
THE TOWN OF HELENA

(Including the Helena Public Works Authority)

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Town of Helena, Oklahoma

Report on Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Helena, Oklahoma, as of and for the year ended June 30, 2015, 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 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 preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Town of Helena, 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 accordance with the modified cash basis of accounting described in Note 1.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015 the Town changed its basis of accounting to the modified cash basis. Our opinion is not modified with respect to this matter.

Basis of Accounting

We draw attention to Note 1 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 opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Town of Helena's basic financial statements. The budgetary comparison schedule on page 21 and the schedule of expenditures of state awards on page 25, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2015, on our consideration of the internal control over financial reporting of the Town of Helena 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Helena's internal control over financial reporting and compliance.

 C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
December 2, 2015

TOWN OF HELENA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Totals June 30, 2015
ASSETS			
Current Assets			
Cash in bank	183,584	541,841	725,425
Investments	85,312	238,176	323,488
Restricted cash	390,988	0	390,988
Internal balances	2,031	(2,031)	0
Total current assets	661,915	777,986	1,439,901
Noncurrent Assets			
Non-depreciable capital assets	22,215	158,240	180,455
Depreciable property and equipment	1,571,942	2,137,719	3,709,661
Accumulated depreciation	(879,328)	(1,365,824)	(2,245,152)
Total noncurrent assets	714,829	930,135	1,644,964
TOTAL ASSETS	\$1,376,744	\$1,708,121	\$3,084,865
LIABILITIES			
Current Liabilities			
Current portion of long-term debt	0	28,952	28,952
Total current liabilities	0	28,952	28,952
Noncurrent liabilities			
Meter deposits refundable	0	9,795	9,795
Long-term debt, less current portion	0	14,878	14,878
Total noncurrent liabilities	0	24,673	24,673
TOTAL LIABILITIES	0	53,625	53,625
NET POSITION			
Net investment in capital assets	714,829	886,305	1,601,134
Restricted for:			
Fire department	374,367	0	374,367
Revolving loan fund	1,675	0	1,675
Unrestricted	285,873	768,191	1,054,064
TOTAL NET POSITION	\$1,376,744	\$1,654,496	\$3,031,240

The accompanying notes are an integral part of these financial statements

**TOWN OF HELENA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUND
AS OF JUNE 30, 2015**

	<u>GENERAL FUND</u>
ASSETS	
Cash in bank	183,584
Investments	85,312
Restricted cash	390,988
Due from other funds	2,031
TOTAL ASSETS	<u><u>\$661,915</u></u>
 LIABILITIES	 <u>0</u>
 FUND BALANCE	
Restricted for:	
County sales tax for fire department	374,367
Revolving loan fund	1,675
Unrestricted:	
Unassigned	<u>285,873</u>
TOTAL FUND BALANCE	<u><u>661,915</u></u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$661,915</u></u>
 Reconciliation of fund balance to net assets of governmental activities:	
Fund balance	661,915
Capital assets	1,594,157
Accumulated depreciation	<u>(879,328)</u>
Net assets of governmental activities	<u><u>\$1,376,744</u></u>

The accompanying notes are an integral part of these financial statements

**TOWN OF HELENA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>GENERAL FUND</u>
REVENUES	
Sales and use taxes	184,836
Franchise tax	27,681
Alcoholic beverage tax	30,614
Motor vehicle tax	11,374
Gas excise tax	2,621
County fire tax	164,786
Police fines	4,438
Other revenues	1,320
Rentals of town property	3,100
Royalties	22,317
Interest income	2,927
Grants	<u>7,084</u>
TOTAL REVENUES	463,098
EXPENDITURES	
General government	42,287
Police department	75,923
Fire department	20,296
Street and alley department	83,999
Capital outlay	<u>137,956</u>
TOTAL EXPENDITURES	360,461
REVENUES OVER EXPENDITURES	102,637
OTHER FINANCING SOURCES	
Transfers out	<u>(2,600)</u>
NET CHANGE IN FUND BALANCE	100,037
BEGINNING FUND BALANCE	599,855
Prior period adjustment	<u>(37,977)</u>
ENDING FUND BALANCE	<u>\$661,915</u>
Reconciliation of net change in fund balance to change in net assets of governmental activities:	
Net change in fund balances	100,037
Capital asset purchases capitalized	137,956
Depreciation expense	<u>(72,849)</u>
Change in Net Assets of Governmental Activities	<u>\$165,144</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF HELENA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
AS OF JUNE 30, 2015**

	<u>ENTERPRISE FUND</u>
ASSETS	
Current Assets	
Cash in bank	541,841
Investments	<u>238,176</u>
Total Current Assets	780,017
Noncurrent Assets	
Non-depreciable capital assets	158,240
Depreciable property and equipment	2,137,719
Accumulated depreciation	<u>(1,365,824)</u>
Total Property, Plant, and Equipment	<u>930,135</u>
TOTAL ASSETS	<u><u>\$1,710,152</u></u>
LIABILITIES	
Current Liabilities	
Due to other funds	2,031
Current portion of long-term debt	<u>28,952</u>
Total Current Liabilities	30,983
Noncurrent Liabilities	
Meter deposits refundable	9,795
Long-term debt, less current portion	<u>14,878</u>
Total Noncurrent Liabilities	<u>24,673</u>
TOTAL LIABILITIES	\$55,656
NET POSITION	
Net investment in capital assets	886,305
Unrestricted	<u>768,191</u>
TOTAL NET POSITION	<u><u>\$1,654,496</u></u>

The accompanying notes are an integral part of these financial statements

**TOWN OF HELENA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>UTILITY FUND</u>
OPERATING REVENUES	
Sewer revenue	177,424
Trash revenue	48,889
Water revenue	178,921
Late payment penalties	2,070
Other revenues	1,463
Lagoon land rent	<u>2,625</u>
TOTAL OPERATING REVENUES	411,392
OPERATING EXPENSES	
Administration department	67,990
Sewer department	127,955
Trash department	45,267
Water department	<u>104,982</u>
TOTAL OPERATING EXPENSES	346,194
OPERATING INCOME	65,198
NON-OPERATING REVENUES (EXPENSES)	
Interest income	775
Net investment income	5,311
Interest expense	(2,059)
Administrative fees	<u>(329)</u>
NET NON-OPERATING REVENUES (EXPENSES)	3,698
INCOME BEFORE TRANSFERS	68,896
Transfers-in	<u>2,600</u>
CHANGE IN NET POSITION	71,496
BEGINNING NET POSITION	1,635,092
Prior period adjustment	<u>(52,092)</u>
ENDING NET POSITION	<u><u>\$1,654,496</u></u>

The accompanying notes are an integral part of these financial statements

**TOWN OF HELENA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>UTILITY FUND</u>
Cash flows from operations:	
Cash received from:	
Customers	412,458
Cash payments for:	
Goods and services	(187,197)
Employees	<u>(79,577)</u>
Net cash provided from operations	145,684
Cash flows from capital financing activities:	
Equipment purchases	(23,400)
Grant transfers from town	2,600
Principal payments	(27,918)
Interest payments	(2,059)
Administrative fees	<u>(329)</u>
Net cash from capital financing activities	(51,106)
Cash flows from investing activities:	
Interest income	<u>769</u>
Net increase (decrease) in cash	95,347
Beginning cash	<u>446,494</u>
Ending cash	<u><u>\$541,841</u></u>
Reconciliation of income from operations to net cash from operations:	
Operating income (loss)	65,198
Adjustments to income from operations:	
Depreciation	92,242
Change in assets and liabilities:	
Increase (decrease) in accounts payable	(13,584)
Increase (decrease) in inter-fund payables	762
Increase (decrease) in meter deposits	<u>1,066</u>
Net cash provided by operations	<u><u>\$145,684</u></u>

The accompanying notes are an integral part of these financial statements

The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies

1A. Introduction

The Town's financial statements are prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. Generally, that means that only items arising from cash transactions are recorded. Accounts receivable and accounts payable, for instance, are not recorded.

1B. Financial Reporting Entity

The Town of Helena (Town) operates under the Statutory Town Board of Trustees form of government and provides the following major services: public safety, streets, public improvements, planning and zoning, and general administration. In conformity with GASB-61, the financial statements of the following component unit have been included in the financial reporting entity as a blended component unit because its operating and financial relationship is significant to the town.

1B1. Blended Component Units

The Helena Public Works Authority (PWA), an entity legally separate from the Town, is governed by the same board of trustee that governs the Town. For financial reporting purposes, the PWA is reported as the Town's utility fund, because its purpose is to finance and provide water, sewer, and trash services to the citizens of the Town. The PWA does not present separate financial statements.

1C. Basis of Presentation

1C1. Fund Accounting

The Town uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The Town's funds are organized into two categories: governmental and proprietary. Within these categories, funds are further defined as major or non-major. The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories as defined by GASB 34. The Town has one governmental fund and one business-type fund.

The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015

1C2. Basis of Accounting and Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Measurement focus is a term used to describe which transactions are recorded.

1C2a. Modified Cash Basis of Accounting

The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP, and is a modification of the pure cash basis of accounting. Professional standards define the cash basis of accounting *as a basis of accounting an entity uses to record cash receipts and disbursements, and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets.)* Although the modified cash basis of accounting is not separately defined by professional standards, the modifications to the cash basis have evolved over time through common practice, and generally result when cash receipts or disbursements provide a benefit or obligation covering multiple reporting periods, and the reporting of the cash transaction would be more meaningful to financial statement users if spread over those multiple periods.

For modifications to be considered to have substantial support, they should:

1. be made as a result of cash receipts or disbursements;
2. have substantial support in GAAP or other accounting literature; and
3. be logical.

1C3. Government-wide Financial Statements

The government-wide financial statements are highly aggregated financial statements that present financial information for all assets, liabilities, and net assets using the economic resources measurement focus within the limitations of the modified cash basis of accounting. This means that revenues are recorded when received and expenses are recorded when paid. The government-wide financial statements required are the statement of net assets and the statement of activities. These financial statements are designed to help users' asses the finances of a government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current year services. They are also designed to help users assess the cost of providing services to its citizenry; determine how the government finances its programs; understand the extent to which the government has invested in capital assets; and make better comparisons between governments.

1C4. Governmental Fund Financial Statements

The general fund of the Town is a governmental fund. The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial

The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015

resources. They are presented using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received and expenditures are recorded when paid. The financial statements required for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. The governmental fund balance sheet does not present capital assets or long-term liabilities. Instead, the statement of revenues, expenditures and changes in fund balance reports the financial resource inflows and outflows arising from the disposition and acquisition of capital assets, the issuance and repayment of long-term debt, and maturation of non-debt long-term liabilities. Capital assets and long-term liabilities associated with and generally arising from activities reported in governmental funds are reported only in the government-wide financial statements.

1C5. Proprietary Fund Financial Statements

The utility fund of the Town is a proprietary fund. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting, the objectives of which involves the determination of operating income, changes in net position, net position, and cash flows. The accounting principles applicable are those similar to businesses in the private sector. The Town maintains one proprietary fund, which is an enterprise fund. Enterprise funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues; has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or establishes fees and charges based on a pricing policy designed to recover similar costs.

1D. Cash and Cash Equivalents

The Town has defined cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1E. Investments

The governing body has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed. However, it is the policy of the governing body to require deposits in excess of FDIC limits to be collateralized as required by Oklahoma Statutes.

Investments are accounted for in accordance with GASB-31, *Accounting and Financial Reporting for Certain Investments*, which states that investments held at year end with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015

1F. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other Interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

1G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at cost. Infrastructure assets such as streets that were constructed prior to the adoption of GASB 34 are not required to be reported and are not reported. In the general fund financial statements, capital assets are expensed as capital outlay. In the proprietary fund financial statements and in the government-wide financial statements, capital assets are capitalized and depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 years
Equipment	5 to 30 years
Utility systems	20 to 40 years

1H. Equity Classifications

In the government-wide statements, equity is classified as net position and reported in three components as follows:

1. Net investment in capital assets – Capital assets, net of accumulated depreciation, are reduced by the outstanding balances of any debt attributable to their acquisition, construction, or improvement.
2. Restricted – Net assets that have had constraints placed upon them either by external sources such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation; and
3. Unrestricted – All other net assets that do not meet the definition of the previous two classifications.

In the fund financial statements, governmental fund equity is classified as fund balance and reported as needed in five components as follows:

1. Nonspendable – amounts not in a spendable form, or legally or contractually required to be maintained intact.
2. Restricted – constraints placed on fund balance are externally imposed by

The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015

- creditors, grantors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the individual government's highest level of decision making authority.
 4. Assigned – constraints placed on fund balance are imposed by the government's intent that it be used for specific purposes, but are neither restricted nor committed. An individual government must define and disclose how it expresses its intent for purposes of making assignments. For the Town, this intent is expressed by the use of purchase orders encumbering amounts for assigned purposes as approved by the board of trustees.
 5. Unassigned – remaining fund balance in excess of all other classifications.

1I. Revenues and Expenditures

Program revenues in the government-wide statements include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. In proprietary funds, operating revenues and expenses result from providing the goods or services that are the funds principal ongoing operations. Revenues and expenses not meeting this definition are nonoperating revenues and expenses. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB-33. In applying GASB-33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

1J. Use of Restricted Resources

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

2. Deposits and Investments

The Town has deposits of \$317,564 in excess of insured limits that are collateralized by securities held by the pledging financial institution's trust department or agent but not in the Town's name.

The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015

The State of Oklahoma allows municipalities to invest in the following: direct obligations of the U.S. Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; and county, municipal or school district direct debt.

Investment accounts at June 30, 2015, consisted of the following:

	Governmental Activities			Business-type Activities			Combined Total		
	Cost	Market	Unrealized Gain (Loss)	Cost	Market	Unrealized Gain (Loss)	Cost	Market	Unrealized Gain (Loss)
Cash and cash equivalents									
Money market funds	16,732	16,732	0	108,556	108,556	0	125,288	125,288	0
Investments									
Government securities	43,374	44,365	848	53,438	54,042	437	96,812	98,407	1,285
Certificates of deposit	25,000	24,215	(785)	70,000	69,756	(438)	95,000	93,971	(1,223)
Total investments	68,374	68,580	63	123,438	123,798	(1)	191,812	192,378	62
Total cash and investments	85,106	85,312	63	231,994	232,354	(1)	317,100	317,666	62

Investment returns at June 30, 2015, consisted of the following:

Governmental Activities				Business-type Activities				Combined Total			
Interest & Dividends	Realized (Losses)	Unrealized Gains	Total Returns	Interest & Dividends	Realized (Losses)	Unrealized (Losses)	Total Returns	Interest & Dividends	Realized (Losses)	Unrealized (Losses)	Total Returns
1,992	(4)	63	2,051	3,726	(204)	(1)	3,521	5,718	(2,363)	(2,652)	703

During the year just ended the Town realized a net loss of \$2,363 from the sale of investments. The calculation of realized gains and losses is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments during the year just ended was \$62. This amount takes into account all changes in fair value (including purchases and sales) during the year.

3. Restricted Cash

County sales tax funds restricted for the Town's fire department are reported in the Town's financial statements for accountability and control purposes. The county spends the funds for Town operations at the Town's request and title for all equipment purchased with these funds resides with the county. Balances reflected in the financial statements are: cash - \$374,367; intergovernmental revenues - \$164,786; expenditures: \$40,945.

**The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015**

4. Capital Assets

Capital asset activity for the year just ended is summarized as follows:

	Beginning			Beginning				Ending	Net
	Balance	Additions	Deletions	Balance	Accumulated Depreciation	Additions	Deletions	Accumulated Depreciation	Book Value
Governmental activities									
Non-depreciable assets									
Land	22,215	0	0	22,215	0	0	0	0	22,215
Construction in progress	0	0	0	0	0	0	0	0	0
Total non-depreciable assets	22,215	0	0	22,215	0	0	0	0	22,215
Depreciable assets									
Buildings	566,770	79,902	0	646,673	276,361	19,138	0	295,499	351,173
Equipment	470,855	50,254	0	521,109	383,458	18,961	0	402,419	118,691
Equipment - Alfalfa County	102,383	7,800	0	110,183	3,026	5,352	0	8,378	101,805
Streets & other infrastructure	293,976	0	0	293,976	143,634	29,398	0	173,032	120,944
Total depreciable assets	1,433,985	137,956	0	1,571,942	806,480	72,848	0	879,328	692,613
Total capital assets	1,456,200	137,956	0	1,594,157	806,480	72,848	0	879,328	714,828
Business-type activities									
Non-depreciable assets									
Land	98,715	0	0	98,715	0	0	0	0	98,715
Construction in progress	0	10,600	0	59,525	0	0	0	0	59,525
Total non-depreciable assets	98,715	10,600	0	158,240	0	0	0	0	158,240
Depreciable assets									
Buildings	0	0	0	0	0	0	0	0	0
Office equipment	3,968	0	0	3,968	3,968	0	0	3,968	0
Equipment	99,865	0	0	99,865	77,528	13,853	0	91,381	8,485
Infrastructure	2,021,086	12,800	0	2,033,886	1,192,086	78,389	0	1,270,475	763,411
Total depreciable assets	2,124,919	12,800	0	2,137,719	1,273,582	92,242	0	1,365,824	771,895
Total capital assets	2,223,634	23,400	0	2,295,959	1,273,582	92,242	0	1,365,824	930,135

Depreciation expense was charged to functions as follows:

Governmental activities		Business-type activities	
General government	23,635	Sewer department	64,521
Police department	6,225	Water department	<u>27,721</u>
Fire department	8,962	Total depreciation	<u><u>92,242</u></u>
Street & alley department	<u>34,027</u>		
Total depreciation	<u><u>72,848</u></u>		

**The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015**

5. Long-term Debt

Long-term debt activity for the year ended June 30, 2015, was as follows:

<u>Business-type Activities</u>				
Beginning Balance	Issued	Retired	Ending Balance	Due in One Year
71,748	0	(27,918)	43,830	28,952

Outstanding debt at year end was as follows:

<u>Business-type Activities</u>						
Purpose	Issue Date	Issued	Outstanding	Interest Rate	Maturity Date	Collateral
Sewer	09/01/1996	422,978	43,830	3.134%	09/15/2016	Utility system and revenues; 2% sales tax

September 1, 1996, the PWA issued a \$440,000 promissory note payable to the Oklahoma Water Resources Board. The note matures September 15, 2016, and carries a fixed annual interest rate of 3.134%. The note is secured by all utility revenues, a mortgage on the utility systems, and a pledge on 2% of the Town's sales tax revenues. The Town drew down a total of \$422,978 on the note.

A summary of debt service requirements to maturity by year is as follows:

	Principal	Interest	Fee	Total
2016	28,952	1,168	187	30,307
2017	14,878	238	38	15,154
	43,830	1,406	225	45,461

6. Compliance and Accountability

The PWA is required to maintain sufficient utility rates so that net revenues, as defined in the loan agreement, meet or exceed 1.25 times the maximum annual debt service of \$32,102 which is \$40,128. PWA net revenues for the current fiscal year did meet that requirement.

7. Defined Contribution Pension Plan

The Town employees participate in the Oklahoma Municipal Retirement System as authorized by Town ordinance. Title 11, Oklahoma Statutes 1981, section 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the System to the respective employer entities. All full-time and part-time employees of the Town are eligible to participate in the System and full-time employees are fully vested after 10 years. Covered employees are required to contribute from 0% to

The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015

3% of their gross payroll which the Town must match. Employee contributions over 3% are optional and are not matched by the Town. The payroll for Town employees for the year was \$153,317. The payroll for Town employees covered by the Fund for the year was \$134,444. Actual Town and employee contributions for the year were \$4,033 each, equal to the required contributions for the year.

8. Defined Benefit Pension Plan

Plan Description. The Town contributes to the Oklahoma Firefighters Pension and Retirement System (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The System is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73015, or by calling 1-800-525-7461.

Funding Policy. Volunteer firefighters are not required to contribute, but the Town is required to contribute \$60 per volunteer per year. The contribution requirements of the System are an established rate determined by Oklahoma Statutes and are not based on actuarial calculations. The Town's contribution to the System for the year ended June 30, 2015, 2014, and 2013 was \$1,320, \$1,080, and \$2,100 respectively, equal to the required contribution for each year. During 2013, the annual due date for contributions was changed to a calendar year, causing a double payment for that year.

9. Risk Management

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There was no claims activity for the year just ended.

10. Workers' Compensation Plan

The Town participates in the Oklahoma Municipal Assurance Group (OMAG) Workers' Compensation Plan (the Plan). The Plan became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements,

The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015

claims processing, and legal defense for any and all claims submitted to it during the Plan year. A plan year normally begins at 12:01 am July 1 in any year and ends at midnight June 30 of the following year. The Plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

Plan participants have the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, participants are responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. Participants have the right to the return of any loss funds set aside for claims which have not been paid out as benefits. Losses are limited to amounts set aside by the Plan. Town funds on deposit with OMAG at year end were \$14,946 and are included in the Town's restricted cash.

11. Inter-fund Transactions

Transfers	General Fund	Utility Fund	Interfund Balances	General Fund	Utility Fund
Water grant	(2,600)	2,600	Payroll	2,031	(2,031)

12. Budgets

The board of trustees adopts a legally required annual operating budget each year. The same generally accepted accounting principles basis of accounting used for financial reporting purposes is used for budgetary purposes. Actual expenditures cannot exceed budgeted appropriations at the department level. Budgetary transfers between departments are approved by the board when required. Supplemental appropriations, if needed, are approved by the board and submitted to the state auditor's office as required by state statutes. All appropriations lapse at the end of the fiscal year. For the year just ended, eight budget amendments were approved by the trustees.

13. Prior Period Adjustments

Prior period adjustments as a result of changing the basis of accounting to the modified cash basis are as follows:

	General Fund	Utility Fund
Accounts receivable	41,999	59,399
Accounts payable	(4,024)	(7,307)
	37,975	52,092

The Town of Helena
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2015

14. Subsequent Events

Management performed an evaluation of the Town's activity through December 2, 2015, the date the audit was available to be issued, and has concluded that there are no significant subsequent events requiring disclosure through that date.

**TOWN OF HELENA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and use taxes	140,500	140,500	184,836	44,336
Franchise taxes	29,000	29,000	27,681	(1,319)
Shared taxes	31,000	167,915	209,395	41,480
Police fines	3,000	3,000	4,438	1,438
Other revenues	6,000	6,000	1,320	(4,680)
Rentals of town property	2,750	2,750	3,100	350
Royalties	0	0	22,317	22,317
Interest income	230	230	2,927	2,697
Grants	5,000	5,000	7,084	2,084
TOTAL REVENUES	217,480	354,395	463,098	108,703
EXPENDITURES				
General government	37,000	45,000	42,287	2,713
Police department	77,500	77,500	75,923	1,577
Fire department	22,000	68,352	20,296	48,056
Street department	121,500	121,500	83,999	37,501
Capital outlay	0	175,855	137,956	37,899
TOTAL EXPENDITURES	258,000	488,207	360,461	127,746
REVENUES OVER (UNDER) EXPENDITURES	(40,520)	(133,812)	102,637	236,449
OTHER FINANCING SOURCES (USES)				
Transfers-in (out)	0	0	(2,600)	(2,600)
NET CHANGE IN FUND BALANCES	(40,520)	(133,812)	100,037	233,849
BEGINNING FUND BALANCE	599,855	599,855	599,855	0
ENDING FUND BALANCE	\$559,335	\$466,043	\$661,915	\$195,872

Notes to the budgetary comparison schedule:

1. The schedule is prepared using the modified cash basis of accounting.
2. The REAP grant transfer for water system improvements was not budgeted.

BECKY FLEMING, C.P.A., INC.

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
The Town of Helena, Oklahoma

We have audited 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, the financial statements of the governmental activities, the business-type activities, and each fund of the Town of Helena, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Helena, and have issued our report thereon, dated December 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting of the Town of Helena to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Helena's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Helena'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 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as finding 2015-1, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Town of Helena 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*.

The Town of Helena's Response to Findings

The Town of Helena's response to the findings identified in our audit is described above. The Town of Helena's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

 C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
December 2, 2015

**Town of Helena
Schedule of Findings and Responses
For the Year Ended June 30, 2015**

2015-1

Criteria: Segregation of duties or other compensating procedures to provide oversight and review between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments should be established to make deliberate fraud more difficult to enact and make it more likely that innocent errors will be found and corrected.

Condition: The same employee maintains the general ledger, billing system, performs reconciliations, and collects payments, with no compensating procedures to provide for oversight or review of those transactions.

Cause: There is not sufficient segregation of duties between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments, and no compensating procedures to provide for oversight or review of those transactions.

Effect: Because there is not sufficient segregation of duties between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments, and no compensating procedures to provide for oversight or review of those transactions, posting or other errors could occur and not be found and corrected on a timely basis.

Recommendation: We recommend that procedures be established to provide segregation of duties between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments, or, where that is not possible, establish other compensating procedures to provide for oversight or review of those transactions.

Response - Since we are a small town with our clerk/treasurer as the only administrative and bookkeeping employee, we do not have a way of segregating duties. However, we will try to find ways to establish better oversight procedures.

**TOWN OF HELENA
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015
(Accrual Basis)**

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANTOR'S NUMBER	EXPENDITURES
State Auditor and Inspector <i>Northern Oklahoma Development Authority</i> Rural Economic Action Plan	AL 14-1	2,600
Oklahoma Department of Agriculture N/A Rural Fire Protection		4,484
TOTAL STATE AWARDS		<u><u>\$7,084</u></u>