

**TOWN OF MOORELAND, OKLAHOMA  
MOORELAND, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2015**

**TOWN OF MOORELAND, OKLAHOMA  
TABLE OF CONTENTS  
For the fiscal year ended JUNE 30, 2015**

---

	<u>Page</u>
LIST OF PRINCIPAL OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2-3
REQUIRED SUPPLEMENTARY INFORMATION: MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES	12-13
<i>Fund Financial Statements:</i>	
BALANCE SHEET – GOVERNMENTAL FUNDS	14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	15-16
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	17
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS	18
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	19
NOTES TO BASIC FINANCIAL STATEMENTS	20-34
REQUIRED SUPPLEMENTARY INFORMATION:	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	35
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY- OKLAHOMA FIRE PENSION RETIREMENT SYSTEM	36
SCHEDULE OF CHANGE IN THE TOWN'S NET PENSION LIABILITY & RELATED RATIO- OKLAHOMA MUNICIPAL RETIREMENT FUND	37
INTERNAL CONTROL AND COMPLIANCE INFORMATION:	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	38-39
SCHEDULE OF FINDINGS & QUESTIONED COSTS	40

**TOWN OF MOORELAND, OKLAHOMA**

**LIST OF PRINCIPAL OFFICIALS**

---

**TOWN COUNCIL**

Todd Finley, Mayor

Travis Case, Vice Mayor

Willie Wyrick, Trustee

Jeremy Ellers, Trustee

Richard Burrow, Trustee

**TOWN ADMINISTRATOR**

Karen Riffel

**TOWN TREASURER AND TOWN CLERK**

Barbara Summerall



## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Mooreland, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Mooreland, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Mooreland, Oklahoma'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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Mooreland, Oklahoma, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 6 to the financial statements, in the current fiscal year the Town adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions-an amendment of GASB No. 27*. The implementation of GASB Statement No. 68 resulted in the restatement of beginning year net position. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 4-10 and 35-37 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2016, on our consideration of the Town of Mooreland, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Mooreland, Oklahoma's internal control over financial reporting and compliance.

***FSW&B CPAs-PLLC***

FSW&B CPAs - PLLC

Woodward, Oklahoma

September 22, 2016

Our discussion and analysis of the Town of Mooreland's ("Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. The Town's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Please read it in conjunction with the Town's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$3,857,564 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$4,039,660 (restated).
- Total liabilities of the Town decreased by \$193,811 from \$1,653,021 to \$1,459,210 during the fiscal year. This is attributable to the increased payment of normal payables, debt payments made during the year and a decrease in pension liability.
- Total net assets are comprised of the following:
  - 1) Invested in capital assets, net of related debt, of \$2,173,391 includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
  - 2) Unrestricted net position of \$1,509,664 represents the portion available to maintain the Town's continuing obligations to citizens and creditors compared to \$1,780,198, last year.
  - 3) Reserve for restricted purposes of \$174,509 is restricted for debt and other obligations.
- The Town's governmental funds reported total ending fund balance of \$807,359 this year. This compared to the prior year ending fund balance of \$1,092,762, showing a decrease of \$285,403 during the current year due to capital outlay and increased operating costs.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

*Management's Discussion and Analysis* introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

##### ***Government-wide Financial Statements***

The Town's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other financial factors such as diversification of the taxpayer base or the condition of the Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities includes general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-type activities include utility services provided by the Town.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

The Town has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

A Budgetary comparison statement is included in the basic financial statement for the General Fund. This statement demonstrates compliance with the Town's adopted and final revised budget.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization such as water and electric utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report presents certain *Required Supplementary Information* concerning the Town's compliance with the approved and revised budget for the General Fund.

## **A FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

Changes in net position may be observed and used to discuss the changing financial position of the Town as a whole. The Town's net position at fiscal year end was \$3,857,564. This is a \$182,096 decrease from last year's net assets of \$4,039,660. The following table provides a summary of the Town's net assets at June 30 after the adjustment to fund balance:

**MANAGEMENT DISCUSSION & ANALYSIS  
JUNE 30, 2015**

**TOWN OF MOORELAND, OKLAHOMA**

	Governmental Activities		Business-Type Activities		Totals		Change	
	2015	2014	2015	2014	2015	2014	\$	%
Current assets	\$ 869,138	\$ 1,121,966	\$ 1,214,208	\$ 1,319,100	\$ 2,083,346	\$ 2,441,066	\$ (357,720)	-15%
Capital assets, net	1,571,293	1,556,828	1,694,138	1,694,787	3,265,431	3,251,615	13,816	0%
<b>Total assets</b>	<b>\$ 2,440,431</b>	<b>\$ 2,678,794</b>	<b>\$ 2,908,346</b>	<b>\$ 3,013,887</b>	<b>\$ 5,348,777</b>	<b>\$ 5,692,681</b>	<b>\$ (343,904)</b>	<b>-6%</b>
Deferred outflows of resources	58,681	-	-	-	58,681	-	58,681	#DIV/0!
Current liabilities	\$ 61,779	\$ 29,204	\$ 257,114	\$ 206,171	\$ 318,893	\$ 235,375	\$ 83,518	35%
Non-current liabilities	128,774	230,248	1,011,543	1,187,398	1,140,317	1,417,646	(277,329)	-20%
<b>Total liabilities</b>	<b>190,553</b>	<b>259,452</b>	<b>1,268,657</b>	<b>1,393,569</b>	<b>1,459,210</b>	<b>1,653,021</b>	<b>(193,811)</b>	<b>-12%</b>
Deferred inflows of resources	90,684	-	-	-	90,684	-	90,684	#DIV/0!
<b>Net position</b>								
Invested in capital assets, net of related debt	1,571,293	1,556,828	602,098	416,409	2,173,391	1,973,237	200,154	10%
Restricted	64,544	63,629	109,965	222,596	174,509	286,225	(111,716)	100%
Unrestricted	582,038	798,885	927,626	981,313	1,509,664	1,780,198	(270,534)	-15%
<b>Total net position</b>	<b>\$ 2,217,875</b>	<b>\$ 2,419,342</b>	<b>\$ 1,639,689</b>	<b>\$ 1,620,318</b>	<b>\$ 3,857,564</b>	<b>\$ 4,039,660</b>	<b>\$ (182,096)</b>	<b>-5%</b>

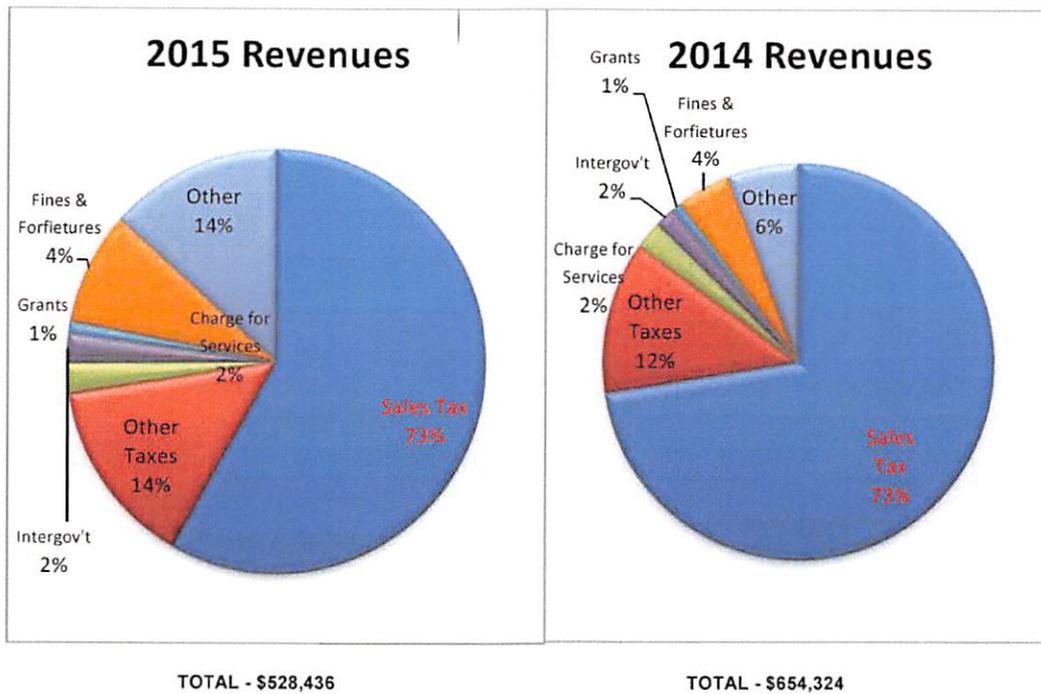
The Town reported positive balances in net position for both governmental and business-type activities. Net position decreased \$201,467 or 8.3% for governmental activities and increased \$19,371 or 1.2% for business-type activities. The Town's overall financial position declined 4.5% during fiscal year 2015.

	Governmental Activities		Business-type Activities		Totals		Change	
	2015	2014	2015	2014	2015	2014	\$	%
<b>Revenues</b>								
Program revenues	\$ 113,627	\$ 77,822	\$ 1,723,033	\$ 1,427,468	\$ 1,836,660	\$ 1,505,290	\$ 331,370	22%
Taxes and other general revenues	492,801	576,600	26,563	21,708	519,364	598,308	(78,944)	-13%
<b>Total revenues</b>	<b>606,428</b>	<b>654,422</b>	<b>1,749,596</b>	<b>1,449,176</b>	<b>2,356,024</b>	<b>2,103,598</b>	<b>252,426</b>	<b>12%</b>
<b>Expenses</b>								
General government	209,053	159,884	-	-	209,053	159,884	49,169	31%
Public safety and judiciary	272,868	242,484	-	-	272,868	242,484	30,384	13%
Transportation	266,941	204,253	-	-	266,941	204,253	62,688	31%
Cultural, parks, and recreation	52,755	84,190	-	-	52,755	84,190	(31,435)	-37%
Electric	-	-	965,436	964,655	965,436	964,655	781	0%
Water	-	-	529,346	445,255	529,346	445,255	84,091	19%
Sewer	-	-	26,259	47,188	26,259	47,188	(20,929)	-44%
Sanitation	-	-	75,812	62,239	75,812	62,239	13,573	22%
Customer service	-	-	139,650	142,938	139,650	142,938	(3,288)	-2%
<b>Total expenses</b>	<b>801,617</b>	<b>690,791</b>	<b>1,736,503</b>	<b>1,662,275</b>	<b>2,538,120</b>	<b>2,353,066</b>	<b>185,054</b>	<b>8%</b>
Excess (deficiency) before transfers	(195,189)	(36,369)	13,093	(213,099)	(182,096)	(249,468)	67,372	-27%
Transfers	(6,278)	(23,993)	6,278	23,993	-	-	-	0%
<b>Increase (decrease) in net assets</b>	<b>\$ (201,467)</b>	<b>\$ (60,362)</b>	<b>\$ 19,371</b>	<b>\$ (189,106)</b>	<b>\$ (182,096)</b>	<b>\$ (249,468)</b>	<b>\$ 67,372</b>	<b>-27%</b>

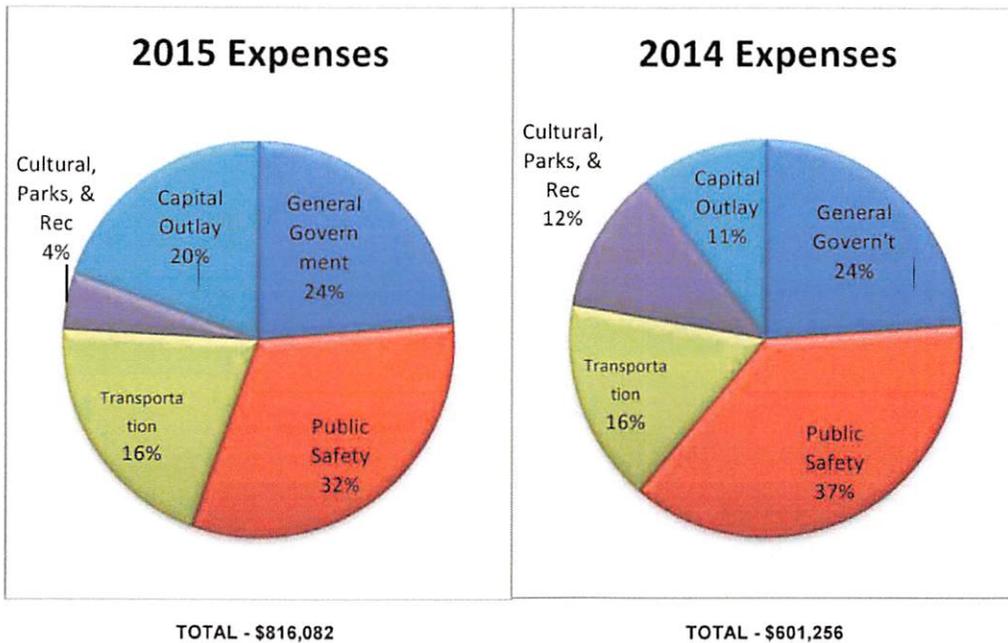
Governmental-type revenues noted a decrease of 7.33%. Business-type revenues showed an increase in fiscal year 2015, generating an additional 20.73% in revenues.

Operating expenses increased 7.86% over prior year. The majority of this increase is reflected in public safety, transportation, and water expenses.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the Town's activities for fiscal year 2015.

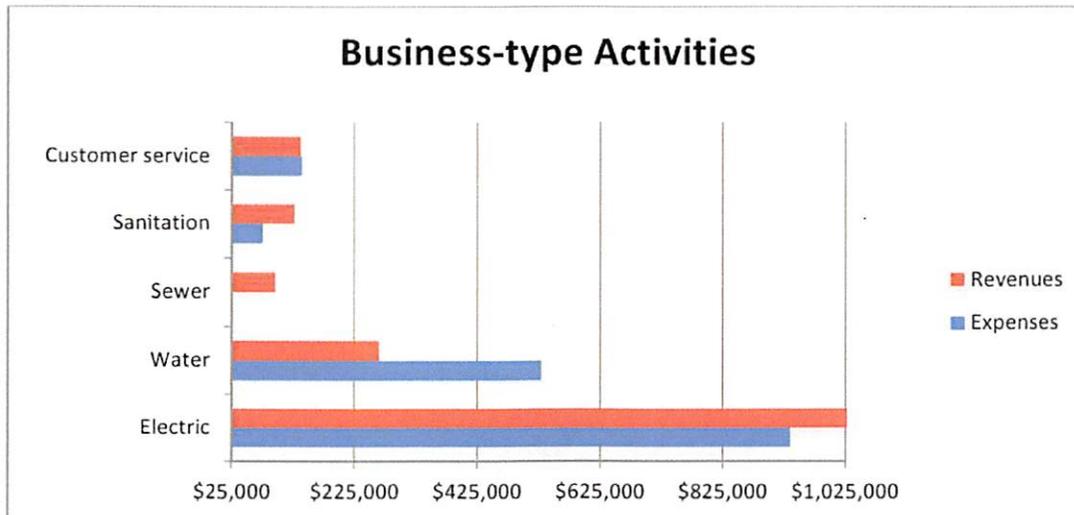


In the current year, sales tax provided the largest source of revenues for governmental activities at 73% of budget. In prior year, sales tax also provided for 73% of the Town's governmental revenues. Smaller revenue sources remained fairly consistent.



This graph shows the total governmental activities cost of \$816,082 for 2015. Of this amount, public safety at \$259,795, was the largest operating service cost representing 32% of total cost of services in 2015 which is consistent with prior year. Following closely behind, general government was the next largest use of fund at \$193,364 or 24% of total costs. These costs were primarily funded by taxes. It should be noted that governmental expenses were adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. For the government-wide full accrual statements, capital outlay expenses are eliminated and capital assets reported.

**Business-type Activities**



Business-type activities are shown comparing costs to revenues generated by related services. Sanitation, sewer, water, and electric activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

**General Fund Budgetary Highlights**

The adopted General Fund budget for fiscal year 2015 was \$814,175 excluding transfers. The General Fund budget complied with financial policies approved by the Town.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2015, the Town had \$3,265,431 invested in capital assets, net of depreciation, including vehicles and equipment for police and fire operations, park facilities, and street activities in governmental activities and electric lines, water lines and sewer lines in business-type activities. See table below.

**Primary Government Capital Assets (net of accumulated depreciation)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 64,000	\$ 64,000	\$ 4,730	\$ 4,730	\$ 68,730	\$ 68,730
Construction in process	21,025	188,385	-	27,055	21,025.00	215,440
Buildings	110,022	107,961	993	1,356	111,015	109,317
Infrastructure	1,243,351	1,130,731	-	-	1,243,351	1,130,731
Machinery & equipment	132,895	65,750	168,787	71,491	301,682	137,241
Utility property & improvements	-	-	1,519,628	1,590,153	1,519,628	1,590,153
<b>Totals</b>	<b>\$ 1,571,293</b>	<b>\$ 1,556,827</b>	<b>\$ 1,694,138</b>	<b>\$ 1,694,785</b>	<b>\$ 3,265,431</b>	<b>\$ 3,251,612</b>

- In Governmental Activities, the most significant additions included some airport infrastructure improvements, some fire safety equipment, a street sweeper, and a lawn mower .
- In Business-type Activities, capital additions (CIP) included remote read meters, radio, transformers, and a generator.

**Long-Term Debt**

At year-end, the Town had \$1,011,543 in long-term debt outstanding. The Town's changes in long-term debt by type of debt are as follows:

**Primary Government Long-Term Debt**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Revenue bonds	\$ -	\$ -	\$ 888,374	\$ 1,039,577	\$ 888,374	\$ 1,039,577
Notes payable	-	-	203,666	238,801	203,666	238,801
subtotal	-	-	1,092,040	1,278,378	1,092,040	1,278,378
less current portion	-	-	(80,497)	(90,980)	(80,497)	(90,980)
<b>Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,011,543</b>	<b>\$ 1,187,398</b>	<b>\$ 1,011,543</b>	<b>\$ 1,187,398</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

**Economic Environment**

According to the Oklahoma Economic Report, gross receipts for the State began falling during the fiscal year; the trend is expected to continue as the lower market prices for oil and natural gas noted further decline. The State is bracing for the impact on the economy. It is expected that the sluggish returns will also impact the local economy. The economic environment of the state sheds light on that local economy, and the Town budgeted more conservatively for the next fiscal year.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's Office at PO Box 157, Mooreland, Oklahoma, 73852 or phone at (580) 994-5924.

**Town of Mooreland, Oklahoma**  
**Statement of Net Position**  
**June 30, 2015**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 401,843	\$ 735,880	\$ 1,137,723
Investments, including time deposits	100,000	234,393	334,393
Accounts receivable, net	82,611	135,580	218,191
Internal balances	1,610	(1,610)	-
<b>Total current assets</b>	<b>586,064</b>	<b>1,104,243</b>	<b>1,690,307</b>
<b>Restricted assets:</b>			
Cash and cash equivalents	271,574	81,865	353,439
Investments, including time deposits	11,500	28,100	39,600
<b>Total restricted assets</b>	<b>283,074</b>	<b>109,965</b>	<b>393,039</b>
<b>Noncurrent Assets:</b>			
Land and construction in progress	85,025	4,730	89,755
Other capital assets (net of accumulated depreciation)	1,486,268	1,689,408	3,175,676
<b>Total noncurrent assets</b>	<b>1,571,293</b>	<b>1,694,138</b>	<b>3,265,431</b>
<b>Total assets</b>	<b>\$ 2,440,431</b>	<b>\$ 2,908,346</b>	<b>\$ 5,348,777</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on pension obligations	\$ 58,681	\$ -	58,681
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 36,969	\$ 60,773	\$ 97,742
Accrued expenses payable	24,810	-	24,810
Wages and benefits payable	-	25,086	25,086
Notes payable, current	-	32,729	32,729
Bonds payable, current	-	47,768	47,768
<b>Total current liabilities</b>	<b>61,779</b>	<b>166,356</b>	<b>228,135</b>
<b>Liabilities payable from restricted assets:</b>			
Accrued interest payable	-	9,863	9,863
Customer deposits payable	-	80,895	80,895
<b>Total liabilities payable from restricted assets</b>	<b>-</b>	<b>90,758</b>	<b>90,758</b>
<b>Noncurrent liabilities:</b>			
Pension liability	128,774	-	128,774
Notes payable, non-current	-	170,937	170,937
Bonds payable, non-current	-	840,606	840,606
<b>Total noncurrent liabilities</b>	<b>128,774</b>	<b>1,011,543</b>	<b>1,140,317</b>
<b>Total liabilities</b>	<b>190,553</b>	<b>1,268,657</b>	<b>1,459,210</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charges on pension obligations	90,684	-	90,684
<b>NET POSITION</b>			
Net investment in capital assets	1,571,293	602,098	2,173,391
Restricted	64,544	109,965	174,509
Unrestricted	582,038	927,626	1,509,664
<b>Total net position</b>	<b>\$ 2,217,875</b>	<b>\$ 1,639,689</b>	<b>\$ 3,857,564</b>

**Town of Mooreland, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<b>Governmental activities:</b>					
<b>General government:</b>					
General government	\$ 209,053	\$ 9,479	\$ -	\$ -	\$ (199,574)
Total general government	209,053	9,479	-	-	(199,574)
<b>Public safety and judiciary:</b>					
Police	217,730	52,961	10,787	-	(153,982)
Fire	46,595	-	75	4,484	(42,036)
Municipal Court	8,411	-	-	-	(8,411)
Emergency Management	132	-	-	-	(132)
Total public safety and judiciary	272,868	52,961	10,862	4,484	(204,561)
<b>Transportation:</b>					
Street	177,391	-	11,908	-	(165,483)
Airport	89,550	8,140	-	-	(81,410)
Total transportation	266,941	8,140	11,908	-	(246,893)
<b>Cultural, parks and recreation:</b>					
Park	36,593	8,475	-	-	(28,118)
Library	5,574	-	-	-	(5,574)
Cemetery	10,588	3,775	3,543	-	(3,270)
Total cultural, parks and recreation	52,755	12,250	3,543	-	(36,962)
<b>Total governmental activities</b>	<b>801,617</b>	<b>82,830</b>	<b>26,313</b>	<b>4,484</b>	<b>(687,990)</b>
<b>Business-type activities:</b>					
Electric	965,436	1,096,246	-	-	130,810
Water	529,346	265,875	-	-	(263,671)
Sewer	26,259	96,520	-	-	70,261
Sanitation	75,812	127,093	-	-	51,281
Customer service	139,650	-	-	137,499	(2,151)
Total business-type activities	1,736,503	1,585,534	-	137,499	(13,470)
<b>Total primary government</b>	<b>\$ 2,538,120</b>	<b>\$ 1,668,364</b>	<b>\$ 26,313</b>	<b>\$ 141,983</b>	<b>\$ (701,460)</b>

**Town of Mooreland, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2015**

<b>Changes in Net Position:</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (687,990)	\$ (13,470)	\$ (701,460)
General revenues:			
Taxes:			
Sales taxes	307,519	-	307,519
Use taxes	45,469	-	45,469
Franchise taxes	13,827	-	13,827
Alcoholic beverage tax	12,959	-	12,959
Cigarette tax	3,428	-	3,428
Investment income	619	1,103	1,722
Pension change	69,471	-	69,471
Miscellaneous	39,509	25,460	64,969
Transfers - Internal activity, net	(6,278)	6,278	-
Total general revenues and transfers	486,523	32,841	519,364
<b>Change in net position</b>	(201,467)	19,371	(182,096)
<b>Net position - beginning</b>	2,649,590	1,620,318	4,269,908
<b>Restatement</b>	(230,248)	-	(230,248)
<b>Net position - ending</b>	\$ 2,217,875	\$ 1,639,689	\$ 3,857,564

**Town of Mooreland, Oklahoma  
Balance Sheet  
Governmental Funds  
June 30, 2015**

	<u>General Fund</u>	<u>Court Fund</u>	<u>Cemetery Fund</u>	<u>Cemetery Care Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 401,843	\$ 135,234	\$ 85,170	\$ 51,170	\$ 673,417
Investments, including time deposits	100,000	-	-	11,500	111,500
Due from other funds	2,111	-	-	1,874	3,985
Revenue receivable	73,085	9,526	-	-	82,611
<b>Total assets</b>	<b><u>\$ 577,039</u></b>	<b><u>\$ 144,760</u></b>	<b><u>\$ 85,170</u></b>	<b><u>\$ 64,544</u></b>	<b><u>\$ 871,513</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 35,928	\$ 885	\$ 156	\$ -	\$ 36,969
Wages and benefits payable	24,810	-	-	-	24,810
Due to other funds	1,344	-	1,031	-	2,375
<b>Total liabilities</b>	<b><u>62,082</u></b>	<b><u>885</u></b>	<b><u>1,187</u></b>	<b><u>-</u></b>	<b><u>64,154</u></b>
<b>FUND BALANCES</b>					
Restricted	-	-	-	64,544	64,544
Assigned	-	885	83,983	-	84,868
Unassigned	514,957	142,990	-	-	657,947
<b>Total fund balances</b>	<b><u>514,957</u></b>	<b><u>143,875</u></b>	<b><u>83,983</u></b>	<b><u>64,544</u></b>	<b><u>807,359</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 577,039</u></b>	<b><u>\$ 144,760</u></b>	<b><u>\$ 85,170</u></b>	<b><u>\$ 64,544</u></b>	<b><u>\$ 871,513</u></b>

Total fund balance- total governmental funds \$ 807,359

Amounts reported for governmental activities in the Statement of Net Position are different because:

Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.

Land and construction in process	\$ 85,025	
Depreciable capital assets	3,009,658	
Less: Accumulated depreciation	<u>(1,523,390)</u>	1,571,293
Pension related deferred outflows		58,681
Net pension liability		(128,774)
Pension related deferred inflows		(90,684)
<b>Net position of governmental activities</b>		<b><u>\$ 2,217,875</u></b>

**Town of Mooreland, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2015**

	General Fund	Court Fund	Cemetery Fund	Cemetery Care Fund	Total Governmental Funds
<b>REVENUES</b>					
Sales tax	\$ 307,519	\$ -	\$ -	\$ -	\$ 307,519
Use tax	45,489	-	-	-	45,489
Beverage tax	12,959	-	-	-	12,959
Franchise taxes	13,827	-	-	-	13,827
Cigarette tax	3,428	-	-	-	3,428
Licenses and permits	6,004	-	-	-	6,004
Fines and forfeitures	58	52,903	-	-	52,961
Investment income	587	52	-	-	619
Charges for services	8,515	-	2,860	915	12,290
Rental income	11,575	-	-	-	11,575
Intergovernmental	11,908	-	-	-	11,908
Grants	4,484	-	-	-	4,484
Donations	9,862	1,000	3,543	-	14,405
Miscellaneous	39,503	6	-	-	39,509
<b>Total revenues</b>	<b>475,678</b>	<b>53,981</b>	<b>6,403</b>	<b>915</b>	<b>536,957</b>
<b>EXPENDITURES</b>					
<b>General government:</b>					
General government	193,364	-	-	-	193,364
<b>Total general government</b>	<b>193,364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193,364</b>
<b>Public safety and judiciary:</b>					
Police	216,146	-	-	-	216,146
Fire	35,106	-	-	-	35,106
Emergency management	132	-	-	-	132
Court	-	8,411	-	-	8,411
<b>Total public safety and judiciary</b>	<b>251,384</b>	<b>8,411</b>	<b>-</b>	<b>-</b>	<b>259,795</b>
<b>Transportation:</b>					
Street	146,801	-	-	-	146,801
Airport	18,653	-	-	-	18,653
<b>Total transportation</b>	<b>165,454</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,454</b>
<b>Cultural, parks and recreation:</b>					
Park	24,131	-	-	-	24,131
Library	5,574	-	-	-	5,574
Cemetery	-	-	7,678	-	7,678
<b>Total cultural, parks and recreation</b>	<b>29,705</b>	<b>-</b>	<b>7,678</b>	<b>-</b>	<b>37,383</b>
<b>Capital outlay</b>	<b>149,660</b>	<b>-</b>	<b>10,426</b>	<b>-</b>	<b>160,086</b>
<b>Total expenditures</b>	<b>789,567</b>	<b>8,411</b>	<b>18,104</b>	<b>-</b>	<b>816,082</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(313,889)</b>	<b>45,550</b>	<b>(11,701)</b>	<b>915</b>	<b>(279,125)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,888	9,860	1,068	-	12,816
Transfers out	(19,094)	-	-	-	(19,094)
<b>Total other financing sources and uses</b>	<b>(17,206)</b>	<b>9,860</b>	<b>1,068</b>	<b>-</b>	<b>(6,278)</b>
<b>Net change in fund balances</b>	<b>(331,095)</b>	<b>55,410</b>	<b>(10,633)</b>	<b>915</b>	<b>(285,403)</b>
<b>Fund balances - beginning</b>	<b>846,052</b>	<b>88,465</b>	<b>94,616</b>	<b>63,629</b>	<b>1,092,762</b>
<b>Fund balances - ending</b>	<b>\$ 514,957</b>	<b>\$ 143,875</b>	<b>\$ 83,983</b>	<b>\$ 64,544</b>	<b>\$ 807,359</b>

**Town of Mooreland, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2015**

---

Reconciliation of the change in fund balances - total governmental funds  
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ (285,403)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	160,085
Depreciation expense	<u>(145,620)</u>

Government-Wide Statement of Activities report the cost of pension benefits earned  
net of employee contributions and is reported as an element of pension expense.  
The fund financial statements report pension contributions as expenditures.

69,471

Change in Net Position of Governmental Activities	<u>\$ (201,467)</u>
---	---------------------

**Town of Mooreland, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Business-type Activities</b>	
	<b>Public Works Authority</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	735,880
Investments		234,393
Accounts receivable (net)		135,580
Due from other funds		501
Total current assets		1,106,354
Restricted assets:		
Cash and cash equivalents		81,865
Investments		28,100
Total restricted assets		109,965
Noncurrent assets:		
Capital assets (net)		1,694,138
Total noncurrent assets		1,694,138
<b>Total assets</b>	<b>\$</b>	<b>2,910,457</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$	60,773
Wages and benefits payable		25,086
Due to other funds		2,111
Notes payable, current		32,729
Bonds payable, current		47,768
Total current liabilities		168,467
Liabilities payable from restricted assets:		
Accrued interest payable		9,863
Customer deposits payable		80,895
Total liabilities payable from restricted assets		90,758
Noncurrent liabilities:		
Notes payable, non-current		170,937
Bonds payable, noncurrent		840,606
Total noncurrent liabilities		1,011,543
<b>Total liabilities</b>		<b>1,270,768</b>
<b>NET POSITION</b>		
Net investment in capital assets		602,098
Restricted		109,965
Unrestricted		927,626
<b>Total net position</b>	<b>\$</b>	<b>1,639,689</b>

**Town of Mooreland, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2015**

	<b>Business-type Activities</b>
	<b>Public Works Authority</b>
<b><u>Operating revenues:</u></b>	
Charges for services:	
Electric charges	\$ 1,096,246
Water charges	265,675
Sewer charges	96,520
Sanitation charges	127,093
Total charges for services	1,585,534
Miscellaneous	25,460
Total operating revenues	1,610,994
 <b><u>Operating expenses:</u></b>	
Cost of goods sold	848,577
Personal services	389,627
Materials and supplies	113,929
Other services and charges	242,357
Depreciation and amortization	104,118
Total operating expenses	1,698,608
Net operating income	\$ (87,614)
 <b><u>Nonoperating revenue (expense):</u></b>	
Investment income	1,103
Grant income	137,499
Interest expense	(37,895)
Total nonoperating revenue (expense)	100,707
 <b>Net income before contributions and transfers</b>	<b>13,093</b>
Transfers from other funds	8,158
Transfers to other funds, net	(1,880)
 <b>Change in net position</b>	<b>19,371</b>
Net position - beginning of year	1,620,318
Net position-end of year	\$ 1,639,689

Town of Mooreland, Oklahoma  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2015

	<b>Business-type Activities</b>
	<b>Public Works Authority</b>
<b><u>Cash flows from operating activities:</u></b>	
Receipts from customers	\$ 1,604,642
Payments to suppliers	(1,143,881)
Payments to employees	(389,627)
Other operating revenues	25,460
<b>Net cash provided (used) by operating activities</b>	<b>96,594</b>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Transfers from other funds	8,158
Transfers to other funds	(1,880)
Payments of interfund loan agreements	1,610
<b>Net cash provided (used) by non-capital financing activities</b>	<b>7,888</b>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Purchase of capital assets	(103,469)
Proceeds received on grants	137,499
Principal paid on capital debt	(186,338)
Interest paid on capital debt	(37,451)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(189,759)</b>
<b><u>Cash flows from investing activities:</u></b>	
Sale (purchase) of investments	(262,493)
Investment income	1,103
<b>Net cash provided (used) by investing activities</b>	<b>(261,390)</b>
Net increase (decrease) in cash and cash equivalents	(346,667)
Cash and cash equivalents, July 1, 2014	1,164,412
Cash & cash equivalents, June 30, 2015	<b>\$ 817,745</b>
Cash, including time deposits	\$ 735,880
Restricted cash, including time deposits	81,865
Total cash and cash equivalents, end of year	<b>\$ 817,745</b>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>	
Operating income (loss)	\$ (87,614)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	104,118
Non-operating revenue (expense)	
<i>Changes in assets and liabilities:</i>	
(Increase) decrease in accounts receivable	19,108
Increase (decrease) in accounts payable	44,277
Increase (decrease) in accrued expenses	10,749
Increase (decrease) in deposits subject to refund	5,956
Total adjustments	184,208
<b>Net cash provided (used) by operating activities</b>	<b>\$ 96,594</b>

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Town of Mooreland, Oklahoma (the "Town") is incorporated under the provisions of the State of Oklahoma. The Town operates under the Statutory Town Board of Trustees form of government. The Town provides the following services: public safety (police and fire protection), street maintenance, utility (sanitation, water, sewer, and electric), culture, recreation, public improvements, municipal cemetery, and general administrative services.

The accounting and reporting framework and the more significant accounting principles and practices of the Town are discussed in subsequent sections of this notes. The remainder of the notes is organized to provide explanations, including required disclosure, of the Town's financial activities for the fiscal year ended June 30, 2015.

***The Reporting Entity***

The Town, for financial purposes, includes all of the funds and account groups relevant to the operation of the Town of Mooreland. The accompanying financial statements present the Town's primary government and component units over with the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Mooreland.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance Town services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the Town. Public trusts created to provide financing services are blended into the Town's primary government as an integral part of Town operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely.

**Blended Component Units Reported with Primary Government**

Mooreland Public Works Authority (the "Authority") – was created on September 15, 1966 under and pursuant to Title 60 of the Oklahoma Statutes by a Declaration of the Trust. The trust indenture was amended in its entirety on December 16, 1991. On November 21, 2002, the trust indenture was amended to delete Article VIII, paragraph 36, in its entirety. This Article had previously restricted the Authority's borrowing authority. The Town has beneficial interest and the trustees of the Town serve as Trustees of the Authority. Town employees carry on the activities of the Authority. The Authority provides electric, water, sewer, and trash services to the citizens of Mooreland. Accounts of the Authority are recorded in business-type activities.

**B. Basis of Presentation**

***Government-Wide Financial Statements:***

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the Town as a whole. The statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

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 charged to external parties for goods or utility services.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary.

**TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

***Measurement Focus and Basis of Accounting***

The financial statements of the Town are prepared in accordance with US GAAP. The Town applies all relevant GASB pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the Town's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

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

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

***Restricted Assets***

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

***Interfund Balances***

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

**C. Fund Types and Major Funds**

**Major Governmental Funds**

***General Fund***

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

***Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

FUND	BRIEF DESCRIPTION
Court Fund	Accounts for the operations of the Town's municipal court system.
Cemetery	Accounts for the operations of the cemetery
Cemetery Care	Accounts for 12 1/2% of cemetery revenue restricted by State law for cemetery capital improvements.

**TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Major Proprietary Funds**

FUND	BRIEF DESCRIPTION
<u>Mooreland Public Works Authority</u>	Accounts for the activities of the Authority in providing electric, water, sewer, and solid waste services to the public.

**D. Budgets and Budgetary Accounting**

***Budget Policy and Practice***

The Town Clerk submits an annual budget to the Board of Trustees in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Board of Trustees for review, and public hearings are held to address priorities and the allocation of resources. In June, the Board of Trustees adopts the annual fiscal year budgets for Town operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the Town Clerk and must be approved by the board of Trustees. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Board of Trustees review and approval process.

***Budgetary Control***

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, materials and supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the Town Council. Within these control levels, management may transfer appropriations without Board approval.

***Budget Basis of Accounting***

The combined statements of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**E. Assets, Liabilities and Equity**

***Cash and Investments***

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

***Allowance for Uncollectible Accounts***

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. The Town has established an allowance for collectible accounts based on management's prior experience using past due amounts more than 60 to 90 days. Management does not believe there are significant losses in excess of the allowance.

***Property, Plant and Equipment***

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

***Government-Wide Statements:***

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Proprietary fund and similar component unit fixed assets are recorded in

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed 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                        | 25-50 years |
| • Other improvements               | 2-50 years  |
| • Machinery, furniture & equipment | 5-20 years  |
| • Infrastructure                   | 25-50 years |

***Fund Financial Statements:***

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Long-Term Debt**

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

**Equity Classifications**

***Governmental Fund Balances***

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

**Nonspendable**

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

**Restricted**

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Committed**

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Council, the Town's highest level of decision-making authority.

**Assigned**

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

**Unassigned**

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

***Net Position***

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net assets.

**Invested in capital assets, net of related debt**

The amount restricted 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 improvement of those assets.

**Restricted net position**

Amounts reported as restricted consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

**Deferred outflows of resources**

In addition to assets, the statement of net position will sometimes reports a separate section for deferred outflows of resources. This separate financials statement element represents a consumption of net position that applies to a future period(s) therefore

**TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

will not be recognized as an outflow of resources (expense) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on net pension obligations for the retirement plans of the Town. A deferred charge on pension obligations results from the net different between projected and actual earnings on pension plan investments.

**Deferred inflows of resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s); therefore will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred charge on net pension obligations for the retirement plans of the Town. A deferred charge on pension obligations results from the net different between projected and actual earnings on pension plan investments.

**Date of Management's Review**

Subsequent events were evaluated through September 22, 2016, which is the date the financial statements were available to be issued.

**F. Revenues, Expenditures and Expenses**

**Sales Tax**

The Town levied a 3% sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue within the general fund.

**Charges for Services**

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

**Grants and Contributions**

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers", while non-recurring transfers of equity are reported as "residual equity transfers".

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as local government unit, the Town and its component unit are subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over town resources follows:

**A. Deficit Fund Net Assets/Fund Balance**

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

The Town reported no deficit fund net positions or fund balances for the fiscal year.

**B. Budget Requirements**

For the year ended June 30, 2015, the Town did not materially overspend in any department.

**C. Revenue Restrictions**

The Town has various restrictions placed over certain revenue sources from state or local or administrative requirements. The primary restricted revenue sources include:

REVENUE SOURCE	LEGAL RESTRICTIONS OF USE
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes
Cemetery Revenue (12.5%)	Cemetery Capital Improvements

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Cash and Investments**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

**Investments**

The Town invests primarily in certificates of deposit.

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
<b>Governmental Activities</b>				
<b><u>INVESTMENTS:</u></b>				
Certificates of deposit	\$ 111,500	\$ 111,500	N/A	123
Total investments	<u>111,500</u>	<u>111,500</u>		
 Total governmental investments	 <u>\$ 111,500</u>	 <u>\$ 111,500</u>		

**RECONCILIATION TO STATEMENT OF NET POSITION**

Investments, unrestricted	\$ 100,000
Investments, restricted	<u>11,500</u>
Total governmental investments	<u>\$ 111,500</u>

**Business-type Activities**

**INVESTMENTS:**

Certificates of deposit	\$ 262,493	\$ 262,493	N/A	76
Total investments	<u>262,493</u>	<u>262,493</u>		
 Total business-type investments	 <u>\$ 262,493</u>	 <u>\$ 262,493</u>		

**RECONCILIATION TO STATEMENT OF NET POSITION**

Investments, unrestricted	\$ 234,393
Investments, restricted	<u>28,100</u>
Total business-type investments	<u>\$ 262,493</u>

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using either duration or weighted average days to maturity depending on the respective policy.

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**PROPERTY, PLANT AND EQUIPMENT**

**Governmental Activities:**

A summary of the changes in the governmental activities fixed assets at June 30, 2015 follows:

	<b>Balance at July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2015</b>
Land	\$ 64,000	\$ -	\$ -	\$ 64,000
Construction in process	188,384	21,025	188,384	21,025
Buildings & structures	268,929	14,400	-	283,329
Machinery, furniture, & equipment	642,914	99,645	-	742,559
Improvements other than land	<u>1,770,370</u>	<u>213,400</u>	<u>-</u>	<u>1,983,770</u>
<b>Total</b>	<b>2,934,597</b>	<b>348,470</b>	<b>188,384</b>	<b>3,094,683</b>
Less accumulated depreciation	<u>1,377,770</u>	<u>145,620</u>	<u>-</u>	<u>1,523,390</u>
<b>Fixed assets, net</b>	<b><u>\$ 1,556,827</u></b>	<b><u>\$ 202,850</u></b>	<b><u>\$ (188,384)</u></b>	<b><u>\$ 1,571,293</u></b>

**Business-Type Activities:**

A summary of the proprietary fund types fixed assets at June 30, 2015 follows:

	<b>Balance at July 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2015</b>
Land	\$ 4,730	\$ -	\$ -	\$ 4,730
Construction in process	27,056	-	27,056	-
Buildings & structures	71,628	-	-	71,628
Machinery, furniture, & equipment	316,991	130,525	-	447,516
Improvements other than land	<u>2,194,842</u>	<u>-</u>	<u>-</u>	<u>2,194,842</u>
<b>Total</b>	<b>2,615,247</b>	<b>130,525</b>	<b>27,056</b>	<b>2,718,716</b>
Less accumulated depreciation	<u>920,460</u>	<u>104,118</u>	<u>-</u>	<u>1,024,578</u>
<b>Fixed assets, net</b>	<b><u>\$ 1,694,787</u></b>	<b><u>\$ 26,407</u></b>	<b><u>\$ (27,056)</u></b>	<b><u>\$ 1,694,138</u></b>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets.

Depreciation expense was charged to functions in the statement of activities as follows:

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Depreciation expense charges to governmental activities:

General government	\$	15,688
Public safety & judiciary		13,073
Transportation		101,487
Cultural, parks & recreation		15,372
Total governmental activities depreciation expense	\$	145,620

Depreciation expense charges to business-type activities:

Electric	\$	7,002
Water		86,270
Customer service		9,023
Sewer		1,823
Total business-type activities depreciation expense	\$	104,118

**C. LONG-TERM DEBT**

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

**NOTE PAYABLE**

Note payable to the Oklahoma Water Resources Board for water and sidewalk improvements. The original amount due was \$324,255. Note is paid semi-annually in the amount of \$10,186 beginning March 15, 2005 at an interest rate of 1.795% plus a 0.5% administrative fee. Maturity is March 15, 2024.	159,626
Bond payable to the Oklahoma Water Resources Board in the amount of \$1,150,000 at an interest rate of 2.99% and a 0.5% administrative fee, maturing September 15, 2029. Semi-annual payments are due in the amount of \$39,436 beginning on 3/15/10. Proceeds were used for the construction of an Ion Exchange Plant to remove the nitrates from the water supply.	888,374
Note payable to the Central National Bank. The original amount due was \$79,780. Note is paid monthly in the amount of \$1,434 beginning 3/15/13 at an interest rate of 3%. Maturity is February 15, 2018.	44,040
	<b>\$ 1,092,040</b>

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Changes in Long-Term Debt:**

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

Type of Debt	Balance at July 1, 2014	Amount Issued	Amount Retired	Balance at June 30, 2015	Due Within One Year
<b>Business-type activities:</b>					
<i>Notes Payable</i>					
OWRB #2 note payable	\$ 179,109	\$ -	\$ 19,483	\$ 159,626	\$ 16,627
Central National Bank	59,693	-	15,653	44,040	16,102
<i>Total notes payable</i>	<u>238,802</u>	<u>-</u>	<u>35,136</u>	<u>203,666</u>	<u>32,729</u>
<i>Bonds Payable</i>					
OWRB #1	\$ 105,000	\$ -	\$ 105,000	\$ -	\$ -
2009 Series Bonds	934,577	-	46,203	888,374	47,768
<i>Total bonds payable</i>	<u>1,039,577</u>	<u>-</u>	<u>151,203</u>	<u>888,374</u>	<u>47,768</u>
 Total business-type activities	 <u>\$ 1,278,379</u>	 <u>\$ -</u>	 <u>\$ 186,339</u>	 <u>\$ 1,092,040</u>	 <u>\$ 80,497</u>
 Total primary government debt	 <u>\$ 1,278,379</u>	 <u>\$ -</u>	 <u>\$ 186,339</u>	 <u>\$ 1,092,040</u>	 <u>\$ 80,497</u>

**Annual Debt Service Requirements:**

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

Year Ending June 30	Business-Type Notes Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2016	\$ 32,729	\$ 4,037	\$ 47,768	\$ 26,649
2017	33,619	3,234	49,557	25,116
2018	28,767	2,439	51,326	23,600
2019	17,835	2,601	53,159	22,030
2020	18,248	1,796	54,992	20,459
2021-2025	72,468	3,225	306,148	75,578
2026-2030	-	-	325,424	64,753
Totals	<u>\$ 203,666</u>	<u>\$ 17,332</u>	<u>\$ 888,374</u>	<u>\$ 258,185</u>

**(4) RETIREMENT PLANS**

The Town participates in two employee pension systems as follows:

Name of Plan	Type of Plan
Oklahoma Municipal Retirement Fund	Agent Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

**Oklahoma Municipal Retirement Fund- Defined Benefit Plan**

Plan Description

Substantially all of the Town's full-time employees, except firefighters, participate in a defined benefit pension plan adopted by the Town and administered by the Oklahoma Municipal Retirement System (OMRF), which was established to administer pension plans for municipal employees. OMRF issues a publically available financial report that can be obtained at [www.okmrf.org](http://www.okmrf.org).

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Benefits Provided**

OMRF provides retirement, disability, and death benefits. Retirement benefits are determined as 3 percent of the employee's final average compensation multiplied by the employee's years of service; final average compensation is the average of the 5 highest consecutive years of salaries out of the last 10 years of service. Vesting requires 7 years of service. Members are eligible for normal retirement at age 65 with 7 years of vested service. The benefit is payable immediately. Early retirement is available after age 55 with 7 years of vested service. Early retirement benefits are paid at the normal retirement age, or reduced 5% per year for commencement prior to the normal retirement age.

Disability retirement is provided for member's total and permanent disability after 7 or more years of service. The accrued benefit is payable upon disablement without reduction for early payment.

In-service death benefits are payable after vesting at 50% of the accrued benefit until the death of the spouse or remarriage. If the member was not vested at the time of in-service death, member contributions are returned, if any, with interest.

**Contributions**

Required contribution rates are actuarially measured each year and authorized through Town Ordinance. Employees are required to contribute 4.0% of paid salary. For the year ended June 30, 2015, the Town's contribution was 10.65%. Contributions to the pension plan from the Town were \$2,076 for the year ended June 30, 2015.

**Membership**

Membership in the plan is as follows:

	As of January 1, 2015
Inactive employees & beneficiaries receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	0
Active participants	9
<b>Total</b>	<b>17</b>

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPRRS**

At June 30, 2015, the Town reported a liability of \$94,106 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined.

Changes to the actuarial valuation between the measurement date of the net pension liability and the Town's reporting dates are not expected to have a significant effect on the net pension liability.

For the year ended June 30, 2015, the Town recognized pension expense of \$33,834. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	85,436
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	57,361	-
<b>Total</b>	<b>\$ 57,361</b>	<b>\$ 85,436</b>

Other amounts reported deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$ 21,359
2017	21,359
2018	21,359
2019	21,359
	<b>\$ 85,436</b>

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

*Actuarial assumptions:* The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	5.07 percent, average
Investment rate of return	7.55 percent, net of pension plan investment expense and inflation

Mortality rates were based on the UP 1994 with projected mortality improvement. Valuation rates are projected for mortality improvement by the Society of Actuaries' table AA based upon the employee's year of birth.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period ended July 1, 2007 through June 30, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2014 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks - S&P 500	25%	5.40%	1.35%
Small/mid cap stocks - Russell 2500	10%	7.50%	0.75%
Long/short equity - MSCI ACWI	10%	6.10%	0.61%
International stocks - MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds - Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate - NCREIF	5%	4.80%	0.24%
Cash equivalents - 3 month Treasury	0%	0.00%	0.00%
	<u>100%</u>		
		Average Real Return	4.75%
		Inflation	<u>3.00%</u>
		Long term expected return	<u><u>7.75%</u></u>

*Discount rate:* The discount rate used to measure the total pension liability was 7.75 percent, as the plan's net fiduciary position is projected to be sufficient to make projected benefit payments. The Town has adopted a funding method that is designed to fund all benefits payable to participants over the course of the member's working career. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Therefore, no separate cash flow projection is required to determine the sufficiency of the plan assets. The 20 year tax free bond yield of 3.29% was used in the analysis.

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
<b>Balances at June 30, 2013</b>	1,323,819	1,133,446	190,373
<b>Changes for the year:</b>			
Service cost	31,053	-	31,053
Interest	101,743	-	101,743
Differences between expected and actual experience	-	-	-
Contributions - employer	-	44,666	(44,666)
Contributions - employee	-	15,141	(15,141)
Net investment income	-	183,960	(183,960)
Benefit payments, including refunds of employee contributions	(85,726)	(85,726)	-
Benefit changes due to plan amendments	11,983	-	11,983
Administrative expense	-	(2,721)	2,721
Other changes	-	-	-
<b>Net changes</b>	<u>59,053</u>	<u>155,320</u>	<u>(96,267)</u>
<b>Balances at June 30, 2014</b>	<u>\$ 1,382,872</u>	<u>\$ 1,288,766</u>	<u>\$ 94,106</u>

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate:* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability/(asset)	228,875	94,106	(21,442)

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued OMRF financial report.

**Oklahoma Firefighters Pension and Retirement System**

Plan Description

The Town of Mooreland, as the employer, participates in the Firefighters Pension & Retirement- a statewide, cost-sharing, multiple-employer defined benefit plan administered by the Oklahoma Firefighters Pension and Retirement System (FPRS). FPRS issues a publically available financial report that can be obtained at [www.ok.gov/FPRS](http://www.ok.gov/FPRS).

Benefits Provided

FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

**Contributions**

The State of Oklahoma has the authority to establish contribution obligations per state statute 11 O.S. Section 49.100 thru 49.143 et seq and are not based on actuarial calculations. Volunteer members have no contribution requirements; the Town contributes \$60 per year for each volunteer. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the Town were \$1,260.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPPRS**

At June 30, 2015, the Town reported a liability of \$34,668 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the Town's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. The Town's proportion was 0.0034%.

For the year ended June 30, 2015, the Town recognized pension expense of \$3,114. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 826	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,248
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	1,320	-
<b>Total</b>	<u><u>\$ 2,146</u></u>	<u><u>\$ 5,248</u></u>

Other amounts reported deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$ 1,157
2017	1,157
2018	1,157
2019	1,157
2020	(155)
Thereafter	(51)
	<u><u>\$ 4,422</u></u>

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

**TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

**Discount Rate** – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate:** The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability	45,655	34,668	26,000

**Changes in the Net Pension Liability**

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at June 30, 2013</b>	104,785	64,910	39,875
<b>Changes for the year:</b>			
Service cost	1,999	-	1,999
Interest	7,788	-	7,788
Differences between expected and actual experience	988	-	988
Contributions - employer	-	1,228	(1,228)
Contributions - employee	-	750	(750)
Contributions - State of Oklahoma (non-employer)		2,705	(2,705)
Net investment income	-	11,410	(11,410)
Benefit payments, including refunds of employee contributions	(5,894)	(5,894)	-
Administrative expense	-	(111)	111
Other changes	-	-	-
<b>Net changes</b>	<b>4,881</b>	<b>10,088</b>	<b>(5,207)</b>
<b>Balances at June 30, 2014</b>	<b>\$ 109,666</b>	<b>\$ 74,998</b>	<b>\$ 34,668</b>

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

(5) **COMMITMENTS AND CONTINGENCIES**

A. **Litigation**

The Town is a party to various legal proceedings, which normally occur in the course of governmental operations. 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.

B. **Grant Program Involvement**

In the normal course of operations, the Town participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

(6) **OTHER MATTERS:**

Effective July 1, 2014, the Town implemented GASB No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27. GASB No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. The Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plans and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost sharing plans, and recognition and disclosure requirements are addressed for each classification.

Implementation of GASB No. 68 resulted in the restatement of beginning year net position to recognize the net pension obligation of the Town. The changes were as follows:

	<b>Governmental Activities</b>
Beginning Net Position	\$ 2,649,590
Restatement due to net pension obligations	(230,248)
<b>Restated Beginning Net Position</b>	<b>\$ 2,419,342</b>

**Town of Mooreland, Oklahoma**  
**General Fund**  
**Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2015**

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>					
Sales tax	\$ 385,000	\$ (105,000)	\$ 280,000	\$ 281,938	\$ 1,938
Use tax	40,000	2,000	42,000	42,310	310
Tobacco tax	4,000	(700)	3,300	3,273	(27)
Beverage tax	10,200	1,800	12,000	12,917	917
Gasoline excise tax	2,750	-	2,750	2,261	(489)
Motor vehicle tax	8,700	1,300	10,000	9,625	(375)
Franchise taxes	15,500	1,500	17,000	14,670	(2,330)
Licenses & permits	3,500	1,500	5,000	6,004	1,004
Grants	-	-	-	4,484	4,484
Charges for services:					
Police fines	30,000	(30,000)	-	58	58
Swimming pool fees	3,000	1,000	4,000	8,475	4,475
Rental fees	11,300	-	11,300	11,575	275
Public safety donations	600	-	600	9,862	9,262
Other revenue	7,000	25,622	32,622	39,543	6,921
Interest	550	-	550	567	17
<b>Total revenues</b>	<b>522,100</b>	<b>(100,978)</b>	<b>421,122</b>	<b>447,562</b>	<b>26,440</b>
<b>EXPENDITURES</b>					
General government:					
General government	145,200	55,274	200,474	207,764	(7,290)
Total general government	145,200	55,274	200,474	207,764	(7,290)
Public safety and judiciary:					
Police	181,100	59,086	240,186	226,739	13,447
Fire	90,531	(12,500)	78,031	75,232	2,799
Emergency Management	5,850	-	5,850	132	5,718
Municipal Court	3,340	(3,340)	-	-	-
Total public safety and judiciary	280,821	43,246	324,067	302,103	21,964
Transportation:					
Street	120,400	90,334	210,734	210,317	417
Airport	45,250	-	45,250	39,678	5,572
Total transportation	165,650	90,334	255,984	249,995	5,989
Cultural, parks and recreation:					
Park	48,400	(18,050)	30,350	24,131	6,219
Library	-	-	-	5,574	(5,574)
Community center	10,000	(6,700)	3,300	-	3,300
Total cultural, parks and recreation	58,400	(24,750)	33,650	29,705	3,945
<b>Total expenditures</b>	<b>650,071</b>	<b>164,104</b>	<b>814,175</b>	<b>789,567</b>	<b>18,619</b>
Revenue over (under) expenditures	(127,971)	(265,082)	(393,053)	(342,005)	45,059
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	75,000	-	75,000	(17,206)	(92,206)
Net other financing sources (uses)	75,000	-	75,000	(17,206)	(92,206)
Revenues and other financing sources over (under) expenditures and other uses	(52,971)	(265,082)	(318,053)	(359,211)	(47,147)
Fund balance at beginning of year (Non-GAAP budgetary basis)				881,998	881,998
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 522,787	\$ 834,851
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				28,116	
Expenditure and transfer accruals				(35,946)	
Fund balance at end of year (GAAP basis)				<u>\$ 514,957</u>	



**Schedules of Required Supplementary Information**

**SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS**

**Oklahoma Municipal Retirement Fund  
SINCE INITIAL APPLICATION**

	<u>2015*</u>
<b>Total pension liability</b>	
Service cost	\$ 31,053
Interest	101,743
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(85,726)
Benefit changes due to plan amendments	<u>11,983</u>
<b>Net change in total pension liability</b>	\$ 59,053
<b>Total pension liability - beginning</b>	<u>1,323,819</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 1,382,872</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	44,666
Contributions - employee	15,141
Net investment income	183,960
Benefit payments, including refunds of employee contributions	(85,726)
Administrative expense	(2,721)
Other	-
<b>Net change in plan fiduciary net position</b>	<u>155,320</u>
<b>Plan fiduciary net position - beginning</b>	<u>1,133,446</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 1,288,766</u></u>
<b>Town's net pension liability - ending (a) - (b)</b>	<u><u>\$ 94,106</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	93.19%
<b>Covered-employee payroll</b>	\$ 469,226
<b>Town's net pension liability as a percentage of covered-employee payroll</b>	20.06%



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

To the Town Council  
Town of Mooreland, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Mooreland, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Mooreland, Oklahoma’s basic financial statements and have issued our report thereon dated September 22, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town Mooreland, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mooreland, Oklahoma’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Mooreland, Oklahoma’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. Finding 2015-001

**Compliance and Other Matters**

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

205 W. McElroy Rd., Stillwater, OK 74075 Office: 405.624.9500 Fax: 405.624.7326  
1300 Main St., Woodward, OK 73801 Office: 580.256.6830 Fax: 580.726.4325  
1221 S. Holly Ave., Yukon, OK 73099 Office: 405.354.6696 Fax: 405.354.3591  
114 South Hoy, Buffalo, OK 73834 Office: 580.735.2587 Fax: 580.735.2003

### **Town of Mooreland, Oklahoma's Response to Findings**

Town of Mooreland, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town of Mooreland, Oklahoma'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.

**FSW&B CPAs-PLLC**

FSW&B CPAs - PLLC

Woodward, Oklahoma

September 22, 2016

TOWN OF MOORELAND, OKLAHOMA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDING JUNE 30, 2015

FINDING 2015-001 Negative Budget Variances

**Condition:** During the year the Town had expenditures that were in excess of appropriations.

**Criteria:** The Town is only legally authorized to spend the amount on the approved budget. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level.

**Cause:** The Town Council did not approve supplemental appropriations and/or transfers prior to expenditure.

**Effect or Potential Effect:** The Town exceeded its legal authority to spend, which resulted in noncompliance with the Municipal Budget Act.

**Recommendation:** The Town Council should confirm available appropriations prior to approving expenditures. When appropriations are insufficient for an identified need, a budget revision should be approved by the Council prior to approving additional encumbrances or expenditures.

**Response:** Management will use outside accounting consultants to assist with budgeting procedures.