

AUDIT REPORT  
TOWN OF MOUNDS, OKLAHOMA  
JUNE 30, 2015



KERSHAW CPA & ASSOCIATES, PC

5300 WEST OKMULGEE AVENUE  
MUSKOGEE, OKLAHOMA 74401  
PHONE (918) 684-1040  
FAX (918) 684-1041

WEB: [KERSHAWCPA.COM](http://KERSHAWCPA.COM)  
E-MAIL: [REK@KERSHAWCPA.COM](mailto:REK@KERSHAWCPA.COM)

607 NORTH 1<sup>ST</sup> STREET  
PONCA CITY, OKLAHOMA 74601  
PHONE (580) 762-1040  
FAX (580) 762-1047

TOWN OF MOUNDS, OKLAHOMA  
 TABLE OF CONTENTS  
 JUNE 30, 2015

TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| FINANCIAL SECTION:   |             |
| INDEPENDENT AUDITOR’S REPORT   | 4-6         |
| BASIC FINANCIAL STATEMENTS:  |             |
| Government-Wide Financial Statements:  |             |
| EXHIBIT A STATEMENT OF NET POSITION  | 7           |
| EXHIBIT B STATEMENT OF ACTIVITIES  | 8           |
| FUND FINANCIAL STATEMENTS:   |             |
| EXHIBIT C BALANCE SHEET - GOVERNMENTAL FUNDS   | 9           |
| EXHIBIT D STATEMENT OF REVENUES, EXPENDITURES<br>AND CHANGES IN FUND BALANCE -<br>GOVERNMENTAL FUNDS   | 10-11       |
| EXHIBIT E STATEMENT OF NET POSITION<br>- PROPRIETARY FUND  | 12          |
| EXHIBIT F STATEMENT OF REVENUES, EXPENSES<br>AND CHANGES IN FUND NET POSITION<br>-PROPRIETARY FUND   | 13          |
| EXHIBIT G STATEMENT OF CASH FLOWS<br>- PROPRIETARY FUND  | 14          |
| NOTES TO THE FINANCIAL STATEMENTS  | 15-32       |
| REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING<br>AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT<br>OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH<br><i>GOVERNMENT AUDITING STANDARDS</i> | 33-34       |
| SCHEDULE OF FINDINGS   | 35          |
| OTHER SUPPLEMENTARY INFORMATION:   |             |
| EXHIBIT H COMBINING BALANCE SHEET  | 36          |

TOWN OF MOUNDS, OKLAHOMA  
TABLE OF CONTENTS  
JUNE 30, 2015

|           |  |    |
|-----------|--|----|
| EXHIBIT I | COMBINING STATEMENT OF REVENUES,<br>EXPENDITURES & CHANGES IN FUND BALANCE | 37 |
|-----------|--|----|

# KERSHAW CPA & ASSOCIATES, PC

5300 WEST OKMULGEE AVENUE  
MUSKOGEE, OKLAHOMA 74401  
PHONE (918) 684-1040  
FAX (918) 684-1041

WEB: KERSHAWCPA.COM  
E-MAIL: REK@KERSHAWCPA.COM

607 NORTH 1<sup>ST</sup> STREET  
PONCA CITY, OKLAHOMA 74601  
PHONE (580) 762-1040  
FAX (580) 762-1047

---

## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Mounds, Oklahoma

### *We Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mounds, Oklahoma, as of and for the six month period 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 accounting principles generally accepted in the United States of America; this includes 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 an opinion 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 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 Town'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

# KERSHAW CPA & ASSOCIATES, PC

5300 WEST OKMULGEE AVENUE  
MUSKOGEE, OKLAHOMA 74401  
PHONE (918) 684-1040  
FAX (918) 684-1041

WEB: KERSHAWCPA.COM  
E-MAIL: REK@KERSHAWCPA.COM

607 NORTH 1<sup>ST</sup> STREET  
PONCA CITY, OKLAHOMA 74601  
PHONE (580) 762-1040  
FAX (580) 762-1047

---

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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mounds, Oklahoma, as of June 30, 2015, and the respective changes in financial position thereof for the six month period then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying combining statements listed in the table of contents as Other Supplementary Information, are presented for purposes of additional analysis and is not a required part of the financial statements of the Town of Mounds, Oklahoma.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing

# KERSHAW CPA & ASSOCIATES, PC

5300 WEST OKMULGEE AVENUE  
MUSKOGEE, OKLAHOMA 74401  
PHONE (918) 684-1040  
FAX (918) 684-1041

WEB: KERSHAWCPA.COM  
E-MAIL: REK@KERSHAWCPA.COM

607 NORTH 1<sup>ST</sup> STREET  
PONCA CITY, OKLAHOMA 74601  
PHONE (580) 762-1040  
FAX (580) 762-1047

---

standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016, on our consideration of the Town of Mounds, Oklahoma'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 Mounds, Oklahoma's internal control over financial reporting and compliance.

*Kershaw CPA & Associates, P.C.*

Kershaw CPA & Associates, PC

March 22, 2016

**TOWN OF MOUNDS, OKLAHOMA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|---|------------------------------------|-------------------------------------|---------------------|
| <b><u>ASSETS</u></b>                      |                                    |                                     |                     |
| <b><u>Current Assets:</u></b>             |                                    |                                     |                     |
| Cash and cash equivalents                 | \$ 349,324                         | \$ 69,705                           | \$ 419,029          |
| Investments                               | 249,625                            | 13,247                              | 262,872             |
| Accounts Receivable                       | 10,713                             | 13,381                              | 24,095              |
| Taxes Receivable                          | 46,584                             | -                                   | 46,584              |
| Prepaid Expenses                          | 3,358                              | 576                                 | 3,934               |
| Insurance reserve                         | 1,078                              | -                                   | 1,078               |
| Due from Other Governments                | -                                  | -                                   | -                   |
| Due from Other Funds                      | 14,015                             | 48,823                              | 62,838              |
| Total Current Assets                      | <u>674,697</u>                     | <u>145,731</u>                      | <u>820,429</u>      |
| <b><u>Non-Current Assets:</u></b>         |                                    |                                     |                     |
| Insurance reserve                         | 8,406                              | -                                   | 8,406               |
| <b>Capital Assets</b>                     |                                    |                                     |                     |
| Land                                      | 32,000                             | 20,200                              | 52,200              |
| Other capital assets, net of Accum. Depr. | 1,187,301                          | 564,821                             | 1,752,121           |
| Total Non-Current Assets                  | <u>1,227,707</u>                   | <u>585,021</u>                      | <u>1,812,727</u>    |
| <b>TOTAL ASSETS</b>                       | <u>1,902,404</u>                   | <u>730,752</u>                      | <u>2,633,156</u>    |
| <b><u>LIABILITIES</u></b>                 |                                    |                                     |                     |
| <b><u>Current Liabilities:</u></b>        |                                    |                                     |                     |
| Accounts Payable                          | 9,508                              | 8,804                               | 18,311              |
| Due to Other Funds                        | 52,845                             | 9,992                               | 62,838              |
| Utility deposits                          | -                                  | 7,085                               | 7,085               |
| Capital Lease payable - Current Portion   | 16,196                             | 15,640                              | 31,836              |
| Total Current Liabilities                 | <u>78,549</u>                      | <u>41,521</u>                       | <u>120,070</u>      |
| <b><u>Long-Term Liabilities:</u></b>      |                                    |                                     |                     |
| Capital Lease Payable - Long-Term         | -                                  | -                                   | -                   |
| Total Long-Term Liabilities               | <u>-</u>                           | <u>-</u>                            | <u>-</u>            |
| <b>TOTAL LIABILITIES</b>                  | <u>78,549</u>                      | <u>41,521</u>                       | <u>120,070</u>      |
| <b><u>NET POSITION</u></b>                |                                    |                                     |                     |
| Net investment in capital assets          | 1,203,105                          | 569,381                             | 1,804,321           |
| <b>Restricted for:</b>                    |                                    |                                     |                     |
| Debt Service                              | -                                  | -                                   | -                   |
| Other Purposes                            | -                                  | -                                   | -                   |
| Unrestricted                              | 620,751                            | 119,851                             | 740,601             |
| <b>TOTAL NET POSITION</b>                 | <u>\$ 1,823,855</u>                | <u>\$ 689,231</u>                   | <u>\$ 2,513,086</u> |

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

**TOWN OF MOUNDS, OKLAHOMA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE SIX MONTH PERIOD ENDING JUNE 30, 2015**

| Functions/Programs                    | Expenses          | Program Revenues        |  |  | Net<br>(Expenses)/<br>Revenue |
|---------------------------------------|-------------------|-------------------------|--|--|-------------------------------|
|                                       |                   | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                               |
| <b>Governmental activities:</b>       |                   |                         |  |  |                               |
| <b>Current:</b>                       |                   |                         |  |  |                               |
| General Government                    | \$ 77,373         | \$ 3,075                | \$ -                                     | \$ -                                   | \$ (74,298)                   |
| Public Safety                         | 156,049           | 41,073                  | -  | 40,018                                 | (74,958)                      |
| Street Department                     | 33,077            | -                       | -  | -                                      | (33,077)                      |
| Parks & Recreation                    | 4,499             | -                       | -  | -                                      | (4,499)                       |
| Culture & Education                   | 22,470            | -                       | -  | 3,405                                  | (19,065)                      |
| <b>Total Governmental Activities</b>  | <b>293,468</b>    | <b>44,148</b>           | <b>-</b>                                 | <b>43,423</b>                          | <b>(205,897)</b>              |
| <b>Business-type activities:</b>      |                   |                         |  |  |                               |
| Sewer                                 | 51,214            | 34,950                  | -  | -                                      | (16,264)                      |
| Sanitation                            | 34,992            | 44,291                  | -  | -                                      | 9,299                         |
| Street & Alley                        | -                 | -                       | -  | -                                      | -                             |
| Parks & Recreations                   | -                 | -                       | -  | -                                      | -                             |
| <b>Total Business-type Activities</b> | <b>86,206</b>     | <b>79,241</b>           | <b>-</b>                                 | <b>-</b>                               | <b>(6,965)</b>                |
| <b>Total</b>                          | <b>\$ 379,674</b> | <b>\$ 123,388</b>       | <b>\$ -</b>                              | <b>\$ 43,423</b>                       | <b>\$ (212,862)</b>           |

**Changes in Net Position:**

|   | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|---|----------------------------|-----------------------------|---------------------|
| Net (expense)/revenue                         | \$ (205,897)               | \$ (6,965)                  | \$ (212,862)        |
| <b>General revenues:</b>                      |                            |                             |                     |
| Sales Tax                                     | 122,873                    | -                           | 122,873             |
| Use Tax                                       | 11,895                     | -                           | 11,895              |
| Franchise Tax                                 | 26,421                     | -                           | 26,421              |
| Cigarette Tax                                 | 1,382                      | -                           | 1,382               |
| Alcoholic Beverage Tax                        | 3,440                      | -                           | 3,440               |
| Gasoline Taxes                                | 1,004                      | -                           | 1,004               |
| Motor Vehicle Tax                             | 4,401                      | -                           | 4,401               |
| Interest Income                               | 744                        | 105                         | 849                 |
| Miscellaneous Revenues                        | 14,585                     | -                           | 14,585              |
| Transfers - Internal Activity                 | (3,500)                    | 3,500                       | -                   |
| <b>Total general revenues &amp; transfers</b> | <b>183,246</b>             | <b>3,605</b>                | <b>186,850</b>      |
| <b>Changes in Net Position</b>                | <b>(22,651)</b>            | <b>(3,360)</b>              | <b>(26,012)</b>     |
| Net Position - beginning                      | 1,848,933                  | 692,591                     | 2,541,524           |
| Net Position - prior year adjustment          | (2,427)                    | -                           | (2,427)             |
| <b>Net Position - ending</b>                  | <b>\$ 1,823,855</b>        | <b>\$ 689,231</b>           | <b>\$ 2,513,086</b> |

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

**TOWN OF MOUNDS, OKLAHOMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

|  | General<br>Fund   | Fire<br>Department<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|----------------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                              |                   |                            |                                |                                |
| Cash and cash equivalents                  | \$ 255,685        | \$ 75,807                  | \$ 17,832                      | \$ 349,324                     |
| Investments                                | 110,285           | 74,704                     | 64,637                         | 249,625                        |
| Taxes receivable                           | 46,584            | -                          | -                              | 46,584                         |
| Accounts Receivable                        | 5,348             | 4,722                      | 643                            | 10,713                         |
| Due from Other Governments                 | -                 | -                          | -                              | -                              |
| Due from Other Funds                       | 13,768            | -                          | 247                            | 14,015                         |
| Prepaid expense                            | 2,515             | 842                        | -                              | 3,358                          |
| <b>TOTAL ASSETS</b>                        | <b>\$ 434,186</b> | <b>\$ 156,074</b>          | <b>\$ 83,359</b>               | <b>\$ 673,619</b>              |
| <b>LIABILITIES &amp; FUND EQUITY</b>       |                   |                            |                                |                                |
| <b>LIABILITIES:</b>                        |                   |                            |                                |                                |
| Due to Other Funds                         | \$ 49,070         | \$ 2,436                   | \$ 1,339                       | \$ 52,845                      |
| Accounts Payable                           | 7,825             | 1,133                      | 549                            | 9,508                          |
| <b>TOTAL LIABILITIES</b>                   | <b>56,895</b>     | <b>3,569</b>               | <b>1,889</b>                   | <b>62,353</b>                  |
| <b>FUND BALANCES:</b>                      |                   |                            |                                |                                |
| Nonspendable                               | 11,320            | 1,995                      | (999)                          | 12,316                         |
| Restricted                                 | -                 | -                          | -                              | -                              |
| Committed                                  | -                 | -                          | -                              | -                              |
| Assigned                                   | -                 | 150,510                    | 82,469                         | 232,979                        |
| Unassigned                                 | 365,971           | -                          | -                              | 365,971                        |
| <b>TOTAL FUND BALANCES</b>                 | <b>377,291</b>    | <b>152,505</b>             | <b>81,470</b>                  | <b>611,266</b>                 |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 434,186</b> | <b>\$ 156,074</b>          | <b>\$ 83,359</b>               | <b>\$ 673,619</b>              |

**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 \$1,867,598, net of accumulated depreciation of \$648,298, are not financial resources and, therefore, are not reported in the funds. | 1,219,301           |
| Insurance reserve is long-term and not reported in the funds  | 9,484               |
| Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.                                | (16,196)            |
| <b>Net Position of Governmental Activities</b>  | <b>\$ 1,823,855</b> |

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

**TOWN OF MOUNDS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2015**

|   | General<br>Fund   | Fire<br>Department<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|----------------------------|--------------------------------|--------------------------------|
| <b><u>REVENUES:</u></b>                                 |                   |                            |                                |                                |
| Sales Tax   | \$ 122,873        | \$ -                       | \$ -                           | 122,873                        |
| Use Tax   | 11,895            | -                          | -                              | 11,895                         |
| Franchise Tax   | 26,421            | -                          | -                              | 26,421                         |
| Cigarette Tax   | 1,382             | -                          | -                              | 1,382                          |
| Alcoholic Beverage Tax                                  | 3,440             | -                          | -                              | 3,440                          |
| Gasoline Taxes  | 1,004             | -                          | -                              | 1,004                          |
| Motor Vehicle Tax                                       | 4,401             | -                          | -                              | 4,401                          |
| Fire revenue  | -                 | 15,658                     | -                              | 15,658                         |
| Cemetery  | -                 | -                          | 1,150                          | 1,150                          |
| Licenses and permits                                    | 1,925             | -                          | -                              | 1,925                          |
| Fines and forfeitures                                   | 1,686             | -                          | 23,729                         | 25,415                         |
| Grant Income  | 43,423            | -                          | -                              | 43,423                         |
| Donations   | 40                | 1,202                      | -                              | 1,242                          |
| Miscellaneous Revenues                                  | 17,737            | -                          | -                              | 17,737                         |
| Interest  | 354               | 202                        | 188                            | 744                            |
| <b>TOTAL REVENUES</b>                                   | <b>236,582</b>    | <b>17,062</b>              | <b>25,067</b>                  | <b>278,710</b>                 |
| <b><u>EXPENDITURES:</u></b>                             |                   |                            |                                |                                |
| <b>Current:</b>   |                   |                            |                                |                                |
| General Government                                      | 66,949            | -                          | -                              | 66,949                         |
| Public Safety   | 138,727           | 12,691                     | 7,337                          | 158,755                        |
| Street Department                                       | 20,976            | -                          | -                              | 20,976                         |
| Parks & Recreation                                      | 3,144             | -                          | -                              | 3,144                          |
| Culture & Education                                     | 22,308            | -                          | -                              | 22,308                         |
| <b>TOTAL EXPENDITURES</b>                               | <b>252,103</b>    | <b>12,691</b>              | <b>7,337</b>                   | <b>272,132</b>                 |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>(15,522)</b>   | <b>4,371</b>               | <b>17,730</b>                  | <b>6,579</b>                   |
| <b><u>OTHER FINANCING SOURCES (USES):</u></b>           |                   |                            |                                |                                |
| Operating Transfers In                                  | 22,000            | -                          | -                              | 22,000                         |
| Operating Transfers Out                                 | (3,500)           | -                          | (22,000)                       | (25,500)                       |
| Capital Debt Proceeds                                   | -                 | -                          | -                              | -                              |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <b>18,500</b>     | <b>-</b>                   | <b>(22,000)</b>                | <b>(3,500)</b>                 |
| <b>NET CHANGES IN FUND BALANCES</b>                     | <b>2,978</b>      | <b>4,371</b>               | <b>(4,271)</b>                 | <b>3,079</b>                   |
| <b>FUND BALANCE - BEGINNING OF YEAR</b>                 | <b>374,313</b>    | <b>148,176</b>             | <b>88,126</b>                  | <b>610,614</b>                 |
| <b>FUND BALANCE - PRIOR YEAR ADJUSTMENT</b>             | <b>-</b>          | <b>(42)</b>                | <b>(2,385)</b>                 | <b>(2,427)</b>                 |
| <b>FUND BALANCE - END OF YEAR</b>                       | <b>\$ 377,291</b> | <b>\$ 152,505</b>          | <b>\$ 81,470</b>               | <b>611,266</b>                 |

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

**TOWN OF MOUNDS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2015**

## Reconciliation to Statement of Activities:

|   |    |          |
|---|----|----------|
| Net change in fund balances - total governmental funds  | \$ | 3,079    |
| 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  |    | 15,432   |
| Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of assets. Thus the change in net position differs from the change in fund balance by the basis of the asset sold. |    |          |
| Basis of Asset Sold   |    | (4,393)  |
| 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   |    | -        |
| Insurance reserve is long-term and not reported in the funds  |    | (4,539)  |
| 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   |    | 15,000   |
| Depreciation expense  |    | (47,230) |
|   |    | (47,230) |
| Change in Net Position of Governmental Activities   | \$ | (22,651) |

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

**TOWN OF MOUNDS, OKLAHOMA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

|   | <u>Mounds Public<br/>Works Authority<br/>Enterprise Fund</u> |
|---|--|
| <b><u>ASSETS</u></b>                                  |  |
| <b>Current Assets:</b>                                |  |
| Cash and cash equivalents                             | \$ 69,705  |
| Investments   | 13,247   |
| Accounts Receivable                                   | 13,381   |
| Due from other funds                                  | 48,823   |
| Prepaid expense                                       | 576  |
| <b>Total Current Assets</b>                           | <b>145,731</b>   |
| <b>Noncurrent Assets:</b>                             |  |
| <b>Capital assets:</b>                                |  |
| Land  | 20,200   |
| Other capital assets, net of accumulated depreciation | 564,821  |
| <b>Total Noncurrent Assets</b>                        | <b>585,021</b>   |
| <b>TOTAL ASSETS</b>                                   | <b>730,752</b>   |
| <b><u>LIABILITIES &amp; FUND EQUITY</u></b>           |  |
| <b>Current Liabilities:</b>                           |  |
| Accounts Payable                                      | 8,804  |
| Utility deposits                                      | 7,085  |
| Due to other funds                                    | 9,992  |
| Notes Payable - Current Portion                       | 15,640   |
| <b>Total Current Liabilities</b>                      | <b>41,521</b>  |
| <b>Noncurrent Liabilities:</b>                        |  |
| Notes Payable - Long-Term Portion                     | -  |
| <b>Total Noncurrent Liabilities</b>                   | <b>-</b>   |
| <b>TOTAL LIABILITIES</b>                              | <b>41,521</b>  |
| <b>NET POSITION:</b>                                  |  |
| Net investment in capital assets                      | 569,381  |
| Restricted for debt service                           | -  |
| Unrestricted  | 119,851  |
| <b>TOTAL NET POSITION</b>                             | <b>\$ 689,231</b>  |

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

**TOWN OF MOUNDS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2015**

|   | <u>Mounds Public<br/>Works Authority<br/>Enterprise Fund</u> |
|---|--|
| <b><u>OPERATING REVENUES:</u></b>                             |  |
| Charges for services:   |  |
| Sewer   | \$ 34,840  |
| Sanitation  | 44,291   |
| Parks and Recreation  | -  |
| Misc Income   | 110  |
| <b>TOTAL OPERATING REVENUES</b>                               | <u>79,241</u>  |
| <b><u>OPERATING EXPENSES:</u></b>                             |  |
| Sewer   | 33,822   |
| Sanitation  | 34,992   |
| Street & Alley  | -  |
| Parks and Recreation  | -  |
| Depreciation  | 17,392   |
| <b>TOTAL OPERATING EXPENSES</b>                               | <u>86,206</u>  |
| <b>NET OPERATING INCOME (LOSS)</b>                            | <u>(6,965)</u>   |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>                      |  |
| Interest Income   | 105  |
| Interest Expense  | -  |
| Tax Income  | -  |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>                | <u>105</u>   |
| <b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b> | <u>(6,860)</u>   |
| Capital Contributions   | -  |
| Transfers in  | 3,500  |
| Transfers out   | -  |
| <b>CHANGE IN NET POSITION</b>                                 | <u>(3,360)</u>   |
| <b>TOTAL NET POSITION - BEGINNING</b>                         | 692,591  |
| <b>TOTAL NET POSITION - PRIOR YEAR ADJUSTMENTS</b>            | -  |
| <b>TOTAL NET POSITION - ENDING</b>                            | <u>\$ 689,231</u>  |

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

**TOWN OF MOUNDS, OKLAHOMA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE SIX MONTHS ENDED JUNE 30, 2015**

|  | <u>Mounds Public<br/>Works Authority<br/>Enterprise Fund</u> |
|--|--|
| <b><u>Cash Flows from Operating Activities:</u></b>  |  |
| Cash Receipts from Customers   | \$ 80,414  |
| Payments to Suppliers & Employee for Goods & Services  | (69,176)   |
| Receipts of Customer Utility Deposits, Net of Refunds  | 225  |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>11,464</b>  |
| <b><u>Cash Flows from Non-Capital Financing Activities:</u></b>                                      |  |
| Transfers to other funds   | (46,798)   |
| Transfers from other funds   | 4,547  |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>                                  | <b>(42,250)</b>  |
| <b><u>Cash Flows from Capital &amp; Related Financing Activities:</u></b>                            |  |
| Capital Contributions  | -  |
| Additions to Capital Assets  | (29,140)   |
| Proceeds from sale of Capital Assets   | -  |
| Loan Proceeds received   | 15,640   |
| Principal paid on Notes Payable  | -  |
| Interest paid  | -  |
| <b>Net Cash Provided (Used) by Capital &amp; Related Financing Activities</b>                        | <b>(13,500)</b>  |
| <b><u>Cash Flows from Investing Activities:</u></b>  |  |
| (Increase) in Investments  | -  |
| Interest Income  | 105  |
| <b>Net Cash Provided (Used) by Investing Activities</b>  | <b>105</b>   |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  | <b>(44,182)</b>  |
| <b>Cash &amp; Cash Equivalents, Beginning of Year</b>  | <b>113,887</b>   |
| <b>Cash &amp; Cash Equivalents, Prior Year Adjustment</b>  | <b>-</b>   |
| <b>Cash &amp; Cash Equivalents, End of Year</b>  | <b>\$ 69,705</b>   |
| <b><u>Reconciliation of operating income (loss) to net cash provided</u></b>                         |  |
| <b><u>operating activities:</u></b>  |  |
| Operating Income (Loss)  | \$ (6,965)   |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities |  |
| Depreciation   | 17,392   |
| (Increase)Decrease in Accounts Receivable  | 1,174  |
| (Increase)Decrease in Prepaid Expense  | 864  |
| Increase(Decrease) in Accounts Payable   | (1,226)  |
| Increase(Decrease) in Due to Depositors  | 225  |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>\$ 11,464</b>   |

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Mounds, Oklahoma (the Town) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Reporting Entity

The Town of Mounds, Oklahoma (Town) was incorporated under the provisions of the laws of the State of Oklahoma. The Town operates under a Board of Trustees form of government and provides the following services: general government, public safety (police and fire), public works, parks and recreation.

The basic financial statements include the departments, agencies, and other organizational units over which the Board of Trustees exercise oversight responsibility. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 and No. 39. Based on the criteria Mounds Public Works Authority is the only component unit. The definition of the financial reporting entity is primarily based on the concept of financial accountability. The financial reporting entity consists of the primary government (the Town), and activities of Mounds Public Works Authority. Financial accountability exists if a primary government appoints a voting majority of an organizations governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide a specific financial benefit to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, there are no other entities to include in the Town's financial statements.

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

Mounds Public Works Authority was created under the provisions of Title 60, Sections 176 to 180, Oklahoma Statutes. The Authority is managed by a Board of Trustees made up of members of the Town Board of Trustees. The Authority operates sanitation and sewer services for the Town of Mounds.

B. Measurement Focus, Basis of Accounting and Basis of Presentation  
- Fund Accounting

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements - During the year, the Town segregates transactions related to certain Town functions or activities in

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

separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Major funds represent 10% of assets, liabilities, revenues or expenditures of the corresponding element for all funds of that category and is at least 5% of the corresponding element total for all governmental and enterprise funds combined or is a fund that the government believes is important enough for financial statements users to be reported as a major fund. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds, if any, are reported by type.

Fund Accounting - The accounts of the Town of Mounds are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

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

The following are the Town's major governmental funds:

General Fund:

The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in a separate fund, are accounted for in the General Fund.

Special Revenue Funds:

These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Proprietary Funds - are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are classified as enterprise funds.

Enterprise Funds:

The enterprise funds are used to account for operations that are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. The Town's only enterprise fund is the Mounds Public Works Authority.

C. Budgetary Accounting and Control

The Town adopts an annual budget for all funds established by the governing body as required by O.S. 11 Section 17.207 through 17.210. The state statutes also require that the budget be adopted by resolution or per the town charter at the legal level of classification (fund, department, & object category) and that the budget be filed with the County Clerk and the State Auditor and Inspector. The Town may transfer budgeted amounts within and among departments. The budget is prepared on a cash basis.

D. Cash and Investments

Cash includes amounts in demand deposits. The Town considers all cash on hand, demand deposits and highly liquid investments, with

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

an original maturity of three months or less when purchased, to be cash and cash equivalents.

The investments reported in the financial statements consist of Certificates of Deposit.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances outstanding at yearend are reported as reservations of fund balances.

F. Accounts Receivable

The Authority has accounts receivable from its utility customers. There is no allowance for doubtful accounts as the Authority considers all accounts fully collectible.

The governmental funds have accrued taxes to be received in January and balances due for police fines.

G. Inventories and Prepaid Expenses

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary funds and similar component unit inventories are recorded at the lower of cost or market on a first-in, first-out basis. The Town has not maintained inventory records; however, the value of inventory on hand at June 30, 2015 is not considered to be material.

H. Capital Assets

The Town's property, plant, equipment and infrastructure with useful lives of more than one year are stated at historical costs and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure assets records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining components units' financial statements. Donated assets are stated at fair value on the date donated. The Town maintains a capitalization threshold of

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

\$2,500. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

|                                    |            |
|------------------------------------|------------|
| Buildings                          | 5-60 years |
| Improvements, other than buildings | 2-50 years |
| Mobile equipment                   | 3-40 years |
| Furniture, machinery and equipment | 3-30 years |
| Utility system                     | 5-50 years |

I. Compensated Absences

Full-time, permanent employees are granted personal leave in varying amounts to specified maximums depending on tenure with the Town. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary, and component unit financial statements. Governmental funds report only matured absences payable to currently terminating employees and are included in wages and benefits payable.

J. Long-Term Obligations

Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in that fund (Mounds Public Works Authority).

K. Fund Equity

Equity is classified as net position 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.

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

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.
3. Unrestricted—Net amounts 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 Balance

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.

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

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:

| <u>Major Special Revenue Fund</u> | <u>Revenue Source</u> |
|-----------------------------------|-----------------------|
| Fire Department Fund              | Fire Runs             |
|                                   | Grant Income          |

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund as a reduction of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. All interfund transfers are reported as operating transfers. The interfund transactions have not been reconciled, but are considered immaterial.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

At June 30, 2015, the Town held deposits of approximately \$681,901 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.

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 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.
- 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 MOUNDS, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

NOTE 3 - INSURANCE RESERVE

The insurance reserve relates to risk management activities. Town of Mounds, Oklahoma's risk management activities consist of purchasing policies from commercial insurance carriers. As part of its risk management activity, the Town has purchased workers' compensation insurance from Oklahoma Municipal Assurance Group (the Group). The premium paid for the workers' compensation insurance includes an amount which is placed in a loss fund for the Town of Mounds, Oklahoma. The balance of the premium is used for administration of the insurance and obtaining insurance coverage. The loss fund is an actuarially determined estimate of the Town's expected workers' compensation claims during the policy period. At June 30, 2015, the balance in the fund was \$8,406.

If the actual losses are less than the amount of the loss fund, the difference may be refunded to the Town or placed in an escrow account for the Town of Mounds, Oklahoma. Refunds may begin as early as two years after the end of the plan year. The reinsurance purchased by the Group covers claims in excess of the loss fund. The Town of Mounds, Oklahoma is not obligated to pay any amount in excess of its annual premium. The amount in the escrow account at June 30, 2015 was \$0. This money may be refunded on written request.

Renewal premiums to be billed the Town of Mounds, Oklahoma are limited to a maximum reduction of 10% from the prior year's billed premium. Any portion of the billed premium in excess of the amount required to fully fund the Town's actuarial premium is held by the Group in the Rate Stabilization Reserve (RSR) for the Town. RSR balances will be applied to offset any future billed premium increases in excess of 10% over the prior year's billed premium. The Town of Mounds, Oklahoma is entitled to a refund of any RSR balance upon termination of their participation in the insurance. The Town of Mounds, Oklahoma had \$1,2078 in the RSR as of June 30, 2015.

NOTE 4 - CAPITAL ASSETS

Primary Government capital asset activity for the year is as follows:

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

|   | Balance at<br>Dec. 31,<br>2014 | Additions          | Deductions        | Balance at<br>June 30,<br>2015 |
|---|--------------------------------|--------------------|-------------------|--------------------------------|
| <i>Governmental Activities:</i>                       |                                |                    |                   |                                |
| Non-depreciable assets:                               |                                |                    |                   |                                |
| Land  | \$ 32,000                      | \$ -               | \$ -              | \$ 32,000                      |
| Total non-depreciable assets                          | <u>\$ 32,000</u>               | <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ 32,000</u>               |
| Depreciable assets:                                   |                                |                    |                   |                                |
| Buildings   | 653,538                        | -                  | -                 | 653,538                        |
| Infrastructure & Improvements<br>Other Than Buildings | 599,321                        | -                  | -                 | 599,321                        |
| Furniture, Machinery & Equipment                      | 587,264                        | 15,000             | (19,525)          | 582,739                        |
| Total depreciable assets                              | <u>1,840,123</u>               | <u>15,000</u>      | <u>(19,525)</u>   | <u>1,835,598</u>               |
| Less: Accum. Depreciation for:                        |                                |                    |                   |                                |
| Buildings   | 169,170                        | 6,064              | -                 | 175,234                        |
| Infrastructure & Improvements<br>Other Than Buildings | 72,124                         | 11,743             | -                 | 83,867                         |
| Furniture, Machinery & Equipment                      | 374,906                        | 29,422             | (15,132)          | 389,196                        |
| Total accumulated depreciation                        | <u>616,200</u>                 | <u>47,230</u>      | <u>(15,132)</u>   | <u>648,298</u>                 |
| Total depreciable assets, net                         | 1,223,923                      | (32,230)           | (4,393)           | 1,187,301                      |
| Total Governmental Activities<br>Capital Assets, Net  | <u>\$ 1,255,923</u>            | <u>\$ (32,230)</u> | <u>\$ (4,393)</u> | <u>\$ 1,219,301</u>            |

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

|   | Balance at<br>Dec. 31,<br>2014 | Additions        | Deductions  | Balance at<br>June 30,<br>2015 |
|---|--------------------------------|------------------|-------------|--------------------------------|
| <i>Business-Type Activities:</i>                      |                                |                  |             |                                |
| Non-depreciable assets:                               |                                |                  |             |                                |
| Land  | \$ 20,200                      | \$ -             | \$ -        | \$ 20,200                      |
| Total non-depreciable assets                          | <u>\$ 20,200</u>               | <u>\$ -</u>      | <u>\$ -</u> | <u>\$ 20,200</u>               |
| Depreciable assets:                                   |                                |                  |             |                                |
| Buildings   | -                              | -                | -           | -                              |
| Infrastructure & Improvements<br>Other Than Buildings | 1,133,890                      | -                | -           | 1,133,890                      |
| Furniture, Machinery & Equipment                      | 35,334                         | 29,140           | -           | 64,474                         |
| Total depreciable assets                              | <u>1,169,224</u>               | <u>29,140</u>    | <u>-</u>    | <u>1,198,364</u>               |
| Less: Accum. Depreciation for:                        |                                |                  |             |                                |
| Buildings   | -                              | -                | -           | -                              |
| Infrastructure & Improvements<br>Other Than Buildings | 595,926                        | 15,665           | -           | 611,591                        |
| Furniture, Machinery & Equipment                      | 20,225                         | 1,727            | -           | 21,952                         |
| Total accumulated depreciation                        | <u>616,151</u>                 | <u>17,392</u>    | <u>-</u>    | <u>633,543</u>                 |
| Total depreciable assets, net                         | 553,073                        | 11,748           | -           | 564,821                        |
| Total Business-Type Activities<br>Capital Assets, Net | <u>\$ 573,273</u>              | <u>\$ 11,748</u> | <u>\$ -</u> | <u>\$ 585,021</u>              |

Depreciation expense was charged to functions of the primary government as follows:

| GOVERNMENTAL ACTIVITIES: |                  | BUSINESS-TYPE ACTIVITIES: |                  |
|--------------------------|------------------|---------------------------|------------------|
| General Government       | \$ 5,885         | Public Works              | \$ 17,392        |
| Public Safety            | 27,726           |                           | <u>\$ 17,392</u> |
| Parks and Recreation     | 1,355            |                           |                  |
| Street                   | 12,101           |                           |                  |
| Culture and Education    | 163              |                           |                  |
|                          | <u>\$ 47,230</u> |                           |                  |

NOTE 5 - CHANGES IN LONG-TERM DEBT

GOVERNMENTAL FUND TYPES:

The Town entered into a lease purchase agreement for the purchase of a 2013 Ford Police Interceptor Utility and 2013 Ford Police Interceptor Sedan. The lease includes four annual payments of \$16,997.71, with the first payment due March 8, 2013. The interest rate for the lease is 4.95%.

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

The following is a summary of capital lease obligations for the six month period ended June 30, 2015:

|                      | Balance<br>12/31/2014 | Additions | Deductions  | Balance<br>6/30/2015 |
|----------------------|-----------------------|-----------|-------------|----------------------|
| Capital Lease - Ford | \$ 31,628             | \$ -      | \$ (15,432) | \$ 16,196            |
|                      | \$ 31,628             | \$ -      | \$ (15,432) | \$ 16,196            |

A summary of future maturities of principal and interest are as follows:

| Year Ending<br>December 31, | Principal | Interest | Total     |
|-----------------------------|-----------|----------|-----------|
| 2016                        | \$ 16,196 | \$ 802   | \$ 16,998 |
| 2017                        | -         | -        | -         |
| 2018                        | -         | -        | -         |
| 2019                        | -         | -        | -         |
| 2020                        | -         | -        | -         |
| Total                       | \$ 16,196 | \$ 802   | \$ 16,998 |

PROPRIETARY FUND TYPES:

The Mounds Public Works Authority entered into a lease purchase agreement with American Heritage Bank for the purchase of a 2014 Kubota Tractor with rotary cutter. The lease includes two annual payments, with the first payment of \$10,000 due March 31, 2016 and the second payment of \$6,202.63 due March 31, 2017. However, the lease was paid in full shortly after the six month period ending June 30, 2015 in July 2015. The interest rate for the lease is 2.50%.

The following is a summary of capital lease obligations for the six month period ended June 30, 2015:

|                        | Balance<br>12/31/2014 | Additions | Deductions | Balance<br>6/30/2015 |
|------------------------|-----------------------|-----------|------------|----------------------|
| Capital Lease -Tractor | \$ -                  | \$ 15,640 | \$ -       | \$ 15,640            |
|                        | \$ -                  | \$ 15,640 | \$ -       | \$ 15,640            |

A summary of future maturities of principal and interest are as follows:

| Year Ending<br>December 31, | Principal | Interest | Total     |
|-----------------------------|-----------|----------|-----------|
| 2016                        | \$ 15,640 | \$ 138   | \$ 15,778 |
| 2017                        | -         | -        | -         |
| 2018                        | -         | -        | -         |
| 2019                        | -         | -        | -         |
| 2020                        | -         | -        | -         |
| Total                       | \$ 15,640 | \$ 138   | \$ 15,778 |

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

NOTE 6 - COMPENSATED ABSENCES

The amount that should be reported for accrued compensated absences is not known but is not believed to be material.

NOTE 7 - PENSION OBLIGATIONS

Oklahoma Firefighter's Pension and Retirement System

The Town participates in the Oklahoma Firefighters Pension and Retirement System (the Plan) on behalf of its volunteer firefighters. The Town contributes \$60/year for each volunteer firefighter as set by Oklahoma Statutes; voluntary firefighters do not contribute to the Plan. The Plan provides retirement, death, and disability benefits to plan members and beneficiaries. The Plan is an agent multiple-employer, or municipality, contributory defined benefit pension plan. The authority to amend and establish benefit provisions of the Plan rests with the Board of Trustees of the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report as well as actuarial assumptions and funding information may be obtained by writing to the Oklahoma Firefighters Pension and Retirement System c/o Oklahoma State Firefighters Association, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

The required contribution from the Town for this plan was \$780, \$840 and \$960 for 2015, 2014 and 2013, respectively. The required contribution was fully contributed.

Oklahoma Municipal Retirement Fund

The Town allows employees to participate in Oklahoma Municipal Retirement Fund, a defined contributions plan. The plan is funded by contributions from participants and employees. The following is a summary of eligibility factors, contribution methods, and benefit provision:

|                        |  |
|------------------------|--|
| Eligibility            | All regular, full-time employees except police, firefighters and other employees who are covered under an approved system. |
| Employee contributions | 5% of pay  |
| Employer contributions | 5% of pay  |

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

|                                   |   |
|-----------------------------------|---|
| Service                           |   |
| Credited Service                  | The last period of continuous employment with the employer excluding any periods before the effective date of the plan specified in the adoption agreement. |
| Vesting                           | Credited service plus transferred service from other OMRF employees.  |
| Benefit Eligibility               | 5 or more years of vesting service.   |
| Final Average Compensation        | The average of the 5 highest consecutive annual salaries out of the last 10 years of service.   |
| Accrued Benefit                   | Plan AA<br>2.65% of final average compensation multiplied by the number of years of credited service.   |
| Normal Retirement Age             | Age 65 with 5 or more years of vesting service.   |
| Normal Retirement Eligibility     | Termination of employment on or after normal retirement age.  |
| Benefit                           | The accrued benefit payable immediately.  |
| Early Retirement Eligibility      | Termination after age 55 with 5 or more years.  |
| Benefit                           | The accrued benefit payable starting at normal retirement, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.      |
| Disability Retirement Eligibility | Total and permanent disability after 5 or more years of service.  |
| Benefit                           | The accrued benefit is payable upon disablement without reduction for early payment   |

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

Termination Before Retirement Age

Before Vesting Return of employee contributions with interest.

After Vesting The accrued benefit payable starting at age 65, or a reduced benefit payable at an early retirement age.

In-service Death

Before Vesting Return of member contributions with interest.

After Vesting 50% of the accrued benefit is payable to the spouse (married participants only) until death or remarriage.

After Vesting 50% of the accrued benefit is payable for 60 months (other participants) certain.

Payment Options

Normal form The normal form of payments of the accrued benefits is a monthly lifetime annuity with 5 years certain.

Optional forms Disability retirement benefits are paid only under the normal form.

Other retirement benefits are available under actuarially equivalents optional forms:

- Joint and 50% survivor annuity
- Joint and 66-2/3rds last survivor annuity
- Joint and 100% survivor annuity

Cost of Living

Benefits in payment status are adjusted each July 1<sup>st</sup> based on the percentage change in the CPI. The maximum increase is 3% per year.

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

Contributions required by State Statute:

| <u>Period Ending</u> | <u>Required Contributions</u> | <u>% Contributed</u> |
|----------------------|-------------------------------|----------------------|
| 6/30/15              | \$4,717                       | 100%                 |
| 12/31/14             | \$8,399                       | 100%                 |
| 12/31/13             | \$8,103                       | 100%                 |

NOTE 8 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to reduce their risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 9 - CONTINGENT LIABILITIES

The Town is a defendant in legal actions arising from normal governmental activities. Most of these actions are covered by insurance. Although the outcome of these lawsuits is not presently determinable, management believes that the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

In the normal course of operations, the Town participates in various federal and state grant programs from year to year. Amounts received or receivable from grantor agencies are often subject to audit and adjustment by the grantor agency. 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 Town expects such amounts, if any, to be immaterial.

NOTE 10 - 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

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

Fund Balances

Town of Mounds, Oklahoma  
Disclosure of Fund Balances Reported on Balance Sheet  
For Six Months Ended June 30, 2015

|                 | General<br>Fund   | Fire<br>Department<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------|-------------------|----------------------------|--------------------------------|--------------------------------|
| FUND BALANCES:  |                   |                            |                                |                                |
| Unspendable     | \$ 11,320         | \$ 1,995                   | \$ (999)                       | \$ 12,316                      |
| Assigned to:    |                   |                            |                                |                                |
| Fire Department | -                 | 150,510                    | -                              | 150,510                        |
| Court Fund      | -                 | -                          | 8,595                          | 8,595                          |
| Cemetery Fund   | -                 | -                          | 73,874                         | 73,874                         |
| Unassigned      | 365,971           | -                          | -                              | 365,971                        |
| Total           | <u>\$ 377,291</u> | <u>\$ 152,505</u>          | <u>\$ 81,470</u>               | <u>\$ 611,266</u>              |

NOTE 12 - SUBSEQUENT EVENTS

The Town did not have any subsequent events through March 22, 2016, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the six months ending June 30, 2015.

# KERSHAW CPA & ASSOCIATES, PC

5300 WEST OKMULGEE AVENUE  
MUSKOGEE, OKLAHOMA 74401  
PHONE (918) 684-1040  
FAX (918) 684-1041

WEB: KERSHAWCPA.COM  
E-MAIL: REK@KERSHAWCPA.COM

607 NORTH 1<sup>ST</sup> STREET  
PONCA CITY, OKLAHOMA 74601  
PHONE (580) 762-1040  
FAX (580) 762-1047

---

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 Town Council  
Town of Mounds, 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 financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Mounds, Oklahoma, as of and for the six month period ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 22, 2016. Management has omitted the MD&A required by accounting principles generally accepted in the United States of America.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Mounds, Oklahoma'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 Mounds, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Mounds' 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 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 weakness may exist that have not been

# KERSHAW CPA & ASSOCIATES, PC

5300 WEST OKMULGEE AVENUE  
MUSKOGEE, OKLAHOMA 74401  
PHONE (918) 684-1040  
FAX (918) 684-1041

WEB: KERSHAWCPA.COM  
E-MAIL: REK@KERSHAWCPA.COM

607 NORTH 1<sup>ST</sup> STREET  
PONCA CITY, OKLAHOMA 74601  
PHONE (580) 762-1040  
FAX (580) 762-1047

---

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 Mounds' 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Town of Mounds' Response to Findings

The Town of Mounds' response to the findings identified in our audit is described in the accompanying Schedule of Findings. The Town of Mounds' 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 purposes.

*Kershaw CPA & Associates, P.C.*

Kershaw CPA & Associates, PC

March 22, 2016

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

INTERNAL CONTROL FINDINGS:

Item 15-01: Segregation of Duties

Criteria: A good system of internal control requires a proper segregation of duties to prevent one person from being in a position to authorize, execute, and record the same transaction.

Condition: Due to the size of the Town's major areas of internal control, that would be prevalent in a larger Town, such segregation of duties is not available for this size operation. Duties are concentrated in the hands of a few individuals, who are responsible for all phases of the accounting functions. Because of this lack of division of responsibility, internal control is determined to be weak, and in some instances, non-existent.

Cause/Effect: Due to the limited number of personnel, a breach of internal controls could occur and not be detected in the normal course of operations.

Recommendation: The Board should continue to be actively involved in the operations of the Town.

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

TOWN OF MOUNDS, OKLAHOMA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

|   | <u>SPECIAL REVENUE FUNDS</u> |                        | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|------------------------------|------------------------|--|
|   | <u>Cemetery<br/>Fund</u>     | <u>Court<br/>Fund</u>  |  |
| <b><u>ASSETS</u></b>                        |                              |                        |  |
| Cash and cash equivalents                   | \$ 9,237                     | \$ 8,595               | \$ 17,832                                  |
| Investments                                 | 64,637                       | -                      | 64,637                                     |
| Accounts Receivable                         | -                            | 643                    | 643  |
| Due from Other Funds                        | -                            | 247                    | 247  |
| <b>TOTAL ASSETS</b>                         | <b><u>\$ 73,874</u></b>      | <b><u>\$ 9,485</u></b> | <b><u>\$ 83,359</u></b>                    |
| <b><u>LIABILITIES &amp; FUND EQUITY</u></b> |                              |                        |  |
| <b>LIABILITIES:</b>                         |                              |                        |  |
| Accounts Payable                            | \$ -                         | \$ 549                 | \$ 549                                     |
| Due to Other Funds                          | -                            | 1,339                  | 1,339                                      |
| <b>TOTAL LIABILITIES</b>                    | <b><u>-</u></b>              | <b><u>1,889</u></b>    | <b><u>1,889</u></b>                        |
| <b>FUND BALANCES:</b>                       |                              |                        |  |
| Nonspendable                                | -                            | (999)                  | (999)                                      |
| Restricted                                  | -                            | -                      | -  |
| Committed                                   | -                            | -                      | -  |
| Assigned                                    | 73,874                       | 8,595                  | 82,469                                     |
| Unassigned                                  | -                            | -                      | -  |
| <b>TOTAL FUND BALANCES</b>                  | <b><u>73,874</u></b>         | <b><u>7,596</u></b>    | <b><u>81,470</u></b>                       |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>  | <b><u>\$ 73,874</u></b>      | <b><u>\$ 9,485</u></b> | <b><u>\$ 83,359</u></b>                    |

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

**TOWN OF MOUNDS, OKLAHOMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2015**

|   | <u>SPECIAL REVENUE FUNDS</u> |                       | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|------------------------------|-----------------------|--|
|   | <u>Cemetery<br/>Fund</u>     | <u>Court<br/>Fund</u> |  |
| <b><u>REVENUES:</u></b>                                 |                              |                       |  |
| Cemetery Sales  | \$ 1,150                     | \$ -                  | \$ 1,150                                   |
| Fines and forfeitures                                   | -                            | 23,729                | 23,729                                     |
| Interest  | 171                          | 17                    | 188  |
| <b>TOTAL REVENUES</b>                                   | <b>1,321</b>                 | <b>23,746</b>         | <b>25,067</b>                              |
| <b><u>EXPENDITURES:</u></b>                             |                              |                       |  |
| Current:  |                              |                       |  |
| General Government                                      | -                            | -                     | -  |
| Public Safety   | -                            | 7,337                 | 7,337                                      |
| <b>TOTAL EXPENDITURES</b>                               | <b>-</b>                     | <b>7,337</b>          | <b>7,337</b>                               |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> | <b>1,321</b>                 | <b>16,408</b>         | <b>17,730</b>                              |
| <b><u>OTHER FINANCING SOURCES (USES):</u></b>           |                              |                       |  |
| Operating Transfers In                                  | -                            | -                     | -  |
| Operating Transfers Out                                 | -                            | (22,000)              | (22,000)                                   |
| Capital Debt Proceeds                                   | -                            | -                     | -  |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <b>-</b>                     | <b>(22,000)</b>       | <b>(22,000)</b>                            |
| <b>NET CHANGES IN FUND BALANCES</b>                     | <b>1,321</b>                 | <b>(5,592)</b>        | <b>(4,271)</b>                             |
| <b>FUND BALANCE - BEGINNING OF YEAR</b>                 | <b>72,553</b>                | <b>15,573</b>         | <b>88,126</b>                              |
| <b>FUND BALANCE - PRIOR YEAR ADJUSTMENT</b>             | <b>-</b>                     | <b>(2,385)</b>        | <b>(2,385)</b>                             |
| <b>FUND BALANCE - END OF YEAR</b>                       | <b>\$ 73,874</b>             | <b>\$ 7,596</b>       | <b>\$ 81,470</b>                           |

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