
THE TOWN OF SLAUGHTERVILLE

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT 1

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS 3

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS 4

FUND FINANCIAL STATEMENTS

BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS 6

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS 7

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS14

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND16

BUDGETARY COMPARISON SCHEDULE – STREET & ALLEY FUND17

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Town of Slaughterville, Oklahoma

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Town of Slaughterville, Oklahoma, as of June 30, 2015, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Change in Accounting Principle

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

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Town of Slaughterville's basic financial statements. The budgetary comparison schedules on pages 16 and 17, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2015, on our consideration of the internal control over financial reporting of the Town of Slaughterville and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Slaughterville's internal control over financial reporting and compliance.

 C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
August 12, 2015

**THE TOWN OF SLAUGHTERVILLE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and demand deposits	255,103
Escrow deposits	14,096
Certificates of deposit	<u>827,816</u>
Total current assets	1,097,015
Capital Assets	
Depreciable capital assets	1,221,701
Accumulated depreciation	<u>(712,955)</u>
Net depreciable capital assets	508,746
Land	<u>350,700</u>
Net capital assets	<u>859,446</u>
TOTAL ASSETS	1,956,461
LIABILITIES	
Current Liabilities	
Unearned rental revenues	4,000
Oil and gas escrow liabilities	14,096
Other escrow liabilities	<u>1,500</u>
TOTAL LIABILITIES	19,596
NET POSITION	
Net investment in capital assets	859,446
Restricted for streets	313,299
Unrestricted	<u>764,120</u>
TOTAL NET POSITON	<u>1,936,865</u>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF SLAUGHTERVILLE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position	
					Governmental Activities	
Governmental activities:						
General government	(189,627)	17,035	1,000	0	(171,592)	
Fire department	(103,003)	2,050	9,872	33,736	(57,345)	
Street department	(11,114)	0	40,059	0	28,945	
Total governmental activities	(303,744)	19,085	50,931	33,736	(199,992)	
General revenues:						
Taxes:						
Sales and use taxes						144,709
Franchise and public service taxes						112,732
Shared taxes						11,358
Other general revenues						47,430
Investment income						8,829
Total general revenues						325,058
Change in net assets						125,066
Beginning net position						1,865,656
Prior period adjustment						(53,857)
Ending net position						1,936,865

The accompanying notes are an integral part of these financial statements

**THE TOWN OF SLAUGHTERVILLE
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Street & Alley Fund	Total Governmental Funds
ASSETS			
Cash and demand deposits	163,505	91,598	255,103
Escrow deposits	14,096	0	14,096
Certificates of deposit	605,105	222,711	827,816
Due from other funds	1,010	0	1,010
TOTAL ASSETS	783,716	314,309	1,098,025
LIABILITIES			
Unearned rental revenues	4,000	0	4,000
Due to other funds	0	1,010	1,010
Oil and gas escrow liabilities	14,096	0	14,096
Other escrow liabilities	1,500	0	1,500
TOTAL LIABILITIES	19,596	1,010	20,606
FUND BALANCE			
Restricted:			
Streets	0	313,299	313,299
Unrestricted:			
Assigned - reserved for encumbrances	47,550	0	47,550
Unassigned	716,570	0	716,570
TOTAL FUND BALANCE	764,120	313,299	1,077,419
TOTAL LIABILITIES AND FUND BALANCE	783,716	314,309	1,098,025

Reconciliation of fund balances to net assets of governmental activities:

Fund balance	764,120	313,299	1,077,419
Capital assets	1,536,801	35,600	1,572,401
Accumulated depreciation	(684,542)	(28,413)	(712,955)
Net Assets	1,616,379	320,486	1,936,865

The accompanying notes are an integral part of these financial statements

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

	General Fund	Street & Alley Fund	Total
REVENUES			
Tax revenues	257,441	0	257,441
Shared taxes	12,273	40,059	52,332
Licenses and permits	11,035	0	11,035
Rents	6,000	0	6,000
Other income	65,478	0	65,478
Donations and private grants	5,475	0	5,475
Government grants	38,220	0	38,220
Interest	6,451	2,378	8,829
TOTAL REVENUES	402,373	42,437	444,810
EXPENDITURES			
General government	163,212	0	163,212
Fire department	57,404	0	57,404
Street department	0	7,649	7,649
Capital outlay	13,615	0	13,615
TOTAL EXPENDITURES	234,231	7,649	241,880
REVENUES OVER (UNDER) EXPENDITURES	168,142	34,788	202,930
BEGINNING FUND BALANCE	646,352	281,994	928,346
Prior period adjustment	(50,374)	(3,483)	(53,857)
ENDING FUND BALANCE	764,120	313,299	1,077,419

Reconciliation of the change in fund balances to the change in net assets of governmental activities:

Net change in fund balances	168,142	34,788	202,930
Sales of fixed assets	(16,000)	0	(16,000)
Depreciation expense	(49,370)	(3,465)	(52,835)
Loss on disposal of fixed assets	(22,644)	0	(22,644)
Purchase of fixed assets	13,615	0	13,615
Change in Net Assets	93,743	31,323	125,066

The accompanying notes are an integral part of these financial statements

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

1. Summary of Significant Accounting Policies

1A. Introduction

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

1B. Financial Reporting Entity

The Town of Slaughterville was incorporated November 25, 1970, and operates under the Statutory Town Board of Trustees form of government. The Town provides the following services: fire protection, planning and zoning, and general administration.

1C. Basis of Presentation

1C1. Fund Accounting

The Town maintains two governmental funds to account for its financial activities – the general fund and the street and alley fund. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on a specific activity or attaining certain objectives in accordance with special regulations, restrictions or limitations.

1C2. Basis of Accounting and Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Measurement focus is a term used to describe which transactions are recorded. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed. When both assigned and unassigned resources are available for use, it is the government's policy to use assigned resources first, and then unassigned resources as needed. Program revenues in the government-wide statements include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted

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

to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

1C2a. Modified Cash Basis of Accounting

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

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

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

1C3. Government-wide Financial Statements

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

1C4. Governmental Fund Financial Statements

The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources. They are presented using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received and expenditures are recorded when paid. The financial statements required for governmental funds are the balance sheet and the

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

statement of revenues, expenditures, and changes in fund balance. The governmental fund balance sheet does not present capital assets or long-term liabilities. Instead, the statement of revenues, expenditures and changes in fund balance reports the financial resource inflows and outflows arising from the disposition and acquisition of capital assets, the issuance and repayment of long-term debt, and maturation of non-debt long-term liabilities. Capital assets and long-term liabilities associated with and generally arising from activities reported in governmental funds are reported only in the government-wide financial statements.

1D. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at cost. Infrastructure assets such as streets that were constructed prior to the adoption of GASB 34 are not required to be reported and are not reported. In the fund financial statements, capital assets are expensed as capital outlay. In the government-wide financial statements, capital assets are capitalized and depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives: buildings – 40 years; vehicles and equipment - 5 to 30 years.

1E. Equity Classifications

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

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

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

1. Nonspendable – amounts not in a spendable form, or legally or contractually required to be maintained intact.
2. Restricted – constraints placed on fund balance are externally imposed by creditors, grantors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the individual government's highest level of decision making authority.

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

4. Assigned – constraints placed on fund balance are imposed by the government’s intent that it be used for specific purposes, but are neither restricted nor committed. An individual government must define and disclose how it expresses its intent for purposes of making assignments. For the Town, this intent is expressed by the use of purchase orders encumbering amounts for assigned purposes as approved by the board of trustees.
5. Unassigned – remaining fund balance in excess of all other classifications.

1F. Inter-fund Transactions

Interfund activity is reported either as loans or transfers. Loans are reported as inter-fund receivables and payables and are subject to elimination upon consolidation. All other inter-fund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

2. Budgets and Budgetary Compliance

The board of trustees adopts a legally required annual operating budget each year for each fund. The same basis of accounting used for fund financial reporting is used for budgetary purposes. Budget amendments are approved by the board when required. Encumbrance accounting is not used, except as provided by the Town’s internal control ordinance. Outstanding encumbrances of \$47,550 are outstanding at year end.

Title 11 prohibits authorized or actual expenditures from exceeding any fund balance for any fund of the budget as adopted or amended, or which exceeds the appropriation for any fund of the budget as adopted or amended; and it prohibits authorized or actual expenditures or encumbrances in excess of 90% of the appropriation of any fund until revenues of at least 90% of the appropriation have been collected. During 2015, the trustees did not approve any amendments.

3. Deposits and Investments

The Town has not formally adopted deposit and investment policies that limit the government’s allowable deposits or investments and address the specific types of risk to which the government is exposed. At year end, all deposits were fully insured.

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

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

4. Workers' Compensation Plan

The Town participates in the Oklahoma Municipal Assurance Group (OMAG) Workers' Compensation Plan (the Plan). The Plan became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year. A plan year normally begins at 12:01 am July 1 in any year and ends at midnight June 30 of the following year. The Plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

Plan participants have the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, participants are responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. Participants have the right to the return of any Loss Funds set aside for claims which have not been paid out as benefits. Losses are limited to amounts set aside by the plan. Town funds on deposit with OMAG at year end were \$11,256.

5. Capital Assets

Capital asset activity for the year ended June 30, 2015, is summarized as follows:

	Capital Assets				Accumulated Depreciation				Net Capital Assets
	Beginning Balance	Additions	Deletions	Ending Balance	Beginning Balance	Additions	Deletions	Ending Balance	
Governmental activities									
Assets not depreciated									
Land	350,700	0	0	350,700	0	0	0	0	350,700
Depreciable assets									
Buildings and equipment	363,999	7,140	(5,517)	365,622	(228,046)	(9,299)	5,517	(231,828)	133,794
Vehicles and equipment	937,208	6,475	(87,604)	856,079	(486,551)	(43,536)	48,960	(481,127)	374,952
Total depreciable assets	1,301,207	13,615	(93,121)	1,221,701	(714,597)	(52,835)	54,477	(712,955)	508,746
Total assets	1,651,907	13,615	(93,121)	1,572,401	(714,597)	(52,835)	54,477	(712,955)	859,446

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

Depreciation was charged to activities as follows:

General government	3,771
Fire department	45,599
Street & alley fund	<u>3,465</u>
	<u>52,835</u>

6. Pension Plans

Defined Benefit Pension Plan

Plan Description. The Town contributes to the Oklahoma Firefighters Pension and Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105, or by calling 1-800-525-7461.

Funding Policy. The Town is required to contribute \$60 per volunteer per year. Volunteers are not required to contribute. The contribution requirements of the System are an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The Town's contributions to the System for the years ending June 30, 2015, 2014, and 2013 were \$1,200, \$1,080, and \$1,200 respectively, equal to the required contribution for each year.

Defined Contribution Pension Plan

Town employees participate in the Oklahoma Municipal Retirement Fund (Fund), administered by Bank One of Oklahoma City. Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the Fund to the respective employer entities. All full-time employees of the Town are eligible to participate in the Fund and are fully vested after 10 years. Covered employees contribute 5% of gross salary, which is matched by the Town. The payroll for Town employees for the year was \$100,112. The payroll for Town employees covered by the Fund for the year was \$52,136. Actual Town and employee contributions for the year were \$2,607 each, equal to the required contribution for the year.

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

7. Risk Management

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There were claims of \$47,306 during the year just ended for flood damage.

8. Restricted Net Position

Net position restricted for streets is restricted by enabling legislation.

9. Subsequent Events

Management performed an evaluation of the Town's activity through August 12, 2015, the date the audit report was available to be issued, and has concluded that there are no significant subsequent events requiring disclosure through that date.

10. Prior Period Adjustment

The prior period adjustments are the result of changing the basis of accounting to the modified cash basis of accounting as follows:

	General Fund	Street & Alley	Total
Revenue receivable	22,221	3,483	25,704
Grants receivable	33,736	0	33,736
Accrued PTO	(5,583)	0	(5,583)
Total	50,374	3,483	53,857

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

7920 108th Ave NE
Norman, OK 73026-9761

Cell: 405.641.5794
Fax: 405.217.4575

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

The Board of Trustees
The Town of Slaughterville, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and governmental funds of the Town of Slaughterville, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Slaughterville's basic financial statements, and have issued our report thereon dated August 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Slaughterville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Slaughterville'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

 C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
August 12, 2015

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

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Tax revenues	275,000	275,000	257,441	(17,559)
Shared taxes	11,200	11,200	12,273	1,073
Licenses and permits	11,070	11,070	11,035	(35)
Other income	32,950	32,950	65,478	32,528
Donations and private grants	3,300	3,300	5,475	2,175
Government grants	4,400	4,400	38,220	33,820
Interest	4,000	4,000	6,451	2,451
TOTAL REVENUES	341,920	341,920	396,373	54,453
EXPENDITURES				
General government	205,245	205,245	163,212	42,033
Fire department	81,100	81,100	57,404	23,696
Capital outlay	300,000	300,000	13,615	286,385
TOTAL EXPENDITURES	586,345	586,345	234,231	352,114
REVENUES OVER (UNDER) EXPENDITURES	(244,425)	(244,425)	162,142	406,567
BEGINNING FUND BALANCE	595,978	595,978	595,978	0
ENDING FUND BALANCE	351,553	351,553	758,120	406,567

Notes to the budgetary comparison schedule:

1. Any differences between the budget basis and the modified cash basis are immaterial.
2. Outstanding encumbrances of \$47,550 will be satisfied during FY 2016.

**THE TOWN OF SLAUGHTERVILLE
 BUDGETARY COMPARISON SCHEDULE
 STREET & ALLEY FUND
 FOR THE YEAR ENDED JUNE 30, 2015**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Shared taxes	40,600	40,600	40,059	(541)
Interest	2,350	2,350	2,378	28
TOTAL REVENUES	42,950	42,950	42,437	(513)
EXPENDITURES				
Street & alley	30,987	30,987	7,649	23,338
Capital outlay	5,000	5,000	0	5,000
TOTAL EXPENDITURES	35,987	35,987	7,649	28,338
REVENUES OVER (UNDER) EXPENDITURES	11,963	11,963	34,788	22,825
BEGINNING FUND BALANCE	278,511	278,511	278,511	0
ENDING FUND BALANCE	290,474	290,474	313,299	22,825

Notes to the budgetary comparison schedule:

1. Any differences between the budget basis and the modified cash basis are immaterial.