
Cash and Cash Equivalents	$ 35,981	$ 62,445	$ 98,427
Investments	-	-	-
Total current or unrestricted assets	35,981	62,445	98,427
Restricted Cash and Cash Equivalents	26,443	17,952	44,395
Restricted Investments	105,722	-	105,722
Due from Other Fund	-	-	-
Capital Assets			
Land, infrastructure	-	1,083,836	1,083,836
Depreciable capital assets, net	-	(335,671)	(335,671)
Total Noncurrent or restricted assets	132,165	766,117	898,283
Total Assets	168,147	828,562	996,709
LIABILITIES			
Due to Other Funds	-	-	-
Due to Depositors	-	17,865	17,865
Long-term Liabilities			
Due within one year	-	18,229	18,229
Due in more than one year	-	198,956	198,956
Total Liabilities	-	235,051	235,051
NET POSITION			
Invested in capital assets, net of related debt	-	530,980	530,980
Restricted	132,165	87	132,252
Unrestricted	35,981	62,445	98,427
Total Net Position	$ 168,147	$ 593,512	$ 761,658

See accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2013

Functional Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Primary Government:							
Governmental Activities:							
General Government	$ 134,793	$ 1,535	$ -	$ 6,225	$ (127,034)	$ -	$ (127,034)
Public Safety	91,915	15,019	4,413	-	(72,483)	-	(72,483)
Parks and Recreation	2,266	-	-	-	(2,266)	-	(2,266)
Cemetery	9,998	2,877	-	-	(7,121)	-	(7,121)
Charges for Services	-	90,254	-	-	90,254	-	90,254
Total governmental activities	238,972	109,685	4,413	6,225	(118,649)	-	(118,649)
Business-Type Activities:							
Utility- Water	233,282	159,785	-	-	$ -	(73,497)	(73,496.87)
Utility-Sewer	-	49,876	-	-	-	49,876	49,876
Miscellaneous	-	12,413	-	-	-	12,413	12,413
Total business-type activities	233,282	222,074	-	-	-	(11,208)	(11,208)
Total Primary Government	472,254	331,759	4,413	6,225	(118,649)	(11,208)	(129,856)
General Revenues:							
Taxes:							
Sales & Use Tax					47,538	-	47,538
Franchise Tax					25,924	-	25,924
Motor Vehicle Tax					6,861	-	6,861
Gax Excise Tax					1,489	-	1,489
Alcholic Beverage Tax					11,636	-	11,636
Investment Income					900	560	1,460
Miscellaneous					112,488	241	112,729
Transfers-Internal Activity					-	-	-
Total general revenues and transfers					206,836	801	207,637
Changes in Net Assets					88,188	(10,407)	77,781
Net Assets - Beginning					79,959	603,919	683,878
Net Assets - Ending					$ 168,147	$ 593,512	$ 761,658

See accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue	Cemetary	Total
ASSETS				
Cash and cash equivalents	$ 35,981	$ -	$ -	$ 35,981
Cash and cash equivalents - Restricted		23,436	3,007	26,443
Investments	-	-	-	-
Investments - Restricted	-	85,000	20,722	105,722
Due from other fund	-	-	-	-
Capital Assets				
Capital assets, net of accumulated depreciation	-	-	-	-
Total Assets	35,981	108,436	23,729	168,147
LIABILITIES				
Due to other funds	-	-	-	-
Long-term debt				
Due within one year	-	-	-	
Due in more than one year	-	-	-	-
Total Liabilities	-	-	-	-
NET ASSETS				
NonSpendable:				
Invested in Capital Assets, net of debt	-	-	-	0
Restricted	-	108,436	23,729	132,165
Committed	-	-	-	-
Assigned	-	-	-	-
Unrestricted:				
General Fund	35,981	-	-	35,981
Total Net Assets	35,981	108,436	23,729	168,147

Reconciliation to Statement of Net Assets:

Amount reported for governmental activities in the statement of net assets	
Capital assets	-
Certain liabilies not payable in the reporting period	-
	$ 168,147

See accompanying notes to the basic financial statements,

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2013

	Public Works Authority	Meter Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 62,445	$ -	$ 62,445
Due From Governmental Fund	-	-	-
Noncurrent Assets:			
Restricted cash and cash equivalents	-	17,952	17,952
Restricted investments	-	-	-
Capital Assets			
Land, infrastructure	1,083,836	-	1,083,836
Depreciable capital assets, net	(335,671)	-	(335,671)
Total noncurrent assets	748,165	17,952	766,117
Total Assets	810,611	17,952	828,562
LIABILITIES			
Current Liabilities:			
Notes payable-current portion	18,229	-	18,229
Total current liabilities	18,229	-	18,229
Noncurrent Liabilities:			
Refundable deposits	-	17,865	17,865
Notes payable-long-term portion	198,956	-	198,956
Total noncurrent liabilities	198,956	17,865	216,821
Total Liabilities	217,186	17,865	235,051
NET ASSETS			
Invested in Capital Assets, net of debt	530,980	-	530,980
Restricted	-	-	-
Unrestricted	62,445	87	62,532
Total Net Assets	$ 593,425	$ 87	$ 593,512

See accompanying notes to the basic financial statements,

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
CASH BASIS
GOVERNMENTAL FUNDS

	General Fund	Special Revenue	Cemetary	Total
Revenues:				
Taxes	$ 73,462	$ -	$ -	$ 73,462
Intergovernmental	19,986	-	-	19,986
Charges for services	90,254	-	2,877	93,131
Fines and forfeitures	15,019	-	-	15,019
Licenses and permits	262	-	-	262
Investment income	200	163	537	900
Grant Receipts	-	10,638	-	10,638
Miscellaneous	14,143	99,618	-	113,761
Total Revenues	213,327	110,419	3,414	327,159
Expenditures:				
General Government:				
Town Clerk	128,568	6,225	-	134,793
Town Treasurer	-	-	-	-
Parks and Recreastion	-	2,266	-	2,266
Public Safety:				
Police	60,886	261	-	61,147
Fire	10,887	19,881	-	30,768
Cemetery:				-
Cemetery	-	-	9,998	9,998
Total Expenditures	200,341	28,633	9,998	238,972
Excess (deficiency) of revenues over expenditures	12,986	81,786	(6,584)	88,187
Other Financing Sources				
Transfers In	-	-	-	-
Tansfers Out	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Changes in Fund Balances	12,986	81,786	(6,584)	88,187
Fund Balance - Beginning	22,996	26,650	30,313	79,959
Fund Balance - Ending	$ 35,981	$ 108,436	$ 23,729	$ 168,147

Reconciliation to the Statement of Activities:

Net change in fund balances	88,187
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets capitalized	-
Depreciation expense	-
Change in net assets of governmental activities	$ 88,187

See Accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
PROPRIETARY FUNDS

	Public Works Authority	Meter Fund	Total
Revenues:			
Charges for services:			
Water	$ 159,785	$ -	$ 159,785
Sewer	49,876	-	49,876
Other	12,413	-	12,413
Total Revenues	222,074	-	222,074
Expenses:			
Personnel Services, Wages	70,039	-	70,039
Personnel Benefits and Retirement	25,956		25,956
Repairs and Supplies	46,703	-	46,703
Utilities	44,688	-	44,688
Insurance	9,052	-	9,052
Licenses, Permits and Education	5,226		5,226
Office and Shop	4,773	-	4,773
Depreciation	20,542	-	20,542
Total Expenses	226,979	-	226,979
Operating Income (Loss)	(4,905)	-	(4,905)
Non-operating revenues (expenses):			
Investment income	473	87	560
Investment expense (interest)	(6,062)	-	(6,062)
Transfer from Meter Fund	-	-	-
Total Non-operating Revenues (Expenses)	(5,589)	87	(5,502)
Changes in Net Assets	(10,494)	87	(10,407)
Net Assets - Beginning	603,919	-	603,919
Net Assets - Ending	$ 593,425	$ 87	$ 593,512

See Accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

	Public Works Authority	Meter Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	$ 222,074	$ -	$ 222,074
Other income	-	-	-
Payments to Suppliers	(136,398)	-	(136,398)
Payments to Employees	(70,039)	-	(70,039)
Net Cash Provided (Used) by Operating Activities	15,637	-	15,637
Cash Flows from Capital and Related Financing Activites			
Customer Deposits	-	2,372	2,372
Repayments of Principal from Loans	(23,256)	-	(23,256)
Interest Paid on Debt	(6,062)	-	(6,062)
Purchases of Capital Assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activitie:	(29,319)	2,372	(26,946)
Cash Flows from Investing Activities			
Sale of Land	-	-	-
Investment Receipts	473	87	560
Transfers	-	-	-
Cash Flows provided (Used) by Investing Activities	473	87	560
Net Increase (Decrease) In Cash	(13,208)	2,459	(10,749)
Cash, Beginning of Fiscal Year	75,653	15,493	91,146
Cash, End of Fiscal Year	62,445	17,952	80,397

Reconcialation of Net Income to Net Cash Provided (Used) by Operating Activities:

Operating Loss	**$ (4,905)**	**$ -**	**$ (4,905)**
Adjustments to reconcile Net Income to Net Cash			
Depreciation	20,542	-	20,542
(Increase) Decrease in Accounts Receivable	-	-	-
Increase (Decrease) in Accrued Expenses	-	-	-
Net Cash Provided (Used) by Operating Activites	$ 15,637	$ -	$ 15,637

See Accompanying notes to the basic financial statements.

Notes to Financial Statements
Town of Tyrone
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Tyrone, Oklahoma operates under a council-mayor form of government with an elected five-member Council. In defining the reporting entity for financial reporting purposes, management has considered potential component units by applying criteria set forth in Statement 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," as amended by Statement 39 of the Governmental Accounting Standards Board, "Determining Whether Certain Organizations are Component Units."

Blended Component Unit—Tyrone Public Works Authority

The Tyrone Public Works Authority (PWA) was established by the Council as a Public Trust. The purpose of the Trust is to finance, develop, and operate the water, wastewater, and sanitation services or activities of the Town of Tyrone.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town of Tyrone (the primary government) and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, internal service fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported typically reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. However, the City of Boise City and its related Authorities utilize the cash basis of accounting in preparing its financial statements. Additionally, a non-cash expense is also used to show the wear and tear in the utility and other infrastructure of the city. This expense is called depreciation. Together with the Cash Basis of accounting and the inclusion of depreciation, the City and its related Authority are using the Modified Cash-Basis of accounting, which is an another Comprehensive basis of accounting other than the prescribed Accrual Accounting promoted by Governmental Accounting Standards.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recognized as soon as they are both received. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within by the end of the fiscal year, June 30. Expenditures generally are recorded when paid.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds report miscellaneous funds that maintains funds report funds for special or specified purposes, the purpose is specified either by the act of the council or by the donor.

The cemetery funds uses it receipts from charges for services for the maintenance and operation of the Town's cemetery.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Town's enterprise fund consists of the activities of the Public Works Authority and the Golf Course.

The Town reports the following major enterprise fund:

The Public Works Authority fund accounts for the activities at the various water, wastewater, and sanitation services performed by the Town.

The Town applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB

pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs). As permitted by GASB No. 20, the Town has elected not to follow subsequent private-sector guidance in its business-type activities and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds and internal service fund are charges for services to customers. Operating expenses for the enterprise funds and the internal service fund include the cost of personnel, contractual services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets

1. Deposits and Investments

The Town's and its component unit's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and readily convertible to cash.

The Town has established a formal Investment Policy that governs the investment of all funds other than its permanent funds, private-purpose trust funds, and agency funds. Pursuant to its Investment Policy and applicable Oklahoma law, Investments for the Town and its component unit are reported at fair value. Additionally, Investments are restricted or confined to Certificate of Deposits.

2. Receivables and Payables

The Town does not record receivables or payables on the face of the basic financial statements. Interfund balances are recorded as due "due to/from other funds."

3. Inventories and prepaid items

The Town does not maintain or record amounts on the basic financial statements for inventory or prepaid items.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. All infrastructure, regardless of acquisition date, has been reported.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No business-type activity interest was capitalized in the current period.

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the assets' estimated useful lives ranging from 5 to 50 years.

Assets	Years
Buildings	45–50
Improvements other than buildings	20
Machinery and equipment	5–20
Vehicles	5–15
Intangibles	5–20
Infrastructure	20–50

Capital assets in the proprietary fund, (PWA) as of June 30, 2011, are as follows:

Water Distribution System	$ 1,083,836
Accumulated Depreciation	(335,671)
Net Capital Assets	$ 748,165

5. Compensated Absences

Under the terms of personnel policies and union contracts, vacation and sick leave (compensated absences) are granted in varying amounts according to length of service. Certain employees also earn compensatory time. A liability for vested or accumulated vacation, sick and compensatory leave is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All accumulated leave is accrued when incurred in the government-wide financial statements. Sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination.

The Town does not record any balances or amounts for compensated absences.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

7. Fund Equity

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

8. Use of Estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

9. New Pronouncements

Beginning with the fiscal year ended June 30, 2007, and continuing with these statements, the City has applied the provisions of Governmental Accounting Standards Board Statement 51. During the fiscal year ended June 30, 2010 the City has not adopted the provisions of Statements No. 45 and 54.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance—total governmental funds and net assets—governmental activities as reported in the government-wide statement of net assets.

One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this $0 are as follows:

Capital assets	$ 0
Accumulated depreciation	0
Net adjustment to increase fund balance—total governmental funds to arrive at net assets—governmental activities	$ 0

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances—total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $0 difference is as follows:

Capital outlay	$ 0
Depreciation expense	0
Net adjustment to increase net changes in fund balances—total governmental funds to arrive at changes in net assets of governmental activities	$ 0

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget of the General Fund is legally adopted by the Town Council through the passage of an appropriation resolve. There is a difference between the budgetary basis (Cash Basis) and generally accepted accounting principles (GAAP). The legal level of budgetary control is that level of expenditure authority that may not be exceeded or reassigned without the approval of the City Council. The City Charter gives the City Manager may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department or agency. Accordingly, the legal level of budgetary control is an office, department or agency. Historically, the appropriated budget for the General Fund is prepared by department or activity.

The accounting system is employed as a budgetary management control device to monitor the individual departments. The Council did not make any amended budgetary appropriations throughout the year.

All appropriations of the general fund lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as a designation of fund balances and do not constitute expenditures or liabilities. The commitments are re-appropriated and honored during the subsequent year.

The amounts reported as "Final Budgeted Amounts" on the Statement of Revenues. Expenditures and Changes in Fund Balances—Budget and Actual, for the General Fund, include the adopted budget as well as prior-year encumbrances, additional appropriations and transfers.

B. State statute prohibits the use of deficit spending. No council shall operate or approve encumbrances or expenditures that result in a fund deficit for the current or future years.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Primary government:

As of June 30, 2013, the primary government had the following investments:

All investments consist of Certificates of Deposits held in the Cemetery Fund and the Special Revenue Fund styled the Johnston Estate.

Interest rate risk. The Town does not currently have a policy regarding interest rate risk.

Credit risk. The Town does not have a formal policy regarding credit risk. Oklahoma statutes authorize the Town to invest only in certificates of deposits that are either guaranteed or fully collateralized by the financial institution that holds the deposits.

Custodial credit risk—deposits. This is the risk that in the event of a bank failure, the Town's deposits may not be returned to it.

B. Receivables

The Town does not record receivables.

D. Interfund Balances and Transfers

The composition of interfund balances as of June 30, 2013, is as follows. The due to/from balances result from receipts and disbursements being made through the General Fund cash accounts. These balances will be eliminated when cash transfers are made to the appropriate funds. The advances are interfund loans from the general fund.

Transfer of funds:

Receiving Fund	Paying Fund	Amount
Public Works	PWA Meter Fund	$ 0

E. Leases

The Town has no operating or capital leases as of June 30, 2013 that are presented separately.

F. Long-Term Debt

Business-type long-term debt payable from net revenues generated by the utility resources pledged to the debt includes the following:

Notes Payable:

Oklahoma Water Resources Board (OWRB) payable in monthly installments of $1,443. This obligation was incurred in legal form with the Tyrone Public Works Authority. $ 162,335

Oklahoma Department of Commerce Note payable in monthly installments of $521.43, including principal and interest at 0%. This obligation was incurred in legal form with the Tryone Public Works Authority. $ 54,851

Customer Deposits:

Customer deposits reported as a liability within the Statement of Net Assets are

comprised of utility customer deposits payable. $ 17,865

Maturities of Long-Term debt are as follows:

	OWRB	DOC
06/30/14	11,158	6,527
06/30/15	12,416	6,527
06/30/16	12,922	6,527
06/30/17	13,449	6,527
06/30/18	13,996	6,527
06/19-23	73,058	22,915
06/24-28	29,217	-

G. Short-Term Debt

The Town did not issue or retire any short-term debt during the fiscal year and had none outstanding at June 30, 2013. The proprietary funds have a current portion of their long-term debt of $18,299.

H. Components of Fund Balances

Fund Balances are divided up into three categories; (1) Invested in capital assets, net of debt, (2) Restricted, and (3) Unrestricted.

V. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and other risks for which the Town insurance. There have been no

significant changes in insurance coverage during the past fiscal year. For the three fiscal years ended June 30, 2013, 2012 and 2011 there have been no settlements in excess of coverage.

For worker's compensation, the City and its related authorities participate in.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

At time there are various claims and suits brought against the Town that arise in the normal course of the Town's activities. In the opinion of counsel and Town management, the ultimate disposition of these various claims and suits will have no material effect on the financial position of the Town.

C. Deferred Compensation Plan

The Town offers no deferred compensation plan to its employees.

D. Defined Benefit Pension Plans

Prior to February 2012 the Town did not offer post-retirement benefits. During the February 2012 meeting the Town Council agreed to approve contributions to the Oklahoma Municipal Retirement System. For the Fiscal year ended June 30, 2013 and 2012 the city had disbursed $1,655 and $182.94 on behalf of eligible employees, respectively.

E. Other Post Employment Benefits

The Town has no OPED as of June 30, 2013.

F. Overlapping Debt

The Town has no overlapping debt as of June 30, 2013.

G. Quasi-Municipal Debt

The Town does not have any debt or obligation that would be defined as Quasi-Municipal Debt, as of June 30, 2013.

H. Joint Venture

The Town is not and has not entered into any joint ventures as of June 30, 2013.

I. Commitments

As of June 30, 2013, the Town had various contractual commitments. No significant commitments are material to the financial position of the Town.

J. Long-Term Receivables

The Town has no long-term receivables as of June 30, 2013.

K. Subsequent Events

As of April 30, 2014, the issuance date of this report, no subsequent reports have occurred that effect the Town or its financial statements as presented.

WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT

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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

To the Honorable Town Council
Town of Tyrone

To the Honorable Board of Trustees
Tyrone Public Works Authority

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Tyrone, State of Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Tyrone, State of Oklahoma's basic financial statements and have issued our report thereon dated April 30, 2014.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Town of Tyrone, State of Oklahoma'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 Town of Tyrone, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Tyrone, State of Oklahoma'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

1. The Town had the Auditor prepare or draft the basic financial statements and the accompanying notes.

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

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

Watonga, Oklahoma
April 30, 2014

SUPPLEMENTAL INFORMATION

TOWN OF TYRONE, OKLAHOMA
Budgetary Comparison Schedule General Fund - Cash Basis
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance:	$ 22,996	$ 22,996	22,995.69	$ -
Resources (Inflows):				
Taxes:				
Sales Tax	33,751	33,751	39,144	5,393
Use Tax	-	-	7,957	7,957
Tobacco Tax	421	421	437	16
Franchise Tax	19,997	19,997	25,924	5,926
Lodging Tax	-	-	-	-
Total Taxes	54,169	54,169	73,462	19,293
Intergovernmental:				
Alcholic Beverage Tax	5,938	5,938	11,636	5,698
Motor Vehicle Tax	3,322	3,322	6,861	3,539
Gas Excise Tax	1,508	1,508	1,489	(19)
Investment Income	224	224	200	(24)
Miscellaneous Income				
Trash Revenue	101,035	101,035	90,254	(10,781)
Licenses and Permits	28	28	262	234
Fire	-	-	-	-
Police Fines	10,285	10,285	15,019	4,735
Rental and Royalty	-	-	-	-
Returned Checks	346	346	1,273	927
Reconnect Fees	-	-	-	-
Miscellaneous	725	725	12,870	12,146
Other Financing Sources:				
Transfer from Other Funds	-	-	-	-
Amounts available for approproations	200,576	200,576	236,322	35,747
Town Clerk				
Personal Services	20,000	41,000	48,036	7,036
Maitenance and Operations	56,576	79,076	80,533	1,457
Capital Outlay	-	-	-	-
	76,576	120,076	128,568	8,493
Police Department				
Personal Services	65,000	55,000	45,971	(9,029)
Maitenance and Operations	37,500	16,000	14,915	(1,085)
Capital Outlay	-	-	-	-
	102,500	71,000	60,886	(10,114)
Fire Department				
Personal Services	-	-	-	-
Maitenance and Operations	12,500	9,500	10,887	1,387
Capital Outlay	-	-	-	-
	12,500	9,500	10,887	1,387
Town Treasurer				
Personal Services	9,000	-	-	-
Maitenance and Operations	-	-	-	-
Capital Outlay	-	-	-	-
	9,000	-	-	-
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	200,576	200,576	200,341	(235)
Ending Budgetary Fund Balance	-	-	$ 35,981	$ 35,981

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF NET ASSETS - CASH BASIS
SPECIAL REVENUE FUNDS
JUNE 30, 2013

	Police Fund	Fireman's Fund	Parks' & Recreation	Christmas Fund	OWRB-REAP Grant	OEDA-REAP Grant	CDBG Grant	Johnston Estate	Total
ASSETS									
Cash and cash equivalents	$ 406	$ 588	$ -	$ -	$ 209	$ 285	$ 9	$ 21,939	$ 23,436
Investments	-	-	-	-	-	-	-	85,000	85,000
Due from other fund	-	-	-	-	-	-	-	-	-
Capital Assets									
Land, inexhaustible assets and construction-in-process	-	-	-	-	-	-	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-	-	-	-	-	-	-
Total Assets	406	588	-	-	209	285	9	106,939	108,436
LIABILITIES									
Due to other funds	-	-	-	-	-	-	-	-	-
Long-term debt									
Due within one year	-	-	-	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	-
NET ASSETS									
Invested in Capital Assets, net of debt	-	-	-	-	-	-	-	-	-
Restricted									
Debt Service	-	-	-	-	-	-	-	-	-
Other	406	588	-	-	209	285	9	106,939	108,436
Unrestricted	-	-	-	-	-	-	-	-	-
Total Net Assets	406	588	-	-	209	285	9	106,939	108,436

See accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
CASH BASIS
GOVERNMENTAL FUNDS

	Police Fund	Fireman's Fund	Parks' & Recreation	Christmas Fund	OWRB-REAP Grant	OEDA-REAP Grant	CDBG Grant	Johnston Estate	Total
Revenues:									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	163	163
Grant Receipts	-	4,413	-	-	-	6,225	-	-	10,638
Miscellaneous	300	12,148	45	-	-	-	-	87,125	99,618
Total Revenues	300	16,561	45	-	-	6,225	-	87,288	110,419
Expenditures:									
General Government:									
Town Clerk	-	-	-	-	-	6,225	-	-	6,225
Town Treasurer	-	-	-	-	-	-	-	-	-
Parks and Recreastion	-	-	921	-	-	-	-	1,344	2,266
Public Safety:									
Police	261	-	-	-	-	-	-	-	261
Fire	-	19,881	-	-	-	-	-	-	19,881
Cemetery:									
Cemetery	-	-	-	-	-	-	-	-	-
Total Expenditures	261	19,881	921	-	-	6,225	-	1,344	28,633
Excess (deficiency) of revenues over expenditures	39	(3,321)	(876)	-	-	-	-	85,944	81,786
Other Financing Sources									
Transfers In	-	-	-	-	-	-	-	-	-
Tansfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-	-	-	-
Net Changes in Fund Balances	39	(3,321)	(876)	-	-	-	-	85,944	81,786
Fund Balance - Beginning	367	3,908	876	-	209	285	9	20,995	26,650
Fund Balance - Ending	$ 406	$ 588	$ -	$ -	$ 209	$ 285	$ 9	$ 106,939	$ 108,436

See Accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF NET ASSETS - CASH BASIS
CEMETERY CARE FUNDS
JUNE 30, 2013

	Perpetual Care	Cemetery Care Fund	Total
ASSETS			
Cash and cash equivalents	$ 1,509	$ 1,498	$ 3,007
Investments	8,502	12,220	20,722
Due from other fund	-	-	-
Capital Assets			
Land, inexhaustible assets and construction-in-process	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-
Total Assets	10,010	13,719	23,729
LIABILITIES			
Due to other funds	-	-	-
Long-term debt			
Due within one year	-	-	
Due in more than one year	-	-	-
Total Liabilities	-	-	-
NET ASSETS			
Invested in Capital Assets, net of debt	-	-	-
Restricted			
Debt Service	-	-	-
Other	10,010	13,719	23,729
Unrestricted	-	-	-
Total Net Assets	10,010	13,719	23,729

See accompanying notes to the basic financial statements,

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
CASH BASIS
CEMETERY CARE FUNDS

	Perpetual Care	Cemetery Care Fund	Total
Revenues:			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	2,877	-	2,877
Fines and forfeitures	-	-	-
Licenses and permits	-	-	-
Investment income	302	234	537
Grant Receipts	-	-	-
Miscellaneous	-	-	-
Total Revenues	3,180	234	3,414
Expenditures:			
General Government:			
Town Clerk	-	-	-
Town Treasurer	-	-	-
Public Safety:			
Police	-	-	-
Fire	-	-	-
Cemetery:			
Cemetery	9,983	15	9,998
Total Expenditures	9,983	15	9,998
Excess (deficiency) of revenues over expenditures	(6,803)	219	(6,584)
Other Financing Sources			
Transfers In	-	-	-
Tansfers Out	-	-	-
Total Other Financing Sources	-	-	-
Net Changes in Fund Balances	(6,803)	219	(6,584)
Fund Balance - Beginning	16,814	13,499	30,313
Fund Balance - Ending	$ 10,010	$ 13,719	$ 23,729

See Accompanying notes to the basic financial statements.