

ANNUAL FINANCIAL REPORT
CITY OF NICOMA PARK, OKLAHOMA
(INCLUDING THE NICOMA PARK
DEVELOPMENT AUTHORITY)
FOR THE YEAR ENDED JUNE 30, 2015

**CITY OF NICOMA PARK
OKLAHOMA COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2015**

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**CITY OF NICOMA PARK
OKLAHOMA COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2015**

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Based on an Audit of Financial Statements Performed in
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Management Letter and Comments

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INDEPENDENT AUDITOR'S REPORT

Honorable Governing Board
City of Nicoma Park, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Nicoma Park, Oklahoma (the City), as of and for the year ended June 30, 2015, 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 the modified cash basis of accounting described in Note 1. 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 presentation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of 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 City'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 City'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.

Basis for Qualified Opinion

As discussed in Note 1, to the financial statements, the City has not maintained complete capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for our review. Also, the City has elected to not report depreciation on these capital assets. The amount by which this departure would affect assets, net position, and expenses of the Governmental and Business-Type Activities is not readily determinable.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, 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, each major fund, and the aggregate remaining fund information of the City of Nicoma Park, Oklahoma, as of June 30, 2015, and the respective changes in modified cash basis financial position and where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements that 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 opinions are not modified with respect to this matter.

Other Matters**Supplementary and Other Information**

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) and the GASB has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied by us, in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2016, 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 the results of that testing, and not to provide an opinion on 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.

Putnam & Company

Putnam & Company, PLLC
March 31, 2016

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NICOMA PARK, OKLAHOMA
INCLUDING THE NICOMA PARK DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION--MODIFIED CASH BASIS
June 30, 2015

	Governmental Activities	Business-Type Activities	Totals
CURRENT ASSETS			
Cash and Cash Equivalents	\$823,887	535,399	1,359,286
TOTAL ASSETS	\$823,887	535,399	1,359,286
CURRENT LIABILITIES			
Warrants Outstanding	\$52,926	18,937	71,863
Customer Deposits Payable		9,361	9,361
Total Current Liabilites	52,926	28,298	81,224
NON-CURRENT LIABILITIES--Notes Payable	0	431,792	431,792
TOTAL LIABILITIES	52,926	460,090	513,016
NET POSITION			
Restricted for Debt Service	3,792	75,309	79,101
Unrestricted	767,169	0	767,169
TOTAL NET POSITION	\$770,961	75,309	846,270

The notes to the financial statements are an integral part of this statement.

**CITY OF NICOMA PARK, OKLAHOMA
INCLUDING THE NICOMA PARK DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES--MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS:	Expenses	Program Revenue		Net (Expense) Revenue
		Charges For Services	Operating Grants	
Governmental Activities City of Nicoma Park	\$1,254,831	31,946	4,484	(1,218,401)
Business-Type Activities Nicoma Park Development Authority	714,941	177,601		(537,340)
Total Primary Government	\$1,969,772	209,547	4,484	(1,755,741)

CHANGES IN NET POSITION:	Primary Government		
	Governmental Activities	Business Type Activities	Total
Net (Expense) Revenue	(1,218,401)	(537,340)	(1,755,741)
General Revenue			
Sales Taxes	711,700	172,841	884,541
Other Taxes	129,769		129,769
Interest	398	173	571
Fines and Forfeitures	191,148		191,148
Other Income	162,266	10,418	172,684
Total General Revenue	(23,120)	(353,908)	(377,028)
Transfers--In (Out)	2,400	(48,764)	(46,364)
Change in Net Position	(20,720)	(402,672)	(423,392)
Net Position--Beginning	791,681	477,981	1,269,662
Net Position--Ending	770,961	75,309	846,270

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF NICOMA PARK, OKLAHOMA
INCLUDING THE NICOMA PARK DEVELOPMENT AUTHORITY
COMBINED BALANCE SHEET
ALL FUND TYPES - MODIFIED CASH BASIS
AS OF JUNE 30, 2015

	GOVERNMENTAL FUND TYPES		DEBT SERVICE FUND	FIDUCIARY FUND TYPES	PROPRIETARY FUND TYPES	TOTAL
	General Fund	Special Revenue Funds	Sinking Fund	Trust & Agency	Enterprise Fund	(Memorandum Only)
ASSETS						
Cash and Cash Equivalents	\$722,803	97,292	3,792	44,592	535,399	1,403,878
Total Assets	\$722,803	97,292	3,792	44,592	535,399	1,403,878
LIABILITIES AND FUND BALANCE						
Liabilities:						
Warrants Payable	\$52,506	420		32,857	18,937	104,720
Customers' Deposits Payable					9,361	9,361
OWRB Notes Payable					431,792	431,792
Total Liabilities	52,506	420	0	32,857	460,090	545,873
Fund Balance:						
Fund Balance	670,297	96,872	3,792	11,735		782,696
Retained Earnings					75,309	75,309
Total Fund Balance	670,297	96,872	3,792	11,735	75,309	858,005
Total Liabilities and Fund Balance	\$722,803	97,292	3,792	44,592	535,399	1,403,878

The notes to the financial statements are an integral part of this statement.

CITY OF NICOMA PARK, OKLAHOMA
INCLUDING THE NICOMA PARK DEVELOPMENT AUTHORITY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	GOVERNMENTAL FUND TYPES			TOTALS
	General Fund	Debt Service Fund	Special Revenue Funds	(Memorandum Only)
REVENUES:				
Franchise Tax	97,886			97,886
Ad Valorem Tax				0
Sales Tax	711,700			711,700
Tobacco Tax	8,080			8,080
Alcoholic Beverage Tax	4,161			4,161
Use Tax	19,642			19,642
Licenses and Permits	16,648			16,648
Charges for Services	31,946			31,946
Intergovernmental			47,858	47,858
Interest	364	2	32	398
Grants and Contracts	4,484			4,484
Fines and Forfeitures	191,148			191,148
Miscellaneous	97,760			97,760
Total Revenues	1,183,819	2	47,890	1,231,711
EXPENDITURES:				
Police Department	468,089			468,089
Fire Department	186,266			186,266
Municipal Court	104,254			104,254
Maintenance Department	48,008			48,008
General Government	396,658			396,658
Intergovernmental			51,556	51,556
Total Expenditures	1,203,275	0	51,556	1,254,831
Revenues Over/(Under) Expenditures	(19,456)	2	(3,666)	(23,120)
OTHER FINANCING SOURCES/(USES):				
Transfers Among Funds			2,400	2,400
Total Other Financing Sources/(Uses)	0	0	2,400	2,400
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	(19,456)	2	(1,266)	(20,720)
Fund Balance, Beginning of Year	689,753	3,790	98,138	791,681
Fund Balance, End of Year	670,297	3,792	96,872	770,961

The notes to the financial statements are an integral part of this statement.

**CITY OF NICOMA PARK, OKLAHOMA
INCLUDING THE NICOMA PARK DEVELOPMENT AUTHORITY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES:			
Franchise Taxes	\$80,957	97,886	16,929
Licenses and Permits	14,665	16,648	1,983
Sales Tax	607,364	711,700	104,336
Tobacco Tax	7,269	8,080	811
Alcoholic Beverage Tax	3,968	4,161	193
Charges for Services		31,946	31,946
Use Tax		19,642	19,642
Interest		364	364
Grants and Contracts		4,484	4,484
Fines and Forfeitures	102,256	191,148	88,892
Miscellaneous		97,760	97,760
Total Revenues	816,479	1,183,819	367,340
EXPENDITURES :			
Police Department	533,708	468,089	65,619
Fire Department	282,546	186,266	96,280
Municipal Court	116,522	104,254	12,268
Maintenance Department	67,668	48,008	19,660
General Government	505,788	396,658	109,130
Total Expenditures	1,506,232	1,203,275	302,957
Revenues Over/(Under) Expenditures	(689,753)	(19,456)	670,297
OTHER FINANCING SOURCES/(USES):	0	0	0
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	(689,753)	(19,456)	670,297
Fund Balance, Beginning of Year	689,753	669,753	(20,000)
Fund Balance, End of Year	<u>\$0</u>	<u>650,297</u>	<u>650,297</u>

The notes to financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

THE CITY OF NICOMA PARK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the City of Nicoma Park, Oklahoma relating to the funds included in the financial statements conform to generally accepted accounting principles of state and local governments, except as noted below. The following represents the more significant accounting and reporting policies and practices of the City:

(a) Reporting Entity

The City of Nicoma Park, for financial reporting purposes, includes funds and account groups over which the governing board exercises oversight authority.

INCLUDED ENTITIES

The Nicoma Park Development Authority is a public trust created under authority of and pursuant to the provisions of 60 O.S. Sections 176-180., for the use and benefit of the City of Nicoma Park, Oklahoma. The trust has as its purpose to develop, construct, plan, establish, install, enlarge, improve, maintain, equip, operate, control and regulate utility facilities whether water, sewage, gas, electric, or other forms or types of public and Municipal services within and without the corporate boundaries of the City of Nicoma Park. The Authority financed the construction of a sanitary sewer system which connects some residents into the Choctaw Utility Authority's sewer system. The City council functions as trustees of the Nicoma Park Development Authority.

(b) Fund Accounting

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, transfers, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the financial statements in this report, as follows:

THE CITY OF NICOMA PARK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

(b) Fund Accounting (continued)

Governmental Fund Types

General Fund - The General Fund is the principal fund of the City which accounts for all financial transactions not properly accounted for in other funds. This fund accounts for the general operating transactions of the City including police and fire protection, street repairs and maintenance, planning and development, and administration.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Special revenue funds include:

Street and Alley - Established to account for revenues received from gasoline excise and commercial vehicle tax, and expenditures made for street maintenance and operations, and capital outlay.

Municipal Park - Used to keep track of funds designated for a city park.

Police Warrant - Accounts for forty percent (40%) of citations collected by police officers.

Capital Projects Fund - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt and related costs.

THE CITY OF NICOMA PARK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

(b) Fund Accounting (continued)

Proprietary Fund Types

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. This fund includes the Nicoma Park Development Authority.

Fiduciary Funds

Fiduciary funds are trust or agency funds used to account for assets held by the City in a trustee capacity or as an agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Fiduciary fund types include:

Agency Funds - Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. They are custodial in nature and do not involve measurement of results of operations.

Agency funds include:

Municipal Court - The municipal court fund accounts for the collection and refund or forfeiture of municipal court bonds.

THE CITY OF NICOMA PARK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

(c) Basis of Accounting

The modified cash basis of accounting is followed. Revenues are recorded when received rather than when earned. Expenditures are basically recorded when paid, however, outstanding encumbrances, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation.

This method of accounting is a comprehensive basis of accounting which differs from the method required under generally accepted accounting principles. Generally accepted accounting principles for municipalities require that the modified accrual basis of accounting be followed.

(d) Total (Memorandum Only)

The combined financial statements have "Total (Memorandum Only)" columns. These columns do not purport to present the consolidated financial position of the City of Nicoma Park, Oklahoma. All significant inter-fund transactions would be eliminated and other adjustments would be made in the preparation of consolidated financial statements.

(e) Budget

The City's budget represents appropriations originally authorized and any subsequent revisions that were officially adopted during the fiscal year. The City's budget is also prepared under the modified cash basis of accounting. In accordance with Oklahoma law, all remaining unexpended appropriations lapse at year end.

(f) Compensated Absences

The City records vacation and sick leave expenditures only at the time such leave is actually paid.

(2) DEPOSITS, INVESTMENTS, AND COLLATERAL

The City is statutorily limited to investing public funds in insured checking accounts, certificates of deposit, insured savings accounts, savings certificates and U.S. or Oklahoma government obligations. The City is also required to secure collateral for invested funds in excess of amounts insured by the Federal Deposit Insurance Corporation or Federal Savings & Loan Insurance Corporation. Acceptable collateral is primarily limited to federal, state and local government obligations.

THE CITY OF NICOMA PARK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

(2) **DEPOSITS, INVESTMENTS, AND COLLATERAL** (continued)

Custodial Credit Risk - 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 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2015, the City was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The City's investment policy limits investments to those allowed in state law applicable to school districts as follows:

- 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.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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 limits investments to those with short-term maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

THE CITY OF NICOMA PARK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

(2) **DEPOSITS, INVESTMENTS, AND COLLATERAL** (continued)

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City's investment policy requires diversification of investments. At June 30, 2015, the City had no concentration of credit risk as defined above.

(3) **LONG-TERM DEBT**

Long-term debt transactions, for the year ended June 30, 2015, and changes therein were as follows:

Notes Payable – Oklahoma Water Resources Board (OWRB) Clean Water SRF

Balance, July 1, 2014	\$ 0
Additions	431,792
Retirements	<u>0</u>
Balance, June 30, 2015	\$ <u>431,792</u>

On May 19, 2015, the OWRB established a line of credit (not to exceed \$4,120,000) for the Nicoma Park Development Authority, and the proceeds of this note are to be utilized to construct sanitary sewer system improvements, to pay engineering costs, and to pay other costs associated with obtaining the CWSRF note. During the construction period, the Authority will pay interest only on the actual amount of funds drawn under the letter of credit. Once the project is complete, OWRB will establish a final amortization schedule for the note. The note will bear a fixed interest rate of 2.13% plus an administrative charge of 0.50% for an all-inclusive interest rate of 2.63% for the remaining term of the loan. Semi-annual principal and interest payments will be due on September 15th and March 15th.

The Authority is currently developing its capital asset records. (It is possible for the Authority to receive up to \$308,221.50 in principal forgiveness from the OWRB if capital asset information and related depreciation expense can be properly reported in future audits.)

(4) **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Accordingly, the City purchases commercial insurance to reduce its risk of loss. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

THE CITY OF NICOMA PARK, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

(5) PENSION AND RETIREMENT PLANS

All police personnel participate in the Statewide Oklahoma State Police Pension and Retirement System. Plan members are required to contribute 8.0% of their annual covered salary and the City of Nicoma Park contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature.

All firefighters participate in the Statewide Oklahoma Firefighter's Pension and Retirement System. Plan members are required to contribute 8.0% of their annual covered salary and the City of Nicoma Park contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the State legislature.

Historical trend information is presented in annual reports for these retirement systems. This information is useful in assessing a pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

(6) COMMITMENTS AND CONTINGENT LIABILITIES

The financial statements do not include any provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, cities generally establish a sinking fund to satisfy legal judgments rendered against them. Tax revenues are then specifically assessed for payment of these claims which have been reduced to judgment. Such claims are generally paid through these special tax assessments over a three (3) year period.

In 1991 the Nicoma Park Development Authority entered into an agreement with the Choctaw Utilities Authority (CUA) whereby the CUA provides wastewater treatment service to the Authority. A condition of the agreement was that the Authority maintains an interest-bearing account with a minimum deposit of \$22,700 in the event that the Authority failed to make its monthly payment for services to the CUA at any time during the duration of the agreement.

(7) SUSEQUENT EVENTS

Subsequent events have been evaluated through March 31, 2016, which is the date the financial statements were issued.

OTHER SUPPLEMENTAL INFORMATION

**CITY OF NICOMA PARK, OKLAHOMA
GENERAL FUND
SCHEDULE OF REVENUES BY SOURCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE OVER/ (UNDER)</u>
TAXES:			
Franchise Taxes	\$80,957	97,886	16,929
LICENSES AND PERMITS			
	14,665	16,648	1,983
INTERGOVERNMENTAL:			
Alcoholic Beverage Tax	3,968	4,161	193
Sales Tax	607,364	711,700	104,336
Tobacco Tax	7,269	8,080	811
Charges for Services		31,946	31,946
Use Tax		19,642	19,642
Total Intergovernmental	618,601	775,529	156,928
INTEREST			
		364	364
FINES AND FORFEITURES:			
Police Fines	102,256	191,148	88,892
MISCELLANEOUS:			
Grants & Contracts		4,484	4,484
Sale of Property		2,002	2,002
Royalties		1,978	1,978
Other Revenue Collections		93,680	93,680
Total Miscellaneous	0	102,144	102,144
TOTAL REVENUES	<u>\$816,479</u>	<u>1,183,719</u>	<u>367,240</u>

The notes to the financial statements are an integral part of this statement.

**THE CITY OF NICOMA PARK, OKLAHOMA
SCHEDULE OF EXPENDITURES BY CLASSIFICATION
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
MUNICIPAL COURT			
Personal Services	\$90,027	88,093	1,934
Maintenance and Operation	19,000	14,339	4,661
Capital Outlay	2,200	1,441	759
Other	3,295		3,295
Intergovernmental	2,000	381	1,619
Total Municipal Court	116,522	104,254	12,268
GENERAL GOVERNMENT			
Personal Services	159,763	150,461	9,302
Maintenance and Operation	92,525	50,441	42,084
Capital Outlay	9,500	4,758	4,742
Intergovernmental	202,000	190,998	11,002
Other	42,000		42,000
Total General Government	505,788	396,658	109,130
POLICE DEPARTMENT			
Personal Services	383,413	353,016	30,397
Maintenance and Operation	107,077	87,998	19,079
Capital Outlay	28,218	26,148	2,070
Intergovernmental	1,000	927	73
Other	14,000		14,000
Total Police Department	533,708	468,089	65,619
FIRE DEPARTMENT			
Personal Services	165,873	140,741	25,132
Maintenance and Operation	70,789	37,890	32,899
Capital Outlay	26,800	6,006	20,794
Intergovernmental	600	283	317
Grant Expenditures	4,484	1,346	3,138
Other	14,000		14,000
Total Fire Department	282,546	186,266	96,280
MAINTENANCE DEPARTMENT			
Personal Services	43,418	37,738	5,680
Maintenance and Operation	23,250	10,270	12,980
Other	1,000		1,000
Total Maintenance Department	67,668	48,008	19,660
TOTALS	\$1,506,232	1,203,275	302,957

The notes to the financial statements are an integral part of this statement.

CITY OF NICOMA PARK, OKLAHOMA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
AS OF JUNE 30, 2015

	STREET AND ALLEY FUND	POLICE WARRANT FUND	CDBG FUND	POLICE TRAINING FUND	JUVENILE COURT	FIREWORKS FUND	SENIOR MEALS FUND	TOTALS (Memorandum Only)
ASSETS								
Cash and Cash Equivalents	\$32,976	4,146	30,619	15,154	5,629	5,443	3,325	97,292
Total Assets	<u>\$32,976</u>	<u>4,146</u>	<u>30,619</u>	<u>15,154</u>	<u>5,629</u>	<u>5,443</u>	<u>3,325</u>	<u>97,292</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Warrants Outstanding	\$0						420	420
Reserved for Encumbrances								0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>420</u>	<u>420</u>
Fund Balance	<u>32,976</u>	<u>4,146</u>	<u>30,619</u>	<u>15,154</u>	<u>5,629</u>	<u>5,443</u>	<u>2,905</u>	<u>96,872</u>
Total Liabilities and Fund Balance	<u>\$32,976</u>	<u>4,146</u>	<u>30,619</u>	<u>15,154</u>	<u>5,629</u>	<u>5,443</u>	<u>3,325</u>	<u>97,292</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF NICOMA PARK, OKLAHOMA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	STREET AND ALLEY FUND	POLICE WARRANT FUND	CDBG FUND	POLICE TRAINING FUND	JUVENILE COURT	FIREWORKS FUND	SENIOR MEALS FUND	TOTALS (Memorandum Only)
REVENUES:								
Intergovernmental:								
Gasoline Tax	\$4,551							4,551
Motor Vehicle Tax	18,760							18,760
Warrant Fund Collections		3,330						3,330
Lien Collections	2,847							2,847
Miscellaneous	795			7,820	361	3,700	5,694	18,370
Total Intergovernmental	26,953	3,330	0	7,820	361	3,700	5,694	47,858
Interest	16		15			1		32
Total Revenues	26,969	3,330	15	7,820	361	3,701	5,694	47,890
EXPENDITURES:								
Maintenance and Operations	31,009	4,233		6,362	923	3,475	5,554	51,556
Total Expenditures	31,009	4,233	0	6,362	923	3,475	5,554	51,556
Revenues Over/(Under) Expenditures	(4,040)	(903)	15	1,458	(562)	226	140	(3,666)
OTHER FINANCING SOURCES/(USES):								
Transfer (To) / From Other Funds		0	2,400	0	0		0	2,400
Deobligation of Prior Year Obligations								0
Total Other Financing Sources/(Uses)	0	0	2,400	0	0	0	0	2,400
Revenues and Other Sources Over/(Under) Expenditures and Other Uses	(4,040)	(903)	2,415	1,458	(562)	226	140	(1,266)
Fund Balance - Beginning of Year	37,016	5,049	28,204	13,696	6,191	5,217	2,765	98,138
Fund Balance - End of Year	<u>\$32,976</u>	<u>4,146</u>	<u>30,619</u>	<u>15,154</u>	<u>5,629</u>	<u>5,443</u>	<u>2,905</u>	<u>96,872</u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

**NICOMA PARK DEVELOPMENT AUTHORITY
ENTERPRISE FUND
COMBINING BALANCE SHEET
MODIFIED CASH BASIS
AS OF JUNE 30, 2015**

ASSETS

Cash and Cash Equivalents	<u>\$535,399</u>
Total Assets	<u><u>\$535,399</u></u>

LIABILITIES:

Current Liabilities:	
Warrants Payable	<u>\$18,937</u>
Non-Current Liabilities:	
Customers' Deposits Payable	9,361
OWRB Notes Payable	<u>431,792</u>
Total Non-Current Liabilities	<u>441,153</u>
Total Liabilities	<u>460,090</u>
NET POSITION	
Unassigned	<u><u>\$75,309</u></u>

The notes to the financial statements are an integral part of this statement.

**NICOMA PARK DEVELOPMENT AUTHORITY
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

OPERATING REVENUES:

Charges for Services:	
Sewer Revenue	\$135,153
Stormwater Fees	8,276
Garbage Collection	20,393
Water Revenues	13,779
Total Charges for Services	<u>177,601</u>
Taxes:	
Sales Tax	<u>172,841</u>
Miscellaneous:	
Rents	6,000
Other Income	4,418
Interest Income	173
Total Miscellaneous	<u>10,591</u>
Total Operating Revenues	<u>361,033</u>

OPERATING EXPENDITURES:

General Government	104,454
Water Services	10,077
Legal Services	117,535
Engineering Services	335,270
Consulting Services	54,000
Economic Development	15,493
Sewer Expansion/Repair	30,425
Treatment Services	47,687
Total Operating Expenditures	<u>714,941</u>

Operating Revenues Over (Under) Operating Expenditures (353,908)

OTHER FINANCING SOURCES (USES):

Transfer from Other Funds	100
Transfer to Other Funds	<u>(48,864)</u>
Total Other Financing Sources (Uses)	<u>(48,764)</u>

Revenues and Other Sources Over/(Under)
Expenditures and Other Uses (402,672)

Net Position, Beginning of Year 477,981

Net Position, End of Year \$75,309

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

**CITY OF NICOMA PARK, OKLAHOMA
INCLUDING THE NICOMA PARK DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS - ENTERPRISE FUND TYPE
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Cash Flows from Operating Activities:	
Net Income (Loss) from Operations	<u>(\$353,908)</u>
Cash Flows From Non-Capital Financing Activities:	
Transfers in (out)	<u>(48,764)</u>
Cash Flows from Capital and Related Financing Activities:	
OWRB Loan Proceeds	431,792
Increase in Warrant Payable	5,899
Increase in Customer Deposits Payable	<u>794</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>438,485</u>
Net Increase (Decrease) in Cash and Cash Equivalents	35,813
Cash and Cash Equivalents, June 30, 2014	<u>499,586</u>
Cash and Cash Equivalents, June 30, 2015	<u><u>\$535,399</u></u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF NICOMA PARK, OKLAHOMA
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
TRUST AND AGENCY FUND
JUNE 30, 2015

	<u>MUNICIPAL COURT FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<u>ASSETS</u>		
Cash, including time deposits	<u>\$44,592</u>	<u>44,592</u>
 Total Assets	 <u>\$44,592</u>	 <u>44,592</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Warrants Outstanding	<u>\$32,857</u>	<u>32,857</u>
Fund Balance:		
Unreserved	<u>11,735</u>	<u>11,735</u>
 Total Liabilities and Fund Equity	 <u>\$44,592</u>	 <u>44,592</u>

See accompanying letter and notes to financial statements.

**THE CITY OF NICOMA PARK, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCE
TRUST AND AGENCY FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

	MUNICIPAL COURT FUND	TOTAL (MEMORANDUM ONLY)
REVENUE:		
Fines	\$209,523	209,523
Court Bonds	47,052	47,052
Credit Card Fees	162	162
Refunds	(2,929)	(2,929)
Total Revenue	<u>253,808</u>	<u>253,808</u>
EXPENDITURES:		
Maintenance and Operation	<u>17,995</u>	<u>17,995</u>
Total Expenditures	<u>17,995</u>	<u>17,995</u>
REVENUE IN EXCESS OF EXPENDITURES	<u>235,813</u>	<u>235,813</u>
OTHER FINANCING SOURCES (USES):		
Transfers Among Funds	<u>(248,875)</u>	<u>(248,875)</u>
TOTAL OTHER FINANCING SOURCES (USES):	<u>(248,875)</u>	<u>(248,875)</u>
REVENUE IN EXCESS OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) :	<u>(13,062)</u>	<u>(13,062)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>24,797</u>	<u>24,797</u>
FUND BALANCE, END OF YEAR	<u><u>\$11,735</u></u>	<u><u>11,735</u></u>

See accompanying letter and notes to financial statements.

**REPORTS REQUIRED BY
GOVERNMENTAL AUDITING STANDARDS**

Putnam & Company, PLLC
Certified Public Accountants
169 E. 32nd Street
Edmond, OK 73013
Telephone (405) 348-3800
Fax (405)348-3846

**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**

Honorable Governing Board
City of Nicoma Park, 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 of the City of Nicoma Park, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Nicoma Park's basic financial statements and have issued our report thereon dated March 31, 2016. The report on the City was qualified due to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Management Discussion and Analysis is not presented as required by the Governmental Accounting Standards Board.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Nicoma Park'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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting 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.

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 intended solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or 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.

Putnam & Company

Putnam & Company, PLLC
March 31, 2016

MANAGEMENT LETTER AND COMMENTS

PUTNAM & COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
169 E. 32ND
EDMOND, OKLAHOMA 73013
(405) 348-3800
FAX (405) 348-3846

March 31, 2016

Honorable Governing Board
City of Nicoma Park, Oklahoma

We have audited financial statements of the City of Nicoma Park, including the Nicoma Park Development Authority, as of and for the year ended June 30, 2015, as listed in the table of contents, and have issued our report thereon dated March 31, 2016. As a part of our audit, we made a study and evaluation of the City's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 31, 2016, on the financial statements of the City of Nicoma Park.

We will review the status of these comments during our next audit engagement. We would be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We also wish to express our appreciation of the courteous attention and cooperation which we received from staff members during our engagement.

Sincerely,



Jerry W. Putnam, CPA

PUTNAM & COMPANY, PLLC

**CITY OF NICOMA PARK
OKLAHOMA COUNTY, OKLAHOMA
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS:

Corrective action has been taken by the City with regard to the prior year's comments.

CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS:

PURCHASE ORDERS AND RELATED DOCUMENTATION

We reviewed purchase orders and related payment documentation on a sample basis. Our testing indicated that the City's payment documentation was very good. Also, the City's staff was able to resolve any questions we presented with respect to those samples by providing additional information and/or additional documentation, as necessary.

FIXED ASSET RECORDS

As noted in the audit report, the City has a potential opportunity to receive up to \$308,221.50 in principal forgiveness with regard to its new OWRB Clean Water SRF loan (if the City is able to establish and maintain accurate fixed asset records.) We recommend that the City should devote necessary resources and staff time toward this effort. (Establishing and maintaining inventory records is a significant task that generally requires a team effort.) Because such a substantial savings in future loan principal (and interest) could be realized, the City should take immediate steps to insure that accurate fixed asset and depreciation records are in place by the end of the 2015-16 fiscal year. Consideration could also be given to the possibility of contracting with a third party vendor (to conduct a beginning inventory and establish initial asset cost or fair market valuations...and / or to further assist with the entire inventory process...including the recording of annual asset acquisitions and retirements, and the calculation of related depreciation expenses.)

CITY'S RESPONSE TO AUDIT COMMENTS AND RECOMMENDATIONS

The City has received the findings and recommendations above and will continue to review current procedures in order to implement any necessary changes.