

AUDIT REPORT
TOWN OF LAHOMA, OKLAHOMA
JUNE 30, 2015



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TOWN OF LAHOMA, OKLAHOMA
JUNE 30, 2015

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TOWN OF LAHOMA, OKLAHOMA
JUNE 30, 2015

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TOWN OF LAHOMA, OKLAHOMA
LIST OF BOARD MEMBERS
JUNE 30, 2015

LIST OF BOARD MEMBERS

<u>NAME</u>	<u>POSITION</u>
Theresa Sharp	Mayor
Stephanie Spomer	Vice-Mayor
Stephen Cahoon	Board Member
Lila Logan	Board Member
Kenneth Hansen	Board Member

Unaudited

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Lahoma, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Town of Lahoma, Oklahoma, as of and for the fiscal 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of

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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 qualified, and unmodified audit opinions.

Basis for Qualified Opinions on Governmental Activities and Municipal Court Fund

As described in the Notes, management has not included all of the financial activities of the Municipal Court Fund. Accounting principles applicable to the Town's modified cash basis of accounting require the Municipal Court Fund to be presented as a major governmental fund and financial information about the Municipal Court Fund to be part of the governmental activities, thus affecting the activities' cash and cash equivalents, cash receipts, and disbursements and changing its net position. The amount by which this departure would affect the cash and cash equivalents, net position, and cash receipts and disbursements of the governmental activities and the omitted major fund information is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinions on Governmental Activities and Municipal Court Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, and the aggregate remaining fund information of the Town of Lahoma, Oklahoma, as of June 30, 2015, and the respective changes in modified cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities of the Town of Lahoma, Oklahoma, as of June 30, 2015, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

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Other Matters

Supplementary and Other Information

The introductory and supplementary sections listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Town. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the Town of Lahoma'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 compliance with *Government Auditing Standards* in considering Town of Lahoma's internal control over financial reporting and compliance.

Basis of Accounting

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

Kershaw CPA & Associates, P.C.
Kershaw CPA & Associates, PC

November 16, 2015

TOWN OF LAHOMA, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2015 Total</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 55,367	\$ 45,106	\$ 100,473
Certificates of Deposit	35,000	-	35,000
Due from other funds	-	-	-
Total Current Assets	<u>90,367</u>	<u>45,106</u>	<u>135,473</u>
<u>Capital Assets:</u>			
Capital Assets, net of Accum. Depreciation	<u>283,156</u>	<u>423,980</u>	<u>707,135</u>
Total Capital Assets	<u>283,156</u>	<u>423,980</u>	<u>707,135</u>
TOTAL ASSETS	<u>373,523</u>	<u>469,086</u>	<u>842,608</u>
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Due to other funds	-	-	-
Current Portion of Long-Term Debt	10,284	-	10,284
Meter Deposits	-	10,749	10,749
Total Current Liabilities	<u>10,284</u>	<u>10,749</u>	<u>21,034</u>
<u>Long-Term Liabilities:</u>			
Capital Lease Obligations	10,284	-	10,284
Less: Current Portion of Long-Term Debt	<u>(10,284)</u>	<u>-</u>	<u>(10,284)</u>
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>10,284</u>	<u>10,749</u>	<u>21,034</u>
<u>NET POSITION</u>			
Net investment in capital assets	272,872	423,980	696,851
Restricted for:			
Debt Service	-	-	-
Other Purposes	-	-	-
Unrestricted	<u>90,367</u>	<u>34,357</u>	<u>124,723</u>
TOTAL NET POSITION	<u>\$ 363,238</u>	<u>\$ 458,336</u>	<u>\$ 821,574</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF LAHOMA, OKLAHOMA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General Government	\$ 87,573	\$ -	\$ -	\$ -	\$ (87,573)
Public Safety	171,342	88,428	-	19,385	(63,529)
Street & Alley	48,583	-	-	-	(48,583)
Parks & Recreation	2,432	-	-	-	(2,432)
Total Governmental Activities	309,930	88,428	-	19,385	(202,117)
Business-type activities:					
Water	101,172	64,975	-	-	(36,197)
Sanitation	45,597	51,886	-	-	6,289
Sewer	27,101	29,567	-	-	2,466
Depreciation	21,853	-	-	-	(21,853)
Total Business-type Activities	195,724	146,428	-	-	(49,296)
Total	\$ 505,654	\$ 234,856	\$ -	\$ 19,385	\$ (251,412)

Changes in Net Position:

	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (202,117)	\$ (49,296)	\$ (251,412)
General revenues:			
Taxes:			
Sales Tax	112,384	-	112,384
Franchise Tax	19,391	-	19,391
Use Tax	11,214	-	11,214
Tobacco Tax	1,296	-	1,296
Intergovernmental:			
Alcoholic Beverage Tax	2,237	-	2,237
Motor Vehicle Tax	4,797	-	4,797
Gasoline Excise Tax	2,291	-	2,291
Rental Income	475	-	475
Miscellaneous Income	4,249	-	4,249
Interest Income	248	63	312
Transfers - Internal Activity	-	-	-
Total general revenues & transfers	158,583	63	158,646
Changes in net position	(43,534)	(49,232)	(92,767)
Net position - beginning	406,772	507,569	914,341
Net position - prior year adjustment	-	-	-
Net position - ending	\$ 363,238	\$ 458,336	\$ 821,574

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**TOWN OF LAHOMA, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General Fund</u>	<u>Municipal Court Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 47,850	\$ 1,802	\$ 5,715	\$ 55,367
Certificate of Deposit	35,000	-	-	35,000
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 82,850</u>	<u>\$ 1,802</u>	<u>\$ 5,715</u>	<u>\$ 90,367</u>
<u>LIABILITIES & FUND EQUITY</u>				
LIABILITIES:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	1,802	5,715	7,517
Unassigned	82,850	-	-	82,850
TOTAL FUND BALANCES	<u>82,850</u>	<u>1,802</u>	<u>5,715</u>	<u>90,367</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 82,850</u>	<u>\$ 1,802</u>	<u>\$ 5,715</u>	

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$883,860, net of accumulated depreciation of \$600,705, are not financial resources and, therefore, are not reported in the funds.	283,156
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(10,284)</u>
Net Position of Governmental Activities	<u>\$ 363,238</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF LAHOMA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Municipal Court Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>				
Taxes:				
Sales Tax	\$ 112,384	\$ -	\$ -	\$ 112,384
Franchise Tax	19,391	-	-	19,391
Use Tax	11,214	-	-	11,214
Tobacco Tax	1,296	-	-	1,296
Intergovernmental:				
Alcoholic Beverage Tax	2,237	-	-	2,237
Motor Vehicle Tax	4,797	-	-	4,797
Gasoline Excise Tax	2,291	-	-	2,291
Grant Income	14,901	-	4,484	19,385
Police Fines	-	88,428	-	88,428
Rental Income	475	-	-	475
Miscellaneous Income	4,249	-	-	4,249
Interest Income	245	-	3	248
TOTAL REVENUES	173,480	88,428	4,488	266,396
<u>EXPENDITURES:</u>				
Current:				
General Government	85,371	-	-	85,371
Public Safety - Police	110,573	39,571	-	150,144
Public Safety - Fire	5,720	-	4,328	10,048
Street & Alley	38,768	-	-	38,768
Parks & Recreation	300	-	-	300
Debt Service	21,165	-	-	21,165
Capital Outlay	17,995	-	-	17,995
TOTAL EXPENDITURES	279,892	39,571	4,328	323,791
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(106,412)	48,857	160	(57,395)
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	88,428	-	1,117	89,545
Operating Transfers Out	(1,117)	(88,428)	-	(89,545)
Capital Debt Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	87,311	(88,428)	1,117	-
NET CHANGES IN FUND BALANCES	(19,101)	(39,571)	1,277	(57,395)
FUND BALANCE - BEGINNING OF YEAR	101,951	41,373	4,438	147,762
FUND BALANCE - PRIOR YEAR ADJUSTMENT	-	-	-	-
FUND BALANCE - END OF YEAR	\$ 82,850	\$ 1,802	\$ 5,715	90,367

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF LAHOMA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Reconciliation to Statement of Activities:

Net change in fund balances - total governmental funds	\$	(57,395)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Capital debt obligation principal payments		19,708
Issuance of new capital debt obligations is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Position:		
Capital Debt Proceeds		-
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		17,995
Depreciation expense		<u>(23,842)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(43,534)</u></u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

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

	Lahoma Public Works Authority Enterprise Fund June 30, 2015
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 45,106
Total Current Assets	45,106
Noncurrent Assets:	
Other capital assets, net of accumulated depreciation	423,980
Total Noncurrent Assets	423,980
TOTAL ASSETS	469,086
<u>LIABILITIES & FUND EQUITY</u>	
Current Liabilities:	
Current Portion of Long-Term Debt	-
Meter Deposits	10,749
Total Current Liabilities	10,749
Noncurrent Liabilities:	
Long-Term Debt	-
Less: Current Portion of Long-Term Debt	-
Total Noncurrent Liabilities	-
TOTAL LIABILITIES	10,749
NET POSITION:	
Net investment in capital assets	423,980
Restricted for debt service	-
Unrestricted	34,357
TOTAL NET POSITION	\$ 458,336

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

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

	<u>Lahoma Public Works Authority Enterprise Fund June 30, 2015</u>
<u>OPERATING REVENUES:</u>	
Water Income	\$ 64,975
Sanitation Income	51,886
Sewer Income	29,567
Other Income	-
TOTAL OPERATING REVENUES	<u>146,428</u>
<u>OPERATING EXPENSES:</u>	
Water	101,172
Sanitation	45,597
Sewer	27,101
Depreciation Expense	21,853
TOTAL OPERATING EXPENSES	<u>195,724</u>
NET OPERATING INCOME (LOSS)	<u>(49,296)</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	63
Interest Expense	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>63</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(49,232)
Capital Contributions	-
Transfers in	-
Transfers out	-
CHANGE IN NET POSITION	(49,232)
TOTAL NET POSITION - BEGINNING	507,569
TOTAL NET POSITION - PRIOR YEAR ADJUSTMENT	<u>-</u>
TOTAL NET POSITION - ENDING	<u><u>\$ 458,336</u></u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

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

	<u>June 30, 2015</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Receipts from Customers	\$ 146,428
Payments to Suppliers, Employees & Laborers	(173,870)
Receipts of Customer Utility Deposits, Net of Refunds	<u>(1,431)</u>
Net Cash Provided (Used) by Operating Activities	<u>(28,873)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfers in	-
Operating Transfers Out	<u>-</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Additions to Capital Assets	-
Loan Proceeds	-
Principal paid on Long-Term Debt	-
Interest Expense	<u>-</u>
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>-</u>
<u>Cash Flows from Investing Activities:</u>	
Interest Income	<u>63</u>
Net Cash Provided (Used) by Investing Activities	<u>63</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(28,810)
Cash & Cash Equivalents, Beginning of Year	73,916
Cash & Cash Equivalents, Prior Year Adjustment	-
Cash & Cash Equivalents, End of Year	<u><u>\$ 45,106</u></u>
<u>Reconciliation of operating income (loss) to net cash provided operating activities:</u>	
Operating Income (Loss)	\$ (49,296)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation Expense	21,853
Increase(Decrease) in Meter Deposits	<u>(1,431)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (28,873)</u></u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, these financial statements are presented 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 (GAAP) established by the Governmental Accounting Standards Board (GASB). 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.

A. FINANCIAL REPORTING ENTITY

The Town's financial reporting entity is comprised of the following:

Primary Government:	Town of Lahoma
Blended Component Units:	Lahoma Public Authority (LPWA)

PRIMARY GOVERNMENT

The Town operates under the "Town Board of Trustees" form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, sewer, water, parks and recreation and general administrative services. The following is a summary of the more significant accounting policies of the Town.

BLENDED COMPONENT UNITS

A blended component unit is a separate legal entity for which the elected officials of the primary government are financially accountable and that meets the blended component unit criteria. A blended component unit meets at least one of the following criteria: (a) the blended component unit's governing body is the same or substantially the same as the Town Council, and there is a financial benefit or burden relationship with the Town, or Town management has operational responsibility for the component unit; (b) the component unit provides services entirely or almost entirely to the Town; or (c) the component unit's debt is expected to be repaid entirely or almost entirely with resources of the Town. The blended component unit's funds are blended into those of the Town by appropriate fund type to constitute the primary government presentation. The Town's blended component unit is presented subsequently:

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Lahoma Public Works Authority

The Lahoma Public Works Authority (LPWA) is a public trust created under authority of and pursuant to Oklahoma Statutes. 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, garbage, trash disposal recreation and industrial facilities, or other forms or types of public and municipal services within the boundaries of the Lahoma Public Works Authority.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charges to external parties for goods or services.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two broad fund types as follows:

GOVERNMENTAL FUND TYPES

General Fund

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

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

PROPRIETARY FUND TYPES

Enterprise Funds

Enterprise funds are used to account for the acquisition, operation and maintenance of Town facilities which are financed primarily by user charges. The Enterprise funds are accounted for similar to activities of the private sector. The measurement focus is upon determination of net income, financial position and changes in financial position. The Lahoma Public Works Authority is accounted for as the Town's Enterprise Fund.

Lahoma Public Works Authority	Accounts for the activities of the public trust in providing water and sewer services to the public.
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C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide State of Net Position and Statement of Activities, both governmental and business-like activities are presented used the economic resources measurement focus, within the limitations of the modified cash basis of accounting, subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period.

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

These funds use fund balance as their measure of available spendable financial resources at the end of the period.

- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determinations of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected and other 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 other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, 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.

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

D. FINANCIAL POSITION

CASH AND CASH EQUIVALENTS:

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of 3 months or less.

INVESTMENTS:

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

CAPITAL ASSETS:

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimates useful lives by type of asset is as follows:

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

<u>Asset</u>	<u>Years</u>
Buildings	50
Machinery, furniture, and equipment	7-30
Utility property and improvements	15-50

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

LONG-TERM DEBT

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components:

1. Net investment in capital assets – 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 attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

3. Unrestricted - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

Fund Financial Statements

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

- Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.
- Unassigned - Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

The purposes of each major special revenue fund and revenue source is listed below:

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Municipal Court Fund	Police Fines

The financial statements do not include all financial activity of the Municipal Court Fund.

USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash basis of accounting used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from these estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

As a local government unit, the Town is subject to various federal, state, and local laws and contractual regulations. In accordance with Government Auditing Standards, the auditor has issued a report on his consideration of the Town's internal control over financial reporting and tested its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in compliance with Government Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

Deficit Fund Balance or Retained Earnings

As indicated in the financial statements, there are no fund balance or retained earnings deficits for the Town for this fiscal year.

NOTE 3 - CASH AND INVESTMENTS

Custodial Credit Risk

At June 30, 2015, the Town held deposits of approximately \$135,473 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

Investment Interest Rate Risk

The Town does not 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.

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Investment Credit Risk

The Town has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school Town 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 Town.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 - CAPITAL ASSETS

Governmental activities:

	Balance 7/1/14	Additions	Deductions	Balance 6/30/15
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Buildings	131,813	14,896	-	146,709
Other improvements	259,785	-	-	259,785
Machinery & Equipment	120,515	3,099	-	123,614
Infrastructure	353,752	-	-	353,752
Total depreciable capital assets	865,866	17,995	-	883,861
Less: Accum. Depreciation for:				
Buildings	57,957	3,062	-	61,019
Other improvements	215,807	1,000	-	216,807
Machinery & Equipment	39,375	9,965	-	49,340
Infrastructure	263,724	9,816	-	273,540
Total Accumulated Depreciation Governmental Activities Capital Assets, Net	576,863	23,842	-	600,705
	<u>\$ 289,002</u>	<u>\$ (5,847)</u>	<u>\$ -</u>	<u>\$ 283,156</u>

Business-type Activities:

	Balance 7/1/14	Additions	Deductions	Balance 6/30/15
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Buildings	14,000	-	-	14,000
Water System	478,120	-	-	478,120
Sewer System	420,950	-	-	420,950
Machinery & Equipment	96,404	-	-	96,404
Total depreciable capital assets	1,009,474	-	-	1,009,474
Less: Accum. Depreciation for:				
Buildings	6,160	280	-	6,440
Water System	233,782	8,826	-	242,608
Sewer System	278,953	8,671	-	287,624
Machinery & Equipment	44,745	4,077	-	48,822
Total Accumulated Depreciation Business-Type Activities Capital Assets, Net	563,641	21,853	-	585,495
	<u>\$ 445,833</u>	<u>\$ (21,853)</u>	<u>\$ -</u>	<u>\$ 423,980</u>

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - LONG-TERM DEBT

Governmental Activities:

On April 30, 2013, the Town entered into a lease purchase agreement with Ford Motor Credit Company LLC for the lease purchase of a 2013 Ford Police Interceptor Utility and a 2013 Ford Police Interceptor Sedan. The lease is for a term of 36 months with 6 consecutive semi-annual in Advance Payments of \$10,582.69 each, including interest at a rate of 5.80%.

Changes in Long-Term Debt:

Capital Note Obligations:	2014	Additions	Retirements	2015
Ford Motor Credit	\$ 29,992	\$ -	\$ (19,708)	\$ 10,284
Total Capital Note Obligations	29,992	-	(19,708)	10,284

Debt Services Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of June 30, 2015, are as follows:

Ford Motor Credit Company LLC:

Year Ending	Principal	Interest	Total
June 30,			
2016	\$ 10,284	\$ 298	\$ 10,583
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021-2023	-	-	-
Total	10,284	298	10,583

Business-Type Activities:

The Business-Type Activities currently have no long-term debt obligations.

NOTE 6 - PENSION PLAN PARTICIPATION

OKLAHOMA MUNICIPAL RETIREMENT FUND:

The Town provides a defined contribution plan and trust known as the Town of Lahoma Plan (the "OMRF Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF) available to all full-time employees. OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The Plan is administered by Bank One Trust Company of Oklahoma City. The defined contribution plan is mandatory to all full-time employees who are not already participating in another plan. The employee contributes to the Plan an amount of 3% of their gross wages.

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The Town as employer, contributes a match of 3%. If any employee terminates before becoming fully vested (vested after seven years), the employer's contributions that are forfeited may be used to reduce the Town's current-period contribution requirements.

The OMRF contributions for 2015, 2014 and 2013, respectively, for the Town and employees, were \$2,350.00, \$1,200.00, and \$1,650.00.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, OK 73105.

OKLAHOMA FIREFIGHTER'S PENSION AND RETIREMENT SYSTEM (OFPRS):

Description of the Plan

The Town participates in the Oklahoma Firefighter's Pension and Retirement System (OFPRS), a statewide cost-sharing, multiple-employer, defined benefit plan, on behalf of volunteer firefighters. Participation in the System is open to all full-time or volunteer firefighters of a participating municipality hired before age 45. Contribution rates for full-time and volunteer firefighters are set by state statute. The System is supported by employee contributions, municipal contributions, and state appropriations.

Benefits under the System are vested after 10 years of credited service. Volunteers may receive benefits after obtaining 20 years of credited service. Benefits are determined at the rate of \$5.46 per month per year of credited service, with a maximum of 30 years considered. The Oklahoma Firefighter's Pension and Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, Oklahoma 73105-3414, or by calling 1-800-525-7461. That report is also available at www.ok.gov/fprs under the "GASB" tab labeled "2014-GASB 68 Accounting Supplement".

Funding Policy

OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. The Town is required by state law to contribute \$60 per year for each volunteer firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriation, as necessary.

The OFPRS contributions for 2015, 2014 and 2013, respectively, were \$840.00, \$1,020.00, and \$900.00.

TOWN OF LAHOMA, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 7 - FUND EQUITY

As described in Note 1 above, equity is classified as net position and displayed in three components:

1. Net investment in capital assets
2. Restricted
3. Unrestricted

Fund Balances

Town of Lahoma, Oklahoma
 Disclosure of Fund Balances Reported on Balance Sheet
 For Fiscal Year Ending June 30, 2015

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<u>FUND BALANCES:</u>				
Assigned to:				
Municipal Court Fund	\$ -	\$ 1,802	\$ -	\$ 1,802
Public Safety/Town Improvement Fund	-	-	1,867	1,867
Grant Fund	-	-	3,848	3,848
Unassigned	82,850	-	-	82,850
Total	<u>\$ 82,850</u>	<u>\$ 1,802</u>	<u>\$ 5,715</u>	<u>\$ 90,367</u>

NOTE 8 - COMMITMENTS AND CONTINGENCIES

GRANT PROGRAMS

The Town participates in certain federal and state grant programs as available; currently the town is not participating in any ongoing programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. The amount of expenditures that may be disallowed by the granting agency cannot be determined at this time, although it is believed by the Town that the amount, if any, would not be significant.

LITIGATION

The Town may be party to various legal proceedings that normally occur in the course of governmental operations. As a result of the Town's use of the modified cash basis of accounting, the financial statements do not include accrual or provisions 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 Town "Sinking Fund" for the payment of any court-assessed judgment rendered against the Town. Although the outcome of the previously noted proceedings cannot be predicted due to the insurance coverage maintained by the Town and the

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

State statute relating to judgments, the Town believes that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Town.

NOTE 9 - OPERATING TRANSFERS

Interfund operating transfers for the year ended June 30, 2015, were as follows:

OPERATING TRANSFERS:	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
GENERAL:		
Municipal Court Fund	\$ -	\$ -
Public Safety/Town Improvement Fund	-	1,117.00
Grant Fund	-	-
Lahoma Public Works Authority	88,428.00	-
Total General Fund	<u>\$ 88,428.00</u>	<u>\$ 1,117.00</u>
SPECIAL REVENUE FUNDS:		
Municipal Court Fund:		
General Fund	\$ -	\$ -
Public Safety/Town Improvement Fund:		
General Fund	1,117.00	-
Grant Fund:		
General Fund	-	-
Total Special Revenue Funds	<u>\$ 1,117.00</u>	<u>\$ -</u>
ENTERPRISE FUNDS		
Lahoma Public Works Authority:		
General Fund	\$ -	\$ 88,428.00
Total Enterprise Funds	<u>\$ -</u>	<u>\$ 88,428.00</u>
	<u>\$ 89,545.00</u>	<u>\$ 89,545.00</u>

NOTE 10 - SUBSEQUENT EVENTS

The Town did not have any subsequent events through November 16, 2015, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2015.

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

To the Board of Trustees
Town of Lahoma, 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, and in accordance with Oklahoma Statutes, the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lahoma, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, which collectively comprise the Town of Lahoma, Oklahoma's basic financial statements, and have issued our report thereon dated November 16, 2015, which was qualified for governmental activities and Municipal Court Fund due to the incomplete financial activities of the Municipal Court Fund.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Lahoma'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Lahoma'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 and therefore, material weaknesses or significant

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deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings that we consider to be significant deficiencies. Those deficiencies are listed as Item 15-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lahoma's financial statements are free of material misstatement, we performed tests of 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 instances of noncompliance that are required to be reported under Government Auditing Standards, which are included in the Schedule of Findings as Item 15-02. The results of our tests disclosed no instances of other matters that are required to be reported under *Government Auditing Standards*.

Town of Lahoma's Response to Findings

Town of Lahoma's response to the findings identified in our audit is described in the accompanying Schedule of Findings. Town of Lahoma'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.

Kershaw CPA & Associates, P.C.
Kershaw CPA & Associates, PC

November 16, 2015

TOWN OF LAHOMA, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2015

INTERNAL CONTROL FINDINGS:

Item 15-01: Segregation of Duties

Criteria: The segregation of duties is important to have adequate control over financial assets.

Condition: The Town of Lahoma has the same employees performing work normally segregated between two or more employees.

Cause/Effect: The Town of Lahoma's small size limits the amount of staffing needed to properly segregate accounting functions. The lack of segregation of duties could increase the risk that misstatements material to the financial statements could occur and not be detected within a timely manner.

Recommendation: The lack of segregation of duties is a common deficiency in Town's the size of Lahoma. The governing body should be aware of the increased risk and develop policies and procedures to reduce the effect of the internal control deficiency.

Response: The Board continues to be actively involved in the operations of the Town.

COMPLIANCE FINDINGS:

Item 15-02: CLEET Fees

Criteria: It is the responsibility of the Town to properly report and account for the financial information. The Municipal Court Fund collects payments for CLEET, AFIS and Forensic Fees. These fees are then paid to CLEET & OSBI.

Condition: The Municipal Court Fund has been collecting these fees but not rendering payment to CLEET & OSBI for several years.

Cause/Effect: A previous employee was not paying the fees as required. This has resulted in an accumulated balance due and penalties.

Recommendation: It is recommended that the Town get into compliance with filing the reports and paying the fees.

TOWN OF LAHOMA, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2015

Response: The Town has paid the related fees and worked to get the penalties waived.

TOWN OF LAHOMA, OKLAHOMA
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

	<u>SPECIAL REVENUE FUNDS</u>		Total Nonmajor Governmental Funds
	Public Safety/ Town Improvement Fund	Grant Fund	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,867	\$ 3,848	\$ 5,715
Investments	-	-	-
TOTAL ASSETS	<u>\$ 1,867</u>	<u>\$ 3,848</u>	<u>\$ 5,715</u>
<u>LIABILITIES & FUND EQUITY</u>			
<u>LIABILITIES:</u>			
Payroll Taxes Payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	1,867	3,848	5,715
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>1,867</u>	<u>3,848</u>	<u>5,715</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,867</u>	<u>\$ 3,848</u>	<u>\$ 5,715</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF LAHOMA, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>SPECIAL REVENUE FUNDS</u>		Total Nonmajor Governmental Funds
	Public Safety/ Town Improvement Fund	Grant Fund	
<u>REVENUES:</u>			
Grant Income	\$ -	\$ 4,484	\$ 4,484
Miscellaneous Income	-	-	-
Interest Income	3	-	3
TOTAL REVENUES	3	4,484	4,488
<u>EXPENDITURES:</u>			
General Government	-	-	-
Public Safety - Fire	-	4,328	4,328
Capital Outlay	-	-	-
TOTAL EXPENDITURES	-	4,328	4,328
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3	157	160
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	1,117	-	1,117
Operating Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,117	-	1,117
NET CHANGES IN FUND BALANCES	1,120	157	1,277
FUND BALANCE - BEGINNING OF YEAR	747	3,691	4,438
FUND BALANCE - PRIOR YEAR ADJUSTMENT	-	-	-
FUND BALANCE - END OF YEAR	\$ 1,867	\$ 3,848	\$ 5,715

See Accountant's Audit Report & Notes Which Accompany These Financial Statements