

CITY OF CHICKASHA, OKLAHOMA

June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Chickasha, Oklahoma

Report on Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Chickasha, Oklahoma as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1.C; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express 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 of material misstatement.

An audit involves 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 principles 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chickasha, 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 basis of accounting described in Note 1.C.

Basis of Accounting

We draw your attention to Note 1.C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

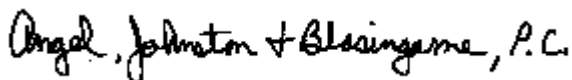
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chickasha, Oklahoma basic financial statements. The Supplementary Information as listed in the table of contents, are presented for additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of federal and state awards are the responsibility of management, derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining fund financial statements, and schedule of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparison schedules on pages C-1 through C-4, 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 we do not express an opinion or provide any assurance on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Chickasha, Oklahoma
November 16, 2015

CITY OF CHICKASHA, OKLAHOMA
Government-wide Statement of Net Position - Modified Cash Basis
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 5,464,333	\$ 3,711,753	\$ 9,176,086
Investments	9,369,000	7,850,000	17,219,000
Restricted cash	-	9,838,193	9,838,193
Restricted Investments	-	150,000	150,000
Capital assets:			
Land and other non-depreciable assets	1,893,090	4,149,813	6,042,903
Other capital assets, net	<u>32,800,120</u>	<u>35,363,757</u>	<u>68,163,877</u>
<i>Total Assets</i>	<u>49,526,543</u>	<u>61,063,516</u>	<u>110,590,059</u>
<u>Liabilities</u>			
Current liabilities:			
Police bonds	6,035	-	6,035
Due to depositors	-	328,656	328,656
Due to Other Funds	(312)	312	-
Long-term liabilities:			
Due within one year	221,433	948,761	1,170,194
Due in more than one year	<u>645,967</u>	<u>8,438,901</u>	<u>9,084,868</u>
<i>Total Liabilities</i>	<u>873,123</u>	<u>9,716,630</u>	<u>10,589,753</u>
<u>Net Position</u>			
Invested in capital assets, net of related debt	33,825,810	30,125,908	63,951,718
Restricted for debt service	-	380,719	380,719
Restricted for capital projects	417,059	9,281,966	9,699,025
Restricted for other purposes	5,146,530	1,754,014	6,900,544
Unrestricted	<u>9,264,021</u>	<u>9,804,279</u>	<u>19,068,300</u>
<i>Total Net Position</i>	<u>\$ 48,653,420</u>	<u>\$ 51,346,886</u>	<u>\$ 100,000,306</u>

See accompanying notes to basic financial statements

CITY OF CHICKASHA, OKLAHOMA
Government-wide Statement of Activities - Modified Cash Basis
For the Year Ending June 30, 2015

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government:							
Governmental Activities:							
Public safety-Fire/EMS	\$ 3,831,778	\$ -	\$ -	\$ 130,583	\$ (3,701,195)	\$ -	\$ (3,701,195)
Public safety-Police	3,400,721	1,280,807	12,994	-	(2,106,920)	-	(2,106,920)
Culture, parks and recreation	1,480,952	119,662	26,070	-	(1,335,220)	-	(1,335,220)
Streets	1,496,307	-	165,836	122,951	(1,207,520)	-	(1,207,520)
Cemetery	113,584	112,150	-	-	(1,434)	-	(1,434)
Community development	197,680	-	-	-	(197,680)	-	(197,680)
General government	1,334,215	187,797	-	-	(1,146,418)	-	(1,146,418)
Economic development	550,467	-	-	-	(550,467)	-	(550,467)
<i>Total Governmental Activities</i>	<u>12,405,704</u>	<u>1,700,416</u>	<u>204,900</u>	<u>253,534</u>	<u>(10,246,854)</u>	<u>-</u>	<u>(10,246,854)</u>
Business-Type Activities:							
Water	2,446,826	2,397,747	-	-	-	(49,079)	(49,079)
Sewer	1,361,100	1,605,610	-	-	-	244,510	244,510
Sanitation	1,495,502	1,869,764	-	-	-	374,262	374,262
Lake	167,124	23,816	-	-	-	(143,308)	(143,308)
Airport	407,809	1,065,645	-	-	-	657,836	657,836
Administration	882,504	-	-	-	-	(882,504)	(882,504)
<i>Total Business-Type Activities</i>	<u>6,760,865</u>	<u>6,962,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,717</u>	<u>201,717</u>
<i>Total Primary Government</i>	<u>19,166,569</u>	<u>8,662,998</u>	<u>204,900</u>	<u>253,534</u>	<u>(10,246,854)</u>	<u>201,717</u>	<u>(10,045,137)</u>
General Revenues:							
Taxes:							
Sales taxes					11,767,638	-	11,767,638
Use taxes					640,527	-	640,527
Franchise taxes					600,975	-	600,975
Hotel/Motel taxes					471,778	-	471,778
E-911 taxes					138,688	-	138,688
Advalorem taxes					38,139	-	38,139
Intergovernmental revenue					254,771	-	254,771
Investment income					13,142	10,469	23,611
Miscellaneous					587,437	163,171	750,608
Transfers - internal activity					(3,619,876)	3,619,876	-
<i>Total General Revenues and Transfers</i>					<u>10,893,219</u>	<u>3,793,516</u>	<u>14,686,735</u>
<i>Change in Net Position</i>					646,365	3,995,233	4,641,598
<i>Net Position - beginning, restated</i>					<u>48,007,055</u>	<u>47,351,653</u>	<u>95,358,708</u>
<i>Net Position - ending</i>					<u>\$ 48,653,420</u>	<u>\$ 51,346,886</u>	<u>\$ 100,000,306</u>

See accompanying notes to basic financial statements.

CITY OF CHICKASHA, OKLAHOMA
Balance Sheet
Governmental Funds - Modified Cash Basis
June 30, 2015

	General	ED-Dedicated Sales Tax	Dedicated Sales Tax	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 1,620,268	\$ 485,532	\$ 507,191	\$ 2,456,660	\$ 5,069,651
Investments	1,000,000	4,000,000	1,000,000	1,400,000	7,400,000
Internal service receivable	64,570				64,570
Due from other funds	10,643			4,026	14,669
<i>Total Assets</i>	<u>2,695,481</u>	<u>4,485,532</u>	<u>1,507,191</u>	<u>3,860,686</u>	<u>12,548,890</u>
<u>Liabilities</u>					
Encumbrances payable					-
Due to Other Funds	4,022			10,335	14,357
Police bonds	6,035				6,035
<i>Total Liabilities</i>	<u>10,057</u>	<u>-</u>	<u>-</u>	<u>10,335</u>	<u>20,392</u>
<u>Fund Equity</u>					
Fund Balance:					
Nonspendable					-
Restricted	19,748	3,945,363	417,059	1,181,419	5,563,589
Committed					-
Assigned	63,398	540,169	1,090,132	2,668,932	4,362,631
Unassigned	2,602,278				2,602,278
<i>Total Fund Balance</i>	<u>2,685,424</u>	<u>4,485,532</u>	<u>1,507,191</u>	<u>3,850,351</u>	<u>12,528,498</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 2,695,481</u>	<u>4,485,532</u>	<u>\$ 1,507,191</u>	<u>\$ 3,860,686</u>	<u>\$ 12,548,890</u>

See accompanying notes to basic financial statements

CITY OF CHICKASHA, OKLAHOMA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Modified Cash Basis
For the Year Ending June 30, 2015

	<u>General</u>	<u>ED-Dedicated Sales Tax</u>	<u>Dedicated Sales Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 9,496,197	\$ 688,643	\$ 2,343,905	\$ 1,129,000	\$ 13,657,745
Intergovernmental	293,156			408,787	701,943
Charges for services	318,274			1,050,337	1,368,611
Fines and forfeitures	245,106				245,106
Licenses and permits	114,849				114,849
Investment income	1,734		1,986	5,233	8,953
Miscellaneous	224,778	6,382		391,723	622,883
<i>Total Revenues</i>	<u>10,694,094</u>	<u>695,025</u>	<u>2,345,891</u>	<u>2,985,080</u>	<u>16,720,090</u>
Expenditures					
Current:					
Administration	274,429				274,429
Fire/EMS	2,358,790			1,036,458	3,395,248
E-911				60,194	60,194
Police	3,015,204			5,016	3,020,220
Parks and recreation	390,354				390,354
Cemetery	111,432			193	111,625
Sports complex	243,706				243,706
Library	363,149			1,493	364,642
Streets	604,794				604,794
Central garage	65,566				65,566
Support services	113,533				113,533
Finance	221,948				221,948
Community development	168,712				168,712
General government	547,996		747		548,743
Economic development		61,222		479,245	540,467
Capital outlay	520,589	425,556	299,637	1,226,978	2,472,760
Debt service	206,291				206,291
<i>Total Expenditures</i>	<u>9,206,493</u>	<u>486,778</u>	<u>300,384</u>	<u>2,809,577</u>	<u>12,803,232</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,487,601</u>	<u>208,247</u>	<u>2,045,507</u>	<u>175,503</u>	<u>3,916,858</u>
Other Financing Sources (Uses)					
Capital Lease Proceeds	162,690				162,690
Contribution expense/income	31,392		(1,204,158)	(26,883)	(1,199,649)
Transfers in	1,730,020		54	229,394	1,959,468
Transfers out	(3,167,989)		(1,128,467)	(80,021)	(4,376,477)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,243,887)</u>	<u>-</u>	<u>(2,332,571)</u>	<u>122,490</u>	<u>(3,453,968)</u>
Net Change in Fund Balances	243,714	208,247	(287,064)	297,993	462,890
Fund Balances - beginning	<u>2,441,710</u>	<u>4,277,285</u>	<u>1,794,255</u>	<u>3,552,358</u>	<u>12,065,608</u>
Fund Balances - ending	<u>\$ 2,685,424</u>	<u>\$ 4,485,532</u>	<u>\$ 1,507,191</u>	<u>\$ 3,850,351</u>	<u>\$ 12,528,498</u>

See accompanying notes to basic financial statements

CITY OF CHICKASHA, OKLAHOMA
Reconciliation of Governmental Fund and Government-Wide Financial Statements
Governmental Funds - Modified Cash Basis
June 30, 2015

Reconciliation to Statement of Net Assets:

Fund balances of governmental funds	\$ 12,528,498
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:	
Capital assets, net of accumulated depreciation	34,693,210
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. A portion of the assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets.	
Net assets of the Internal Service Fund	2,299,112
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
Notes payable & capital lease payable	(867,400)
	<hr/>
Net assets of governmental activities	\$ <u><u>48,653,420</u></u>

Reconciliation to Statement of Activities:

Net change in fund balances of governmental funds	\$ 462,890
Amounts reported for governmental activities on the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized in governmental funds	2,037,022
Depreciation expense	(1,618,794)
Disposal of net assets	(52,335)
Governmental capital assets purchased in prior year, transferred to the business-type activity in the current year, and reported as capital assets.	(3,219)
Note proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Principal payments on long term debt	172,764
Proceeds of long term debt	(162,690)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. A portion of the assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets.	
Change in net assets of the Internal Service Fund	<hr/> (189,273)
Change in net assets of governmental activities	\$ <u><u>646,365</u></u>

See accompanying notes to basic financial statements

CITY OF CHICKASHA, OKLAHOMA
Statement of Net Position
Proprietary Funds - Modified Cash Basis
June 30, 2015

	Enterprise Funds			
	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	TOTAL	Internal Service Funds
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$ 3,049,311	\$ 612,692	\$ 3,662,003	\$ 394,682
Deposits with insurance pool	49,750		49,750	
Investments	7,050,000	800,000	7,850,000	1,969,000
Due from other funds	82		82	
<i>Total Current Assets</i>	<u>10,149,143</u>	<u>1,412,692</u>	<u>11,561,835</u>	<u>2,363,682</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	9,838,193		9,838,193	
Restricted investments	150,000		150,000	
Land and other non-depreciable assets	4,061,998	87,815	4,149,813	
Other capital assets, net of depreciation	32,274,224	3,089,533	35,363,757	
<i>Total Noncurrent Assets</i>	<u>46,324,415</u>	<u>3,177,348</u>	<u>49,501,763</u>	<u>-</u>
<i>Total Assets</i>	<u>56,473,558</u>	<u>4,590,040</u>	<u>61,063,598</u>	<u>2,363,682</u>
<u>Liabilities</u>				
Current Liabilities:				
Due to other funds	394		394	64,570
Due to depositors	328,656		328,656	
Capital lease obligations payable	13,761		13,761	
Revenue notes payable	935,000		935,000	
<i>Total Current Liabilities</i>	<u>1,277,811</u>	<u>-</u>	<u>1,277,811</u>	<u>64,570</u>
Noncurrent Liabilities:				
Capital lease obligations payable	28,901		28,901	
Revenue notes payable	8,410,000		8,410,000	
<i>Total Noncurrent Liabilities</i>	<u>8,438,901</u>	<u>-</u>	<u>8,438,901</u>	<u>-</u>
<i>Total Liabilities</i>	<u>9,716,712</u>	<u>-</u>	<u>9,716,712</u>	<u>64,570</u>
<u>Net Position</u>				
Invested in capital assets, net of related debt	26,948,560	3,177,348	30,125,908	
Restricted for debt service	380,719		380,719	
Restricted for capital projects	9,281,966		9,281,966	
Restricted for other purposes	341,322	1,412,692	1,754,014	
Unrestricted	9,804,279		9,804,279	2,299,112
<i>Total Net Position</i>	<u>\$ 46,756,846</u>	<u>\$ 4,590,040</u>	<u>\$ 51,346,886</u>	<u>\$ 2,299,112</u>

See accompanying notes to basic financial statements

CITY OF CHICKASHA, OKLAHOMA
Statement of Revenues, Expenses and Changes Net Position
Proprietary Funds - Modified Cash Basis
For the Year Ending June 30, 2015

	Enterprise Funds			Internal Service Funds
	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	TOTAL	
Operating Revenues				
Charges for Services:				
Water revenue	\$ 2,198,892	\$	\$ 2,198,892	\$
Sewer revenue	1,551,643		1,551,643	
Sanitation revenue	1,705,441		1,705,441	
Penalties and fees	189,763		189,763	
User resource fees	105,006		105,006	
Lake revenue	23,816		23,816	
Airport revenue		1,065,645	1,065,645	
Charges for services			-	
Employee insurance contributions			-	262,879
Miscellaneous receipts	122,376		122,376	153
Insurance reimbursements			-	614,775
<i>Total Operating Revenues</i>	<u>5,896,937</u>	<u>1,065,645</u>	<u>6,962,582</u>	<u>877,807</u>
Operating Expenses				
CMA general	10,243		10,243	
Administration	616,298		616,298	
Water	1,778,780		1,778,780	
Sewer	669,474		669,474	
Sanitation	1,477,901		1,477,901	
Lake	141,274		141,274	
Building maintenance	229,611		229,611	
Airport		233,775	233,775	
Insurance coverage			-	2,979,695
Compensated absences			-	65,676
Depreciation expense	1,211,711	174,034	1,385,745	
<i>Total Operating Expenses</i>	<u>6,135,292</u>	<u>407,809</u>	<u>6,543,101</u>	<u>3,045,371</u>
<i>Operating Income (Loss)</i>	<u>(238,355)</u>	<u>657,836</u>	<u>419,481</u>	<u>(2,167,564)</u>
Nonoperating Revenues (Expenses)				
Investment income	9,661	808	10,469	4,190
Grants & Contributions	-	-	-	
Interest expense	(217,764)		(217,764)	
Gain (loss) on disposal of assets	31,034	(642)	30,392	
Rent	132,779		132,779	
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(44,290)</u>	<u>166</u>	<u>(44,124)</u>	<u>4,190</u>
Net Income (Loss) Before Contributions and Transfers	(282,645)	658,002	375,357	(2,163,374)
Capital contributions	1,514,226	3,219	1,517,445	
Contribution expense	(314,219)	(357)	(314,576)	
Transfers in	4,093,541		4,093,541	1,974,100
Transfers out	(1,676,534)		(1,676,534)	
<i>Change in Net Assets</i>	<u>3,334,369</u>	<u>660,864</u>	<u>3,995,233</u>	<u>(189,274)</u>
<i>Net Position - beginning</i>	<u>43,422,477</u>	<u>3,929,176</u>	<u>47,351,653</u>	<u>2,488,386</u>
<i>Net Position - ending</i>	<u>\$ 46,756,846</u>	<u>\$ 4,590,040</u>	<u>\$ 51,346,886</u>	<u>\$ 2,299,112</u>

See accompanying notes to basic financial statements

CITY OF CHICKASHA, OKLAHOMA
Statement of Cash Flows
Proprietary Funds - Modified Cash Basis
For the Year Ending June 30, 2015

	Enterprise Funds			
	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	TOTAL	Internal Service Funds
Cash Flows From Operating Activities				
Receipts from customers	\$ 5,896,937	\$ 291,038	\$ 6,187,975	\$ 877,654
Receipts from other funds			-	
Vendors and others paid	(4,923,581)	(233,775)	(5,157,356)	(3,045,371)
Customer meter deposits receipts/refunds	15,471		15,471	
Other receipts (payments)		774,607	774,607	153
<i>Net Cash Provided by Operating Activities</i>	<u>988,827</u>	<u>831,870</u>	<u>1,820,697</u>	<u>(2,167,564)</u>
Cash Flows From Noncapital Financing Activities				
Miscellaneous revenue	132,779		132,779	
Transfers from other funds	4,093,546		4,093,546	1,974,100
Transfers to other funds	(1,676,534)		(1,676,534)	
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>2,549,791</u>	<u>-</u>	<u>2,549,791</u>	<u>1,974,100</u>
Cash Flows From Capital and Related Financing Activities				
Grant & contributions			-	
Purchases of capital assets	(2,405,419)	(35,815)	(2,441,234)	
Asset disposal	31,034	358	31,392	
Principal paid on capital debt	(530,000)		(530,000)	
Loan Proceeds	42,662		42,662	
Contribution income	1,514,226	3,219	1,517,445	
Contribution expense	(314,219)	(358)		
Interest paid on capital debt	(217,764)		(217,764)	
<i>Net Cash Provided by (used in) Capital and Related Financing Activities</i>	<u>(1,879,480)</u>	<u>(32,596)</u>	<u>(1,597,499)</u>	<u>-</u>
Cash Flows From Investing Activities				
Interest received	9,661	808	10,469	4,190
Increase/decrease in investments	(1,850,000)	(500,000)	(2,350,000)	331,000
<i>Net Cash Provided by Investing Activities</i>	<u>(1,840,339)</u>	<u>(499,192)</u>	<u>(2,339,531)</u>	<u>335,190</u>
<i>Net Increase in Cash and Cash Equivalents</i>	(181,201)	300,082	118,881	141,726
<i>Balance - beginning of the year</i>	<u>13,118,455</u>	<u>312,610</u>	<u>13,431,065</u>	<u>252,956</u>
<i>Balance - end of the year</i>	<u><u>12,937,254</u></u>	<u><u>612,692</u></u>	<u><u>13,549,946</u></u>	<u><u>394,682</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	(238,355)	657,836	419,481	(2,167,564)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,211,711	174,034	1,385,745	
Changes in assets and liabilities:				
Due to depositors	15,471		15,471	
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 988,827</u>	<u>\$ 831,870</u>	<u>\$ 1,820,697</u>	<u>\$ (2,167,564)</u>

See accompanying notes to basic financial statements

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

Note 1 - Summary of Significant Accounting Policies

1.A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Chickasha), and its blended component units. This report includes all activities for which the City of Chickasha's City Council is fiscally responsible. In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and Statement No. 61 "The Financial Reporting Entity: Omnibus" and includes all component units for which the City is financially accountable.

The City of Chickasha – that operates the public safety, health and welfare, streets and highways, parks and recreation, community development, and administrative activities.

The City of Chickasha is an incorporated municipality with a population of approximately 16,850 located in central Oklahoma. The City is a Council/Manager form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is an nine-member governing body elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

Blended Component Units

Chickasha Municipal Authority - 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 or sanitation types of public and municipal services within or without the corporate boundaries of the City of Chickasha, Oklahoma (CMA).

Chickasha Municipal Airport Authority - The trust has as its purpose to operate the municipal airport activities (CMAA).

Chickasha Industrial Authority - The trust has as its purpose to promote and encourage the general economic and social development within the City of Chickasha, Oklahoma (CIA).

Each of these component units is a Public Trust established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. As required by state law, all debt obligations incurred by the above trusts must be approved by two-thirds vote of the City Council. The Authorities generally retain title to assets, which are acquired or constructed with Authority debt, or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

The CMA and the CMAA board of trustees is the same as the City Council composition. The City Council appoints the members of the CIA. Also the City is able to impose its will on the CMA, CMAA and the CIA through required approval of all debt obligations issued by these entities. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City's financial reporting entity. The public trust does not issue separate annual financial statements.

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

1.B. Basis of Presentation

Government-Wide Financial Statements - The Statement of Net Position and Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1.C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures/expenses are recognized and reported in the financial statements. This relates to the timing of the revenues, expenditures/expenses regardless of the measurement focus applied. Measurement focus identifies which transactions and events should be recorded. In the governmental fund financial statements, a current financial resources measurement focus is applied. In the government-wide Statement of Net Position and the Statement of Activities, and the proprietary funds, an economic resources measurement focus is applied.

Both governmental and business-type activities in the government-wide financial statements and the fund financial statements are presented using a modified cash basis of accounting. This modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- capital assets and the depreciation of those assets, where applicable
- fair market value of donated capital assets, if any
- long-term debt
- cash-based interfund receivables and payables, if any
- other cash-based receivables/payables
- investments
- utility deposit liabilities

This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

If the City used the basis of accounting required by generally accepted accounting principles, the fund financial statements for governmental funds would use the modified accrual basis of accounting and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting. Under the modified accrual basis of accounting, revenues would be recognized when susceptible to accrual (i.e. both measurable and available) and expenditures would be recorded when the current liability is incurred. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

Program revenues within the statement of activities are derived from each activity or from parties outside the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety: EMS runs, police fines and grants
- Culture, Parks and Recreation: Sport complex revenue, rentals and grants
- Streets: Gas excise tax, commercial vehicle tax
- Cemetery: Lots sales and interment fees
- General Government: Licenses, permits and grants

The City reports the following funds:

Governmental Funds

Major Governmental Funds:

- General Fund - is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund:

- ED-Dedicated Sales Tax Fund – accounts for 7/32 cent sales tax restricted by voters for economic development purposes.

Capital Project Fund:

- Dedicated Sales Tax Fund – accounts for ¾ cent sales tax restricted by voters for renovation, upgrading and expansion of the water, wastewater, street and drainage systems, and parks and recreation.

Aggregated Non-Major Governmental Funds:

Special Revenue Funds:

- Donations Fund – accounts for donations for specific purposes or projects.
- Tax Increment District – accounts for ad valorem and sales taxes restricted by voters for the reimbursement of developer costs.
- Chickasha Industrial Authority – accounts for hotel/motel tax revenues and related economic development expenses.
- E-911 Fund – accounts for 911 tax and related expenditures to maintain an emergency 911 system.
- Street and Alley Fund – accounts for revenues from state gasoline and vehicle taxes restricted for street projects.
- EMS Fund – accounts for emergency medical services activities.

Capital Project Funds:

- Cemetery Care Fund – accounts for 12.5% of cemetery revenues restricted for cemetery capital purposes as required by state law.
- Capital Projects Fund – accounts for capital activities not accounted for in other special purpose funds.

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

Proprietary Funds

Major Enterprise Funds:

- Chickasha Municipal Authority – accounts for the operation of the water, wastewater, sanitation and lake systems. The Water Meter Deposit Fund and the Water Resource Fund for future water service are included with CMA.
- Chickasha Municipal Airport Authority – accounts for activities related to operating the City's municipal airport.

Internal Service Funds:

- Combined Insurance Fund – accounts for property, health, worker's compensation and liability insurance provided to various funds of the City.
- Compensated Absences Fund – accounts for the reserve of vacation, sick leave, and comp time accruals for city employees.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

The Governmental Funds, except for the capital projects funds, are legally required to adopt an annual budget. The Public Trust funds are not required to adopt a legal annual budget. While the trusts develop an annual budget for financial management it does not constitute legal appropriations.

1.D. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents - The City considers all cash in hand, demand deposit accounts, interest bearing checking accounts and time deposit accounts including certificates of deposit with maturities of three months or less to be cash and cash equivalents. Investments in money market mutual funds held in the trustee accounts are also considered cash equivalents.

Investments - Investments consist of certificate of deposits maturing beyond three months. Investments are reported at cost, which approximates fair value. The City's investment policy also allows for the purchase of U.S. Government obligations, negotiated certificates of deposits select prime banker acceptances and select prime commercial paper. However, the City is not currently investing in any of these additional investments.

Restricted Assets - Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to customer utility deposits and trustee accounts restricted for debt service and capital improvements.

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

Capital Assets – The accounting treatment of property, plant and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements. In the government-wide statements and the proprietary fund financial statements, capital assets are accounted for as capital assets, net of accumulated depreciation where applicable. In governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, construction in progress, buildings, improvements, utility property/improvements, machinery and equipment, vehicles, surplus property and infrastructure. Recorded assets are reported at actual or estimated historical cost. A capitalization threshold of \$3,500 is used to report capital assets. Donated capital assets are recorded at estimated fair market value at the date of donation. Estimated historical cost was used to value the majority of the assets, including infrastructure assets (such as roads, bridges, traffic systems) acquired prior to July 1, 2002.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized when projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The depreciable capital assets are depreciated on a straight-line basis over the assets' estimated useful lives. The range of estimated useful lives by type of asset is as follows:

- Buildings 50 years
- Improvements other than buildings 20-30 years
- Machinery, furniture and equipment 5-24 years
- Vehicles 5-15 years
- Utility property and improvements 15-50 years
- Infrastructure 15-50 years

Due to Depositors - Represents the funds received from customers for their water utility deposits. These deposits are refunded or credited to the customer upon termination of the utility service and payment of all charges due and connected with the service.

Police Bonds - Represents municipal court bonds held for individuals awaiting court dates.

Long-Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Compensated Absences – As a result of the use of the modified cash basis of accounting, accrued liabilities related to compensated absences (accumulated but unused vacation leave, eligible sick leave buy out) and compensatory time earned but unpaid at year-end, and any employer-related costs earned and unpaid, are not reflected in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences has been reported as a commitment in Note 13.

Equity Classifications - In the government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

- a. *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.

CITY OF CHICKASHA, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

- b. *Restricted* – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted* – All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

In the governmental fund financial statements fund equity is classified as fund balance. According to GASB Statement 54, fund balance is further classified as follows:

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

It is the City’s policy that the order of spending and availability of the fund balance shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned. Negative amounts shall not be reported for restricted, committed, or assigned funds.

The unassigned fund balance in the General Fund shall maintain a range equal to 15% - 40% of the General Fund expenditures at the end of each fiscal year.

1.E. Use of Estimates

In preparing the City of Chickasha’s financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The primary estimate is related to depreciation of fixed assets.

1.F. Internal and Interfund balances and Transfers

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

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

2. Sales Tax Revenue

Sales Tax - The City presently levies a 3.969 cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The sales tax recorded is allocated two-cents for the General Fund operations, one-cent to the Chickasha Municipal Authority, three-fourth cent (expires 12/31/23) to the Dedicated Sales Tax Fund, and seven-thirty-seconds (expires 6/30/16) to the ED-Dedicated Sales Tax Fund. One-half cent sales tax not restricted by a vote of the citizens has been allocated to the Chickasha Municipal Authority Fund is used to secure debt service payments. The three-fourth cent sales tax allocated to the Dedicated Sales Tax Fund is restricted by voters for the repair, replacement or improvement of the water and sewer system, the repair, replacement or improvement of streets and drainage and can be used to secure related debt service payments. There is still some prior sales tax that is maintained in the Dedicated Sales Tax Fund that was collected from a previous sales tax authorization that can be spent for parks improvement in addition to the allowable uses noted above.

3. Tax Increment Financing District

The qualified voters of the City of Chickasha approved ordinance #2005-17. This ordinance creates a Tax Increment Financing District along the south side of Grand Avenue east and west of 4th street. The ordinance provides that the developer would make and pay for the cost of certain improvements within the District. The developer may be reimbursed for the cost of those improvements plus interest.

Funds used to reimburse the developer would come only from three-fourths of any increase in ad valorem taxes within the District resulting from an increase in assessed valuation of the land within the District and one-half of any increase in the three percent city sales tax derived from the new businesses that locate within the district. The developer reimbursement will continue until terminated upon the earlier of full reimbursement to the developer of the cost of the improvements or November 21, 2020.

4. Deposits and Investments Risk

At June 30, 2015, the reporting entity had the following deposits and investments:

<u>Type of Deposits</u>		<u>Carrying Value</u>
Deposits:		
Demand deposits		\$ 9,252,094
Time Deposits		<u>17,369,000</u>
Total		<u>\$ 26,621,094</u>
Money Market Mutual Funds:		
BOK-Short-Term Cash Fund I	<u>Maturities</u> N/A	<u>Credit Rating</u> AAA
		<u>\$ 9,662,685</u>
OMAG Escrow		<u>\$ 99,500</u>
<u>Reconciliation to Statement of Net Position</u>		
Cash and cash equivalents		\$ 19,014,279
Investments		<u>17,369,000</u>
		<u>\$ 36,383,279</u>

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does have a written investment policy for custodial credit risk that requires collateral for all uninsured deposits of municipal funds in financial institutions. As of June 30, 2015, the City was exposed to custodial credit risk as defined above. The money market mutual funds are not insured or guaranteed by the FDIC or any other government agency. The City's money market mutual funds have a Moody's credit rating of AAA and therefore are considered low risk. The other City's accounts were fully collateralized at June 30, 2015, except for the Chickasha Municipal Fund was under collateralized by \$216.

Investment Credit Risk – The City does have a written investment policy that limits its investment choices according to the limitations stated in the *Oklahoma Statutes* except for #4 that is presented below. *Oklahoma Statutes* allow the City to invest in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposits or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district; and government money market funds regulated by the SEC. Public trusts created under O.S. Title 60, are not subject to the above investment limitations and are primarily governed by any restrictions in their trust or note indenture. The City's money market mutual funds have a Moody's credit rating of AAA and therefore are considered to have a low credit risk.

Investment Interest Rate Risk – The City does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than one year from the date of purchase. The City's money market mutual funds are available on demand. All certificates of deposit have maturities no later than December 2015.

Concentration of Credit Risk – With the exception of U.S. Treasury securities, no more than 50% of the City of Chickasha's total investment portfolio will be invested in a single financial institution.

5. Restricted Assets

The amounts reported as restricted assets consist of cash and investments held by the trustee bank on behalf of the Chickasha Municipal Authority related to its required revenue bond accounts and amounts due to depositors related to utility deposits. The restricted assets as of June 30, 2015 were as follows:

<u>Type of Restricted Assets</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Utility Deposits	\$ 175,508	\$ 150,000
Trustee Accounts:		
Series 2014 Note Interest Fund	70,704	-
Series 2014 Principal Fund	310,016	-
Series 2014 Construction Fund	9,281,965	-
Total Restricted Assets	<u>\$ 9,838,193</u>	<u>\$ 150,000</u>

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

6. Capital Assets

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended June 30, 2015, was as follows:

	Balance 6/30/14	Additions	Disposals	Reclassify	Balance 6/30/15
Governmental Activities:					
Capital Assets, not being depreciated:					
Land	\$ 1,887,450	\$ -	\$ (3,219)	\$ -	\$ 1,884,231
Construction in progress	991,536	1,126,375	(2,109,052)	-	8,859
Total capital assets, not being depreciated	<u>2,878,986</u>	<u>1,126,375</u>	<u>(2,112,271)</u>	<u>-</u>	<u>1,893,090</u>
Capital assets, being depreciated:					
Buildings	8,827,335	1,200,300	-	-	10,027,635
Improvements	3,762,474	320,206	-	-	4,082,680
Infrastructure	47,902,629	809,308	-	-	48,711,937
Machinery and equipment	3,206,805	290,670	(168,844)	-	3,328,631
Vehicles	4,395,546	399,216	(301,974)	-	4,492,788
Surplus property	1,402,357	-	-	-	1,402,357
Total capital assets, being depreciated	<u>69,497,146</u>	<u>3,019,700</u>	<u>(470,818)</u>	<u>-</u>	<u>72,046,028</u>
Less accumulated depreciation:					
Buildings	2,822,279	228,058	-	-	3,050,337
Improvements	1,028,851	204,941	-	-	1,233,792
Infrastructure	27,984,040	658,282	-	-	28,642,322
Machinery and equipment	2,053,003	235,616	(116,509)	-	2,190,110
Vehicles	2,806,352	273,897	(301,974)	-	2,778,275
Surplus property	1,351,072	-	-	-	1,351,072
Total accumulated depreciation	<u>38,045,597</u>	<u>1,618,794</u>	<u>(418,483)</u>	<u>-</u>	<u>39,245,908</u>
Total capital assets, being depreciated, net	<u>31,451,549</u>	<u>1,400,906</u>	<u>(52,335)</u>	<u>-</u>	<u>32,800,120</u>
Governmental activities capital assets, net	<u>34,330,535</u>	<u>\$ 2,527,281</u>	<u>(2,164,606)</u>	<u>\$ -</u>	<u>\$34,693,210</u>
Business-Type Activities:					
Capital Assets, not being depreciated:					
Land	\$ 3,623,967	\$ 3,219	\$ -	\$ -	\$ 3,627,186
Construction in progress	133,867	1,906,053	(1,517,292)	-	522,628
Total capital assets, not being depreciated	<u>3,757,834</u>	<u>1,909,272</u>	<u>(1,517,292)</u>	<u>-</u>	<u>4,149,814</u>
Capital assets, being depreciated:					
Buildings	24,693,721	26,883	-	-	24,720,604
Improvements	2,346,649	207,502	-	(232,485)	2,114,164
Infrastructure	7,691,751	1,947,350	-	-	9,639,101
Machinery and equipment	1,767,883	75,022	(23,680)	-	1,819,225
Vehicles	895,137	-	(128,299)	-	766,838
Utility property/improvements	69,945,565	-	-	232,485	70,178,050
Surplus property	141,734	-	(6,500)	-	135,234
Total capital assets, being depreciated	<u>107,482,440</u>	<u>2,049,255</u>	<u>(158,479)</u>	<u>-</u>	<u>109,373,216</u>
Less accumulated depreciation:					
Buildings	16,580,403	433,98	-	-	17,014,361
Improvements	716,435	98,486	-	(35,645)	779,276
Infrastructure	6,224,003	38,834	-	-	6,262,837
Machinery and equipment	885,024	110,069	(23,680)	-	971,413
Vehicles	547,524	66,071	(128,299)	-	485,296
Utility property/improvements	47,687,069	638,327	-	35,645	48,361,041
Surplus property	140,734	-	(5,500)	-	135,234
Total accumulated depreciation	<u>72,781,192</u>	<u>1,385,745</u>	<u>(157,479)</u>	<u>-</u>	<u>74,009,458</u>
Total capital assets, being depreciated, net	<u>34,701,248</u>	<u>663,510</u>	<u>(1,000)</u>	<u>-</u>	<u>35,363,758</u>
Business-type activities capital assets, net	<u>\$38,459,082</u>	<u>\$ 2,572,782</u>	<u>\$ (1,518,292)</u>	<u>\$ -</u>	<u>\$39,513,572</u>

CITY OF CHICKASHA, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2015

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:

Public Safety	\$ 482,442
Culture, Parks and Recreation	382,396
Streets	642,346
Community Development	25,331
General Government	<u>86,279</u>

Total depreciation expense for governmental activities	<u>\$ 1,618,794</u>
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Business-Type Activities:

Water	\$ 559,164
Sewer	582,744
Sanitation	17,601
Lake	25,850
Economic Development	25,452
Airport	174,034
Administration	<u>900</u>

Total depreciation expense for business-type activities	<u>\$ 1,385,745</u>
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7. Long-Term Debt

Governmental Activities - State statutes prohibit the City from incurring any indebtedness or obligations that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. As of June 30, 2015, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

Capital Lease Obligations:

\$574,992 Capital lease obligation payable to Liberty National Bank for a ladder truck, payable in semi-annual installments of \$29,958, including principal and interest at 3.99%, final payment due June 30, 2019.	199,868
\$204,906 Capital lease obligation payable to First National Bank for a street sweeper, payable in monthly installments of \$3,723, including principal and interest at 3.50%, final payment due August 15, 2016.	50,882
\$144,376 Capital lease obligation payable to Liberty National Bank for a motor grader, payable in monthly installments of \$2,597, including principal and interest at 3.01%, final payment due January 27, 2017.	47,931
\$401,979 Capital lease obligation payable to Welch State Bank for a pumper, payable in semi-annual installments of \$23,576.61, including principal and interest at 3.39%, final payment due June 15, 2023 .	327,807
\$116,955 Capital lease obligation payable to Liberty National Bank for a PD video, payable in semi-annual installments of \$11,695.54, including principal and interest at 3.75%, final payment due January 27, 2017.	78,222
\$122,765 Capital lease obligation payable to Community Bank for SCBA equipment, payable in annual installments of \$25,944.06, including principal and interest at 2.5%, final payment due July 15, 2019.	122,765

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

\$39,925 Capital lease obligation payable to First National Bank for tractor and loader attachment, payable in monthly installments of \$1,158.97, including principal and interest at 2.7%, final payment due June 10, 2018.

39,925

Total Capital Lease Obligations \$ 867,400

Current portion \$ 221,433

Non-current portion 645,967

Total Capital Lease Obligations \$ 867,400

Business-Type Activities – As of June 30, 2015, the long-term debt, arising from cash transactions, payable from proprietary fund resources consisted of the following:

Capital Lease Obligations:

\$42,922 Capital lease obligation payable to First National Bank for a tractor, payable in monthly installments of \$1,238, including principal and interest at 2.27%, final payment due June 10, 2018.

\$ 42,662

Total Capital Lease Obligations \$ 42,662

Current portion \$ 13,761

Non-current portion 28,901

Total Capital Lease Obligations \$ 42,662

Revenue Notes Payable:

2014 Sales Tax Revenue Notes, original issue amount of \$9,875,000 dated March 10, 2014, issued by the Chickasha Municipal Authority, secured by ½ cent pledged sales tax, interest rate of 2.27%, final maturity dated March 1, 2024.

\$ 9,345,000

Less amount for Governmental Activities (0)

Business-Type Activities 9,345,000

Total Revenue Notes Payable \$ 9,345,000

Current portion \$ 935,000

Non-current portion 8,410,000

Total Revenue Notes Payable \$ 9,345,000

The capital assets acquired through capital leases are as follows:

<u>Date</u>	<u>Capital Asset</u>	<u>Amount</u>	<u>Accumulated Depreciation</u>
Vehicles:			
6/15/2009	Ladder Truck	574,992	233,210
1/15/2013	E-One Pumper	<u>401,979</u>	<u>83,705</u>
		<u>\$ 976,971</u>	<u>\$ 316,915</u>
Machinery and Equipment:			
9/15/2011	Street Sweeper	204,906	78,549
1/27/2012	Volvo Grader	144,376	49,330
12/15/13	PD Car Video Equipment	116,955	16,808
5/05/2015	SCB Equipment	122,765	2,046
5/15/2015	Tractor/Loader	39,925	951
5/18/2015	Tractor	<u>42,662</u>	<u>711</u>
		<u>\$ 671,589</u>	<u>\$ 148,395</u>

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

Sales Tax Revenues Pledged

The City has pledged future sales tax revenues to repay \$9.875 million in sales tax revenue notes issued in March, 2014. Proceeds from the 2014 notes provided financing for a public works water/waste system. The notes are payable from future sales tax revenue. The total principal and interest remaining to be paid on the notes are \$10,388,235, payable through March 2024.

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance 6/30/14	Additions	Deductions	Balance 6/30/15	Amounts Due Within One Year
Governmental Activities:					
Capital Lease Obligations	\$ 877,474	162,690	172,764	\$ 867,400	\$ 221,433
Revenue Notes Payable	-	-	-	-	-
Total Governmental Activities	<u>\$ 877,474</u>	<u>\$ 162,690</u>	<u>\$ 172,764</u>	<u>\$ 867,400</u>	<u>\$ 221,433</u>
Business-Type Activities:					
Capital Lease Obligations	\$ -	42,662	-	\$ 42,662	\$ 13,761
Revenue Notes Payable	<u>9,875,000</u>	-	<u>530,000</u>	<u>9,345,000</u>	<u>935,000</u>
Total Business-Type Activities	<u>\$ 9,875,000</u>	<u>\$ 42,662</u>	<u>\$ 530,000</u>	<u>\$ 9,387,662</u>	<u>\$ 948,761</u>

The annual debt service requirements to maturity are as follows:

Governmental Activities: <u>Year Ending June 30</u>	Capital Lease Obligations		Revenue Notes Payable	
	Principal	Interest	Principal	Interest
2016	\$ 221,433	\$ 24,710	\$ -	\$ -
2017	175,024	20,558	-	-
2018	155,420	14,891	-	-
2019	115,078	9,406	-	-
2020	67,042	6,055	-	-
2021-23	<u>133,403</u>	<u>8,056</u>	-	-
Total	<u>\$ 867,400</u>	<u>\$ 83,676</u>	<u>\$ -</u>	<u>\$ -</u>
Business-Type Activities:				
<u>Year Ending June 30</u>	Capital Lease Obligations		Revenue Notes Payable	
	Principal	Interest	Principal	Interest
2016	\$ 13,761	\$ 1,100	\$ 935,000	\$ 206,854
2017	14,256	605	965,000	185,459
2018	14,645	216	985,000	163,440
2019	-	-	1,010,000	140,967
2020	-	-	1,035,000	117,870
2021-25	-	-	<u>4,415,000</u>	<u>228,645</u>
Total	<u>\$ 42,662</u>	<u>\$ 1,921</u>	<u>\$ 9,345,000</u>	<u>\$ 1,043,235</u>

Interest expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:	
Public Safety	\$ 25,387
Streets	<u>8,140</u>
Total interest expense for governmental activities	<u>\$ 33,527</u>
Business-Type Activities:	
Water	\$ 108,882
Sewer	<u>108,882</u>
Total interest expense for business-type activities	<u>\$ 217,764</u>

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

8. Interfund Transfers

Transfers between funds of the primary government for the year ended June 30, 2015, were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
CIA	General Fund	80,021	Fund operations
General Fund	Tax Increment District	52,915	Transfer sales tax
General Fund	CMA	2,965,074	Trnsf sales tax for bond purposes
General Fund	EMS	150,000	Fund operations
Dedicated Sales Tax Fund	CMA	1,128,467	Transfer bond payments
CMA	General Fund	1,650,000	Subsidize operations
CMA	Tax Increment District	26,457	Transfer sales tax
CMA	Dedicated Sales Tax	54	Transfer balance in bond accounts
CMA	Capital Projects Fund	22	Transfer balance in bond accounts
Total		<u>\$ 6,053,010</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,959,469	\$ (4,376,477)	\$ (2,417,008)
Proprietary Funds	<u>4,093,541</u>	<u>(1,676,534)</u>	<u>2,417,008</u>
Total	<u>\$ 6,053,010</u>	<u>\$ (6,053,010)</u>	<u>\$ 0</u>

Reconciliation to Statement of Activities – governmental and business-type activities:

Net transfers	\$ (2,417,008)
Purchase of capital assets for business-type activities by governmental funds	<u>(1,202,868)</u>
Government-wide transfers	<u>\$ (3,619,876)</u>

9. Internal Balances

Internal balances between funds and legal entities are comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Internal Balance</u>
General Fund	E-911	\$ 3,992	Internal financing
General Fund	EMS	30	Error corrected
CMA	Water Resources	4	Error corrected
CMA	General Fund	308	Error corrected
CMA	EMS	4	Water refunds
EMS	General Fund	10,335	Internal financing
Water Resources	CMA	5	Internal financing
Meter Fund	CMA	73	Water refunds

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 14,669	\$ 14,357	\$ 312
Proprietary Funds	<u>82</u>	<u>394</u>	<u>312</u>
Total	<u>\$ 14,751</u>	<u>\$ 14,751</u>	<u>\$ -</u>

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

10. Fund Equity/Net Assets

Governmental Fund Balances – Fund balance classifications as shown in the Governmental Funds Balance Sheet in accordance with GASB Statement 54 is as follows:

	General	Economic	Dedicated	Other	
	Fund	Dedicated	Sales Tax	Governmental	
	<u>Fund</u>	<u>Sales Tax</u>	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
<i>Fund Balance:</i>					
Nonspendable:					
Long-term receivable	-	-	-		-
Restricted for:					
TIF District	-		-	15,175	15,175
Economic Dev	-	3,945,363	-	281,628	4,226,991
E911	-		-	716,066	716,066
Water/Sewer, Streets, Parks & Rec	-		417,059	-	417,059
Streets			-	89,675	89,675
Cemetery	-		-	38,563	38,563
Police	19,748		-	-	19,748
Other Purposes	-		-	40,312	40,312
Committed to:					
EMS	-		-	-	-
Assigned to:					
Fire/EMS	1,029			256,482	257,511
Police	62,369				62,369
Water/Sewer, Streets, Parks & Rec	-		1,090,132	-	1,090,132
Economic Development	-	540,169	-	328,739	868,908
E911	-		-	6,021	6,021
Streets	-		-	237,967	237,967
Cemetery	-		-	562,148	562,148
Capital Projects	-		-	1,261,663	1,261,663
Capital Assets	-		-	-	-
Other Purposes	-		-	15,912	15,912
Unassigned	2,602,278		-	-	2,602,278
<i>Total Fund Balance</i>	2,685,424	4,485,532	1,507,191	3,850,351	12,528,498

11. Risk Management

The City and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Fleet Coverage – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Physical Property, Airport General Liability and Property – Covered through purchase of commercial insurance.
- Fire Department Vehicles – Covered through participation in the Risk Management Division of the Department of Central Services, State of Oklahoma self-insurance pool.

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

- **Workers' Compensation** – Workers' compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.
- **Employee's Group Medical** - The City elects to operate a self-insured program for employee's medical insurance. Under the program, the City pays 100% of claims up to \$25,000 per employee. Aggregate stop loss coverage is adjusted monthly based on the number of participants management believes the insurance coverage sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

12. Contingencies

Federal and State Award Programs - The City of Chickasha participates in various federal and state grant/loan programs from year to year. Amounts received or receivable from grantor agencies are often subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Litigation - The City is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include accrual or provision for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court-assessed judgment rendered against the City. This provision is not applicable to authorities or public trusts. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

13. Commitments

Compensated Absences – As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (accumulated but unused vacation leave, eligible sick leave by out and compensatory time earned but unpaid at year-end, and any employer-related costs earned and unpaid) are not reflected in the financial statements. Governmental funds obligation for accrued compensated absences is \$770,503 while the Compensated Absences Internal Service Fund has a balance of \$154,369 and the General Fund unassigned fund balance is \$2,280,065 at June 30, 2015.

Project Commitments – At June 30, 2015 the City had committed for the 2015-16 \$471,807 towards street overlay and repairs.

14. Employee Pension and other Benefit Plans

The City of Chickasha participates in four pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement Fund (OMRF) – an agent multiple-employer defined benefit plan
4. ICMA-RC – an IRS Code Section 457 governmental deferred compensation plan

Firefighters' Retirement Plan – Pursuant to the requirements of Title 11, section 22-102, the City of Chickasha participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighter's Pension and Retirement System (OFPRS) on behalf of both paid and volunteer firefighters. The City has no responsibility or authority for the operation and administration of the pension program nor has it any related liability, except for the current contribution requirements.

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

The contribution rates for the City and its employees are established by Statute. The City is required to contribute 14% for the year ended June 30, 2015. Participating members are required to contribute 9%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on the website at www.ok.gov/fprs or by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Schedule of Retirement Plan Contributions – OFPRS

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2011	\$244,470	\$244,470
2012	\$252,295	\$252,295
2013	\$246,906	\$246,906
2014	\$280,124	\$280,124
2015	\$284,559	\$284,559

Policemen's Retirement Plan – The City of Chickasha participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS) on behalf of paid officers. The City has no responsibility or authority for the operation and administration of the pension program nor has it any related liability, except for the current contribution requirements.

The contribution rates for the City and its employees are established by Statute. The City is required to contribute 13% for the year ended June 30, 2015. Participating members are required to contribute 8%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS issues a publicly available financial report that includes financial statements. That report may be obtained by writing to OPPRS, 1001 NW 63rd Street, Suite 605, Oklahoma City, OK 73116-7335.

Schedule of Retirement Plan Contributions – OPPRS

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2011	\$146,159	\$146,159
2012	\$154,769	\$154,769
2013	\$149,773	\$149,773
2014	\$146,634	\$146,634
2015	\$162,336	\$162,336

Municipal Retirement Plan - The City of Chickasha and its employees participate in an agent multiple employer defined benefit pension plan through the Oklahoma Municipal Retirement Fund (OMRF). All regular full time employees, except those covered under another retirement system, are eligible. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are vested at 10 years. The City's OMRF defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The OMRF System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on the website at www.okmrf.org/reports or by writing to OMRF, P.O. Box 25848, Oklahoma City, OK 73125 or by calling 1-888-394-6673.

CITY OF CHICKASHA, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2015

Funding Policy – The contribution requirements of City of Chickasha and employees are established and may be amended by the OMRF board. Employees are required to contribute 4% of their annual covered salary. City of Chickasha is required to contribute at an actuarially determined rate; the rate during fiscal year 2014-2015 was 12.22% of covered payroll.

Annual Pension Cost – For 2014-2015, the City of Chickasha's annual pension cost of \$243,760 for the OMRF plan was equal to the required and actual contributions. The required contribution was determined as part of the March 31, 2014 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, (b) projected salary increases due to inflation of 4%, compounded annually (higher for younger employees), and (c) projected salary increases due to age/seniority, compounded annually. Funding requirements may increase in the future as benefits accrue.

Schedule of Retirement Plan Contributions – OMRF Defined Benefit Plan

Fiscal Year	Actuarial Required Contribution	Percentage Contributed	Pension Benefit Obligation
2011	\$305,917	100%	\$0
2012	\$382,297	100%	\$0
2013	\$376,424	100%	\$0
2014	\$365,140	100%	\$0
2015	\$323,297	100%	\$0

Governmental Deferred Compensation 457 Plan - The City of Chickasha has an IRS Code 457 deferred compensation plan through the ICMA-RC. The plan covers the City's manager. The City's annual pension costs for the fiscal years ending June 30th, 2015 and 2014 was \$14,832 and \$0, respectively.

16. Prior Period Adjustments

Capital lease asset purchased in prior year was not recorded as an asset.

	Government-Wide		
	Governmental Activity	Business-type Activity	Governmental Fund Statement
Beginning Net position as previously reported	\$ 47,890,199	\$ 47,351,653	\$ 12,065,608
Record Capital Asset	\$ 116,856		
Beginning net position as restated	\$ 48,007,055	\$ 47,351,653	\$ 12,065,608

CITY OF CHICKASHA, OKLAHOMA
Budgetary Comparison Schedule
General Fund - Modified Cash Basis
For the Year Ending June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Beginning Budgetary Fund Balance	\$ 1,908,826	\$ 1,908,826	\$ 2,026,850	\$ (118,024)
Resources (Inflows):				
Taxes	6,525,400	6,525,400	9,496,197	(2,970,797)
Intergovernmental	133,800	133,800	293,156	(159,356)
Charges for services	212,000	212,000	318,274	(106,274)
Fines and forfeitures	1,000	1,000	-	1,000
Licenses and permits	235,600	235,600	114,849	120,751
Investment income	5,000	5,000	1,562	3,438
Miscellaneous	47,300	47,300	224,778	(177,478)
Capital Lease Proceeds	-	-	162,690	(162,690)
Transfers in	1,928,300	1,928,300	1,896,879	31,421
Total Resources (Inflows)	<u>9,088,400</u>	<u>9,088,400</u>	<u>12,508,385</u>	<u>(3,419,985)</u>
Amounts available for appropriations	<u>10,997,226</u>	<u>10,997,226</u>	<u>14,535,235</u>	<u>(3,538,009)</u>
Charges to Appropriations (Outflows):				
Administration	344,500	345,700	275,578	70,122
Fire	2,646,200	2,686,400	2,654,074	32,326
Police	3,044,700	3,094,200	2,949,727	144,473
Parks and recreation	855,100	862,000	704,734	157,266
Library	411,200	416,900	384,174	32,726
Support services	141,300	143,300	113,576	29,724
Finance	226,800	230,400	222,687	7,713
Public Works	1,112,000	1,120,400	1,006,676	113,724
Community development	560,700	598,200	575,615	22,585
General government	1,633,400	1,403,400	269,984	1,133,416
Transfers out		150,000	3,167,989	(3,017,989)
Total Charges to Appropriations	<u>10,975,900</u>	<u>11,050,900</u>	<u>12,324,814</u>	<u>(1,273,914)</u>
Ending Budgetary Fund Balance	\$ <u>21,326</u>	\$ <u>(53,674)</u>	\$ <u>2,210,421</u>	\$ <u>(2,264,095)</u>

Reconciliation to Statement of Revenues, Expenditures, and Changes in

Fund Balance:

Contribution Income	31,392
OMAG Insurance Adjustment	38,252
Fire/EMS Training Account Fund Balance	1,029
Police Operating Account	62,369
Police Training Account Fund Balance	19,748
Police Bond Account Fund Balance	<u>322,213</u>

Total General Fund Fund Balance \$ 2,685,424

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CITY OF CHICKASHA, OKLAHOMA
Budgetary Comparison Schedule
Economic Development Sales Tax Fund - Modified Cash Basis
For the Year Ending June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Beginning Budgetary Fund Balance	\$ 4,289,960	\$ 4,289,960	\$ 4,277,285	\$ 12,675
Resources (Inflows):				
Taxes	670,000	670,000	688,643	(18,643)
Investment income	640	640		640
Miscellaneous revenue				-
Transfers in			6,382	(6,382)
Total Resources (Inflows)	<u>670,640</u>	<u>670,640</u>	<u>695,025</u>	<u>(24,385)</u>
Amounts available for appropriations	<u>4,960,600</u>	<u>4,960,600</u>	<u>4,972,310</u>	<u>(11,710)</u>
Charges to Appropriations (Outflows):				
Economic Development	<u>4,960,600</u>	<u>4,960,600</u>	<u>486,778</u>	<u>4,473,822</u>
Total Charges to Appropriations	<u>4,960,600</u>	<u>4,960,600</u>	<u>486,778</u>	<u>4,473,822</u>
Ending Budgetary Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,485,532</u>	\$ <u>(4,485,532)</u>

CITY OF CHICKASHA, OKLAHOMA
Budgetary Comparison Schedule
Dedicated Sales Tax Fund - Modified Cash Basis
For the Year Ending June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Beginning Budgetary Fund Balance	\$ 1,336,608	\$ 1,336,608	\$ 1,794,255	\$ (457,647)
Resources (Inflows):				
Taxes	2,257,000	2,257,000	2,343,905	(86,905)
Intergovernmental	89,000	89,000		89,000
Investment income	592	592	1,986	(1,394)
Miscellaneous revenue				-
Transfers in			54	(54)
Total Resources (Inflows)	<u>2,346,592</u>	<u>2,346,592</u>	<u>2,345,945</u>	<u>647</u>
Amounts available for appropriations	<u>3,683,200</u>	<u>3,683,200</u>	<u>4,140,200</u>	<u>(457,000)</u>
Charges to Appropriations (Outflows):				
Expenditures	<u>3,646,400</u>	<u>3,646,400</u>	<u>2,633,009</u>	<u>1,013,391</u>
Total Charges to Appropriations	<u>3,646,400</u>	<u>3,646,400</u>	<u>2,633,009</u>	<u>1,013,391</u>
Ending Budgetary Fund Balance	\$ <u>36,800</u>	\$ <u>36,800</u>	\$ <u>1,507,191</u>	\$ <u>(1,470,391)</u>

CITY OF CHICKASHA, OKLAHOMA

Notes to Budgetary Comparison Schedules

For the Year Ended June 30, 2015

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1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements. For budgetary comparison purposes, the City considers all encumbrances to lapse at year-end; therefore encumbrances are not considered expenditures for the budgetary comparison purposes. However, the City will re-appropriate these lapsed encumbrances in the subsequent year budget.
 2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require City Manager's approval, while supplemental appropriations require City County approval.

CITY OF CHICKASHA, OKLAHOMA
Combining Balance Sheet
Nonmajor Governmental Funds - Modified Cash Basis
June 30, 2015

	Special Revenue Funds						Capital Project Funds		Total Nonmajor Governmental Funds
	Donations	Tax Increment District	EMS	Chickasha Industrial Authority	E-911	Street and Alley	Capital Project	Cemetery Care	
<u>Assets</u>			\$						
Cash and cash equivalents	\$ 56,224	\$ 15,175	266,783	\$ 410,367	\$ 518,095	\$ 127,642	\$ 761,663	\$ 300,711	\$ 2,456,660
Investments				200,000	200,000	200,000	500,000	300,000	1,400,000
Due from Other Funds			34		3,992				4,026
<i>Total Assets</i>	<u>56,224</u>	<u>15,175</u>	<u>266,817</u>	<u>610,367</u>	<u>722,087</u>	<u>327,642</u>	<u>1,261,663</u>	<u>600,711</u>	<u>3,860,686</u>
<u>Liabilities</u>									
Due to Other Funds			10,335						10,335
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>10,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,335</u>
<u>Fund Equity</u>									
Fund Balance									
Nonspendable									-
Restricted	40,312	15,175		281,628	716,066	89,675		38,563	1,181,419
Committed									-
Assigned	15,912		256,482	328,739	6,021	237,967	1,261,663	562,148	2,668,932
Unassigned									-
<i>Total Fund Equity</i>	<u>56,224</u>	<u>15,175</u>	<u>256,482</u>	<u>610,367</u>	<u>722,087</u>	<u>327,642</u>	<u>1,261,663</u>	<u>600,711</u>	<u>3,850,351</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 56,224</u>	<u>\$ 15,175</u>	<u>\$ 266,817</u>	<u>\$ 610,367</u>	<u>\$ 722,087</u>	<u>\$ 327,642</u>	<u>\$ 1,261,663</u>	<u>\$ 600,711</u>	<u>\$ 3,860,686</u>

CITY OF CHICKASHA, OKLAHOMA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Modified Cash Basis
For the Year Ended June 30, 2015

	Special Revenue Funds						Capital Project Funds		Total Nonmajor Governmental Funds
	Donations	Tax Increment District	EMS	Chickasha Industrial Authority	E-911	Street and Alley	Capital Project	Cemetery Care	
Revenues									
Taxes	\$	\$ 38,139	\$	\$ 471,778	\$ 138,688	\$	\$ 480,395	\$	\$ 1,129,000
Intergovernmental			120,000			165,836	122,951		408,787
Charges for services			1,022,047					28,290	1,050,337
Investment income	93	5	102	1,233	917	442	2,148	293	5,233
Miscellaneous	11,262		20,425	25,983			334,053		391,723
Total Revenues	11,355	38,144	1,162,574	498,994	139,605	166,278	939,547	28,583	2,985,080
Expenditures									
Current:									
Fire/EMS			1,036,458						1,036,458
E-911					60,194				60,194
Police	5,016								5,016
Culture, Parks and Recreation									-
Cemetery								193	193
Library	1,493								1,493
Streets									-
General government									-
Economic development		105,530		373,715					479,245
Capital outlay			204,703	10,000		204,498	805,818	1,959	1,226,978
Debt service									-
Total Expenditures	6,509	105,530	1,241,161	383,715	60,194	204,498	805,818	2,152	2,809,577
Excess (Deficiency) of Revenues over Expenditures	4,846	(67,386)	(78,587)	115,279	79,411	(38,220)	133,729	26,431	175,503
Other Financing Sources (Uses)									
Contribution expense							(26,883)		(26,883)
Transfers in		79,372	150,000				22		229,394
Transfers out				(80,021)					(80,021)
Total Other Financing Sources (Uses,	-	79,372	150,000	(80,021)	-	-	(26,861)	-	122,490
Net Change in Fund Balances	4,846	11,986	71,413	35,258	79,411	(38,220)	106,868	26,431	297,993
Fund Balances - beginning	51,378	3,189	185,069	575,109	642,676	365,862	1,154,795	574,280	3,552,358
Fund Balances - ending	\$ 56,224	\$ 15,175	\$ 256,482	\$ 610,367	\$ 722,087	\$ 327,642	\$ 1,261,663	\$ 600,711	\$ 3,850,351

CITY OF CHICKASHA, OKLAHOMA
Combining Schedule of Balance Sheet Accounts
General Fund Accounts - Modified Cash Basis
June 30, 2015

	General Fund Account	Fire/EMS Training Fund Account	Police Training Fund Account	Police Operations Account	Police Bond Fund Account	Inter Account Elimination	Total General Fund
<u>Assets</u>							
Cash and cash equivalents	\$ 1,273,444	\$ 1,029	\$ 62,369	\$ 19,748	\$ 263,678	\$	\$ 1,620,268
Investments	1,000,000						1,000,000
Internal service receivable					64,570		64,570
Due from other funds	10,643						10,643
<i>Total Assets</i>	<u>2,284,087</u>	<u>1,029</u>	<u>62,369</u>	<u>19,748</u>	<u>328,248</u>	<u>-</u>	<u>2,695,481</u>
<u>Liabilities</u>							
Due to other funds	4,022						4,022
Encumbrances payable							-
Police bonds					6,035		6,035
<i>Total Liabilities</i>	<u>4,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,035</u>	<u>-</u>	<u>10,057</u>
<u>Fund Equity</u>							
Fund Balance							
Nonspendable							-
Restricted				19,748			19,748
Committed							-
Assigned		1,029	62,369				63,398
Unassigned	2,280,065				322,213		2,602,278
<i>Total Fund Equity</i>	<u>2,280,065</u>	<u>1,029</u>	<u>62,369</u>	<u>19,748</u>	<u>322,213</u>	<u>-</u>	<u>2,685,424</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 2,284,087</u>	<u>\$ 1,029</u>	<u>\$ 62,369</u>	<u>\$ 19,748</u>	<u>\$ 328,248</u>	<u>\$ -</u>	<u>\$ 2,695,481</u>

CITY OF CHICKASHA, OKLAHOMA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
General Fund Accounts - Modified Cash Basis
For the Year Ended June 30, 2015

	General Fund Account	Fire/EMS Training Fund Account	Police Training Fund Account	Police Operations Account	Police Bond Fund Account	Inter Account Elimination	Total General Fund
Revenues							
Taxes	\$ 9,496,197	\$	\$	\$	\$	\$	\$ 9,496,197
Intergovernmental	293,156						293,156
Charges for services	318,274						318,274
Fines and forfeitures				15,014	230,092		245,106
Licenses and permits	114,849						114,849
Investment income	1,562		40		132		1,734
Miscellaneous	224,778						224,778
<i>Total Revenues</i>	<u>10,448,816</u>	<u>-</u>	<u>40</u>	<u>15,014</u>	<u>230,224</u>	<u>-</u>	<u>10,694,094</u>
Expenditures							
Current:							
Administration	274,429						274,429
Fire/EMS	2,358,790						2,358,790
Police	2,818,682		27,865	2,490	41,366		2,890,403
Animal Control	124,801						124,801
Parks and recreation	390,354						390,354
Cemetery	111,432						111,432
Sports complex	243,706						243,706
Library	363,149						363,149
Streets	604,794						604,794
Central garage	65,566						65,566
Support services	113,533						113,533
Finance	221,948						221,948
Community development	168,712						168,712
General government	269,984						269,984
Building Services	72,577						72,577
Neighborhood Services	205,435						205,435
Capital outlay	504,390		16,199				520,589
Debt service	206,291						206,291
<i>Total Expenditures</i>	<u>9,118,573</u>	<u>-</u>	<u>44,064</u>	<u>2,490</u>	<u>41,366</u>	<u>-</u>	<u>9,206,493</u>
<i>Excess (Deficiency) of Revenues over Expenditures</i>	<u>1,330,243</u>	<u>-</u>	<u>(44,024)</u>	<u>12,524</u>	<u>188,858</u>	<u>-</u>	<u>1,487,601</u>
Other Financing Sources (Uses)							
Capital Lease Proceeds	162,690						162,690
Contribution Income	31,392						31,392
Transfers in	1,896,879	104	17,346			(184,309)	1,730,020
Transfers out	(3,167,989)				(184,309)	184,309	(3,167,989)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,077,028)</u>	<u>104</u>	<u>17,346</u>	<u>-</u>	<u>(184,309)</u>	<u>-</u>	<u>(1,243,887)</u>
Net Change in Fund Balances	253,215	104	(26,678)	12,524	4,549	-	243,714
Fund Balances - beginning	<u>2,026,850</u>	<u>925</u>	<u>89,047</u>	<u>7,224</u>	<u>317,664</u>	<u>-</u>	<u>2,441,710</u>
Fund Balances - ending	<u>\$ 2,280,065</u>	<u>\$ 1,029</u>	<u>\$ 62,369</u>	<u>\$ 19,748</u>	<u>\$ 322,213</u>	<u>\$ -</u>	<u>\$ 2,685,424</u>

CITY OF CHICKASHA, OKLAHOMA
Combining Statement of Net Position
Chickasha Municipal Authority - Modified Cash Basis
June 30, 2015

	Enterprise Funds			
	Chickasha Municipal Authority	Water Meter Deposit	Water Resource	TOTAL
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$ 2,953,371	\$ 54,617	\$ 41,323	\$ 3,049,311
Deposits with insurance pool	49,750			49,750
Investments	6,750,000		300,000	7,050,000
Due from other funds	78		4	82
<i>Total Current Assets</i>	<u>9,753,199</u>	<u>54,617</u>	<u>341,327</u>	<u>10,149,143</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	9,662,685	175,508		9,838,193
Restricted investments	-	150,000		150,000
Land and other non-depreciable assets	4,061,998			4,061,998
Other capital assets, net of depreciation	32,274,224			32,274,224
<i>Total Noncurrent Assets</i>	<u>45,998,907</u>	<u>325,508</u>	<u>-</u>	<u>46,324,415</u>
<i>Total Assets</i>	<u>55,752,106</u>	<u>380,125</u>	<u>341,327</u>	<u>56,473,558</u>
<u>Liabilities</u>				
Current Liabilities:				
Due to other funds	316	73	5	394
Due to depositors	3,221	325,435		328,656
Capital lease payable	13,761			13,761
Revenue notes payable	935,000			935,000
<i>Total Current Liabilities</i>	<u>952,298</u>	<u>325,508</u>	<u>5</u>	<u>1,277,811</u>
Noncurrent Liabilities:				
Capital lease payable	28,901			28,901
Revenue notes payable	8,410,000			8,410,000
<i>Total Noncurrent Liabilities</i>	<u>8,438,901</u>	<u>-</u>	<u>-</u>	<u>8,438,901</u>
<i>Total Liabilities</i>	<u>9,391,199</u>	<u>325,508</u>	<u>5</u>	<u>9,716,712</u>
<u>Net Position</u>				
Invested in capital assets, net of related debt	26,948,560			26,948,560
Restricted for debt service	380,719			380,719
Restricted for capital projects	9,281,966			9,281,966
Restricted for other purposes			341,322	341,322
Unrestricted	9,749,662	54,617		9,804,279
<i>Total Net Position</i>	<u>\$ 46,360,907</u>	<u>\$ 54,617</u>	<u>\$ 341,322</u>	<u>\$ 46,756,846</u>

CITY OF CHICKASHA, OKLAHOMA
Combining Statement of Revenues, Expenses and Changes in Net Position
Chickasha Municipal Authority - Modified Cash Basis
For the Year Ending June 30, 2015

	Enterprise Funds			
	Chickasha Municipal Authority	Water Meter Deposit	Water Resource	TOTAL
Operating Revenues				
Charges for Services:				
Water revenue	\$ 2,198,892	\$	\$	\$ 2,198,892
Sewer revenue	1,551,643			1,551,643
Sanitation revenue	1,705,441			1,705,441
Penalties and Fees	189,763			189,763
Miscellaneous	122,376			122,376
Lake Revenue	23,816			23,816
Utility Deposits				-
User resource fee	23,552		81,454	105,006
<i>Total Operating Revenues</i>	<u>5,815,483</u>	<u>-</u>	<u>81,454</u>	<u>5,896,937</u>
Operating Expenses				
CMA general	10,243			10,243
Administration	616,239	50	9	616,298
Water	1,778,780			1,778,780
Sewer	669,474			669,474
Sanitation	1,477,901			1,477,901
Lake	141,274			141,274
Building Maintenance	229,611			229,611
Depreciation expense	1,211,711			1,211,711
<i>Total Operating Expenses</i>	<u>6,135,233</u>	<u>50</u>	<u>9</u>	<u>6,135,292</u>
<i>Operating Income (Loss)</i>	<u>(319,750)</u>	<u>(50)</u>	<u>81,445</u>	<u>(238,355)</u>
Nonoperating Revenues (Expenses)				
Investment income	8,871	399	391	9,661
Interest expense	(217,764)			(217,764)
Gain on disposal of assets	31,034			31,034
Rent	132,779			132,779
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(45,080)</u>	<u>399</u>	<u>391</u>	<u>(44,290)</u>
Net Income (Loss) Before Contributions and Transfers	(364,830)	349	81,836	(282,645)
Capital Contributions	1,514,226			1,514,226
Contribution expense	(31,034)		(283,185)	(314,219)
Transfers in	4,093,541			4,093,541
Transfers out	(1,676,534)			(1,676,534)
<i>Change in Net Position</i>	<u>3,535,369</u>	<u>349</u>	<u>(201,349)</u>	<u>3,334,369</u>
<i>Net Position - beginning</i>	<u>42,825,538</u>	<u>54,268</u>	<u>542,671</u>	<u>43,422,477</u>
<i>Net Position - ending</i>	<u>\$ 46,360,907</u>	<u>\$ 54,617</u>	<u>\$ 341,322</u>	<u>\$ 46,756,846</u>

CITY OF CHICKASHA, OKLAHOMA
Combining Statement of Cash Flows
Chickasha Municipal Authority - Modified Cash Basis
For the Year Ending June 30, 2015

	Enterprise Funds			
	Chickasha Municipal Authority	Water Meter Deposit	Water Resource	TOTAL
Cash Flows From Operating Activities				
Receipts from customers	\$ 5,815,483	\$	\$ 81,454	\$ 5,896,937
Vendors and others paid	(4,923,522)	(50)	(9)	(4,923,581)
Customer meter deposits receipts/refunds	236	15,235		15,471
Other receipts (payments)				-
<i>Net Cash Provided by Operating Activities</i>	<u>892,197</u>	<u>15,185</u>	<u>81,445</u>	<u>988,827</u>
Cash Flows From Noncapital Financing Activities				
Miscellaneous revenues	132,779			132,779
Transfers from other funds	4,093,375	166	5	4,093,546
Transfers to other funds	<u>(1,676,534)</u>			<u>(1,676,534)</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>2,549,620</u>	<u>166</u>	<u>5</u>	<u>2,549,791</u>
Cash Flows From Capital and Related Financing Activities				
Interest paid on debt	(217,764)			(217,764)
Principal paid on debt	(530,000)			(530,000)
Loan Proceeds	42,662			42,662
Disposal of Assets	31,034			31,034
Contribution income	1,514,226			1,514,226
Contribution expense	(31,034)		(283,185)	(314,219)
Purchases of capital assets	<u>(2,405,419)</u>			<u>(2,405,419)</u>
<i>Net Cash Provided by (used in) Capital and Related Financing Activities</i>	<u>(1,596,295)</u>	<u>-</u>	<u>(283,185)</u>	<u>(1,879,480)</u>
Cash Flows From Investing Activities				
Interest received	8,871	399	391	9,661
(Increase) decrease in investments	<u>(1,750,000)</u>		<u>(100,000)</u>	<u>(1,850,000)</u>
<i>Net Cash Provided by Investing Activities</i>	<u>(1,741,129)</u>	<u>399</u>	<u>(99,609)</u>	<u>(1,840,339)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	104,393	15,750	(301,344)	(181,201)
<i>Balance - Beginning of the Year</i>	<u>12,561,413</u>	<u>214,375</u>	<u>342,667</u>	<u>13,118,455</u>
<i>Balance - End of the Year</i>	<u><u>12,665,806</u></u>	<u><u>230,125</u></u>	<u><u>41,323</u></u>	<u><u>12,937,254</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	(319,750)	(50)	81,445	(238,355)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	1,211,711			1,211,711
Changes in assets and liabilities:				
Insurance pool				
Due to depositors	<u>236</u>	<u>15,235</u>		<u>15,471</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 892,197</u>	<u>\$ 15,185</u>	<u>\$ 81,445</u>	<u>\$ 988,827</u>

CITY OF CHICKASHA, OKLAHOMA
Schedule of Federal and State Awards
Modified Cash Basis
For the Year Ending June 30, 2015

Grantor/Program Title	Federal CFDA #	Award Amount	Prior Year Revenues	Current Year Revenues	Prior Year Expenditures	Current Year Expenditures
Federal Awards:						
Safe Routes to School-SRS-126D(193)ST	20.205	\$ 190,500	\$	\$ 122,951	\$	\$ 122,951
Centennial Park CDBG 15294 cdbg 12	14.228	88,978	69,289	-	74,247	14,731
DOC #16079 CDBG 14 Centennial III	14.228	75,836				4,353
FAA AIP 3-40-0018-013-2015 (runway)	20.106	519,912				29,304
Homeland Security	97.073	10,583		10,583		10,583
Total Federal Awards		\$ <u>885,809</u>	\$ <u>69,289</u>	\$ <u>143,314</u>	\$ <u>74,247</u>	\$ <u>181,922</u>
State Awards:						
ODL - Annual State Aid - C&R		\$ 24,577	\$	\$ 24,577	\$	\$ 24,577
OHSO - Live at 25		3,225		3,225		3,225
Total State Awards		\$ <u>27,802</u>	\$ <u>-</u>	\$ <u>27,802</u>	\$ <u>-</u>	\$ <u>27,802</u>

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

Members of the City Council
City of Chickasha, Oklahoma

We have audited 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, the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Chickasha, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 16, 2015. Our report included an emphasis of matter paragraph on the City's use of the modified cash basis of accounting.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 that we consider to be significant deficiencies: 15-1, and 15-2.

Compliance and Other Matters

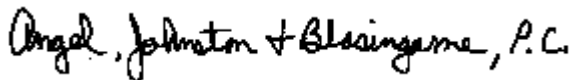
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 15-1 and 15-2.

City of Chickasha's Responses to Findings

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City'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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Chickasha, Oklahoma
November 16, 2015

CITY OF CHICKASHA, OKLAHOMA
Schedule of Findings and Responses
For the Year Ended June 30, 2015

Deficiencies of Internal Control, Compliance and Other Matters

- 15-1. Criteria – Employee policies and procedures should be followed as stated in the Employee Handbook.

Condition – The City is in conflict with the Employee Handbook regarding maximum amount of vacation employees may accrue.

Cause – The City Manager directed the payroll clerk to accrue employee vacation time past the maximum amount as stated in the Employee Handbook.

Effect – Potential abuse and misunderstanding between employees, management and those individuals charged with governance.

Recommendation – Follow the regulations and rules as set forth in the Employee Handbook until policies have been appropriately approved and updated.

Management response – There is a new handbook being written with the policy currently being used as directed by the City Manager.

- 15-2. Criteria – City EMS billings system needs to have procedures established to reconcile billings, payments and adjustments.

Condition - For the last half of the 2014-15 year no reconciliations were performed on the EMS billings. Also the billing process became delinquent.

Cause – There was a change in EMS personnel. The prior procedures were not followed and new processes did not get implemented.

Effect – Reconciliation procedures were not in place and the EMS billing process got behind.

Recommendation – Establish new EMS billing reconciliation procedures and timely bill current and previous accounts.

Management response – Management agrees.

CITY OF CHICKASHA, OKLAHOMA
Disposition of Prior Year Findings
For the Year Ended June 30, 2015

Deficiencies of Internal Control, Compliance and Other Matters

- 14-1. Criteria – State statutes require all City funds be either insured or collateralized. This insures in case of a banking failure that the City's funds are fully recoverable.

Condition – At year end the E-911 Fund had \$8,710 that was not collateralized or insured. This is the only account at this financial institution and it has just recently grown to exceed FDIC insurance levels.

Disposition – One CMA account was under collateralized by \$216 at the current yearend.

- 14-2. Criteria – State statutes requires the City to not exceed budgeted expenditures at the department level.

Condition – The City's expenditures for the Parks & Recreation Department exceeded the budgeted amount by \$7,949 for the department.

Disposition – This was not noted in the current year.

- 14-3. Criteria – All expected income due to the City should be monitored and tracked to avoid potential understatement of income.

Condition – The County sends monthly checks to the City. One month the check was not received and only discovered during the audit. Once the missing check was discovered the City notified the County which issued a replacement check.

Disposition – This was not noted in the current year.