

**TOWN OF EAST DUKE, OKLAHOMA
DUKE, OKLAHOMA**

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

**FOR THE YEAR ENDED
JUNE 30, 2009**

TOWN OF EAST DUKE, OKLAHOMA
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TOWN OF EAST DUKE, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

TOWN COUNCIL

Bobby Baird, Mayor

Herbert Turner

Todd Warren

Timmy Johns

Dennis Hennessey

TOWN CLERK

Wendy Barnes

Telephone: (580) 782-5541
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David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Independent Auditor's Report

The governing body of the
Town of East Duke

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of East Duke as of and for the twelve-month period ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of East Duke's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards", I have also issued my report dated September 18, 2013, on my consideration of the Town of East Duke's internal control over financial reporting and on my tests of compliance with certain laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial but are

supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive style with a large initial 'D' and 'T'.

Certified Public Accountant
September 18, 2013

Our discussion and analysis of the Town of Duke's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2009. The Town's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This discussion focuses on the Town's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Summary

- For the fiscal year ended June 30, 2009, the Town's total net assets increased by \$127,258 or 10% from the prior year net assets of 1,240,823.
- During the year, Town's expenses for governmental activities amounted to \$65,155 and were funded by program revenues of \$5,876 and further funded programs with taxes and other general revenues that totaled \$51,843.
- In the Town's business-type activities, revenues exceeded program expenses by \$122,442. This resulted in an increase in net assets over prior year of \$166,222 or 17%.
- At June 30, 2009, total governmental funds reported an unassigned fund balance of \$183,946, a decrease of 22% over prior year of \$235,958.

Overview of the Financial Statements

This 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.

Government-wide Financial Statements

The Town's annual report 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 assets. 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 assets. Over time, increases or decreases in net assets may serve as a useful indicator 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 non-financial factors such as diversification of the taxpayer base or the condition of 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 assets 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 of the 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 include general governments, public safety, public services, and culture and recreation. Business-type activities include water utilities, solid waste management, and wastewater utilities.

The Town's financial reporting entity includes the funds and blended organizations of the Town (primary government). These legally separate organizations operate like Town departments, serve as financing vehicles for Town services, or are governed by a Board of Trustees wholly comprised of the Town's

Mayor and Council. These organizations are blended into the primary government for financial reporting purposes. The Duke Municipal Authority is a blended organization.

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. Major funds are separately reported while all others are combined into a single, aggregated presentation.

Governmental 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 the 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 accrual financing requirements of the 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 the fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Proprietary funds

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. There are two kinds of proprietary funds. These are 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 utilities.

Proprietary fund statements and statements for discretely presented component units (reporting is similar 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 for major enterprise funds and individual component units.

Notes to the financial statements

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

Other information

Major funds and component units are reported in the basic financial statements as discussed.

Financial Analysis of the Town as a Whole

Changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole. The Town's net assets at June 30, 2009 were \$1,368,081. This is a \$127,258 increase over June 30, 2008 net assets of \$1,240,823.

TOWN OF EAST DUKE, OKLAHOMA
MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2009

Summary of Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>		
Current assets	\$ 228,446	\$ 220,395	\$ 773,516	\$ 653,376	\$ 1,001,962	\$ 873,771	\$ 128,191	15%
Non-current assets	-	24,519	29,635	300	29,635	24,819	4,816	19%
Capital assets, net	2,125	2,535	698,762	723,737	700,887	726,272	(25,385)	-3%
Total assets	\$ 230,571	\$ 247,449	\$ 1,501,913	\$ 1,377,413	\$ 1,732,484	\$ 1,624,862	\$ 107,622	7%
Current liabilities	\$ 27,525	\$ 8,956	\$ 55,234	\$ 46,274	\$ 82,759	\$ 55,230	\$ 27,529	50%
Non-current liabilities	-	-	281,644	328,808	281,644	328,808	(47,164)	-14%
Total liabilities	27,525	8,956	336,878	375,082	364,403	384,038	(19,635)	-5%
Net assets								
Invested in capital assets, net of related debt	2,125	2,535	430,615	407,178	432,740	409,713	23,027	6%
Restricted	15,094	-	92,448	66,045	107,542	66,045	41,497	100%
Unrestricted	185,827	235,958	641,972	529,107	827,799	765,065	62,734	8%
Total net assets	\$ 203,046	\$ 238,493	\$ 1,165,035	\$ 1,002,330	\$ 1,368,081	\$ 1,240,823	\$ 127,258	10%

The Town reported positive balances in total net assets for both governmental and business-type activities. Net assets decreased \$21,918 for governmental activities and increased \$99,464 for business-type activities. The Town's overall financial position improved during fiscal year 2009.

Summary of Changes in Net Assets
Business-type

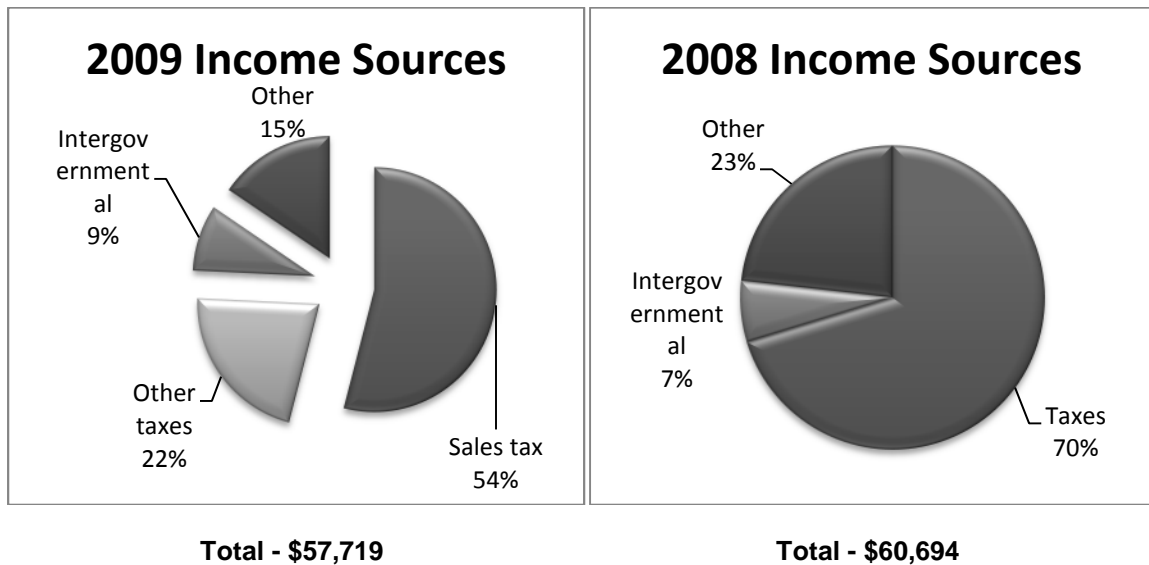
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>		
Revenues								
Program revenues	\$ 5,876	\$ 1,491	\$ 462,513	\$ 207,333	\$ 468,389	\$ 208,824	\$ 259,565	124%
Taxes and other general revenues	45,041	59,203	2,957	0	47,998	59,203	(11,205)	-19%
Total revenues	50,917	60,694	465,470	207,333	516,387	268,027	248,360	93%
Expenses								
General government	53,321	72,811	-	-	53,321	72,811	(19,490)	-27%
Transportation	11,834	0	-	-	11,834	0	11,834	0%
Water	-	-	225,097	154,766	225,097	154,766	70,331	45%
Sewer	-	-	10,130	10,130	10,130	10,130	0	0%
Sanitation	-	-	51,477	29,447	51,477	29,447	22,030	75%
Customer service	-	-	53,367	32,670	53,367	32,670	20,697	63%
Total expenses	65,155	72,811	340,071	227,013	405,226	299,824	105,402	35%
Excess (deficiency) before transfer	(14,238)	(12,117)	125,399	(19,680)	111,161	(31,797)	142,958	-450%
Investment Income	6,802	-	12,813	20,959	19,615	20,959	(1,344)	-6%
Transfers	-	-	28,010	21,307	28,010	21,307	6,703	31%
Transfers to component units	(28,010)	(21,307)	-	-	(28,010)	(21,307)	(6,703)	31%
Increase (decrease) in net assets	\$ (35,446)	\$ (33,424)	\$ 166,222	\$ 22,586	\$ 130,776	\$ (10,838)	\$ 141,614	-1307%

Overall, total revenues increased 93% primarily from business-type activities grants.

Operating expenses increased 35% compared to prior year. The most significant increase was in the water and sanitation department.

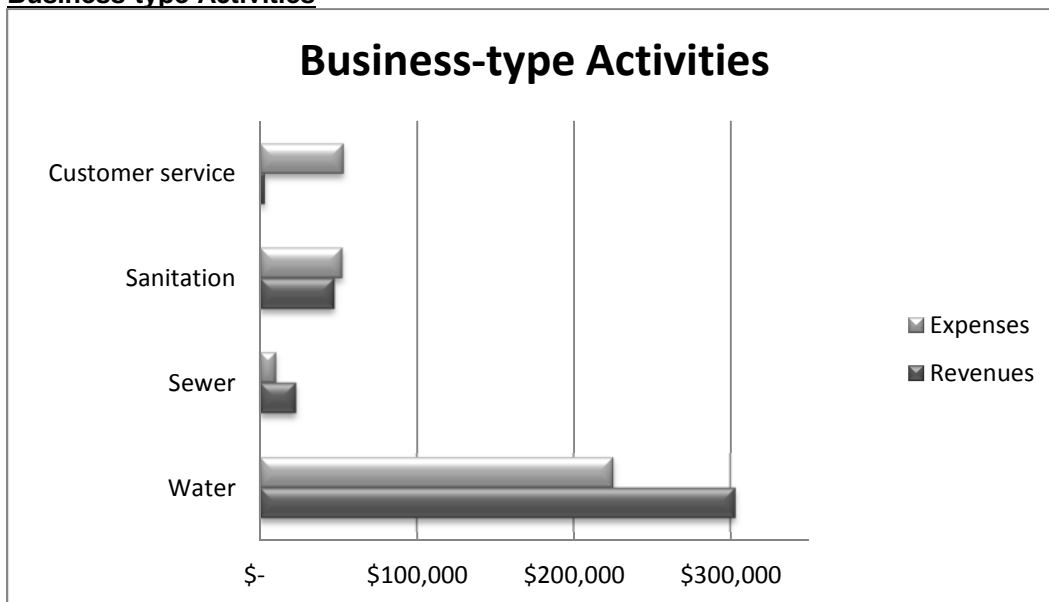
Graphic presentations of the Summary of Changes in Net Assets follow to assist in the analysis of the Town's activities for fiscal year 2009 and 2008.

Governmental Activities



Overall revenues from governmental activities decreased. The majority of this decrease was noted in taxes.

Business-type Activities



Business-type activities are shown comparing costs to revenues generated by related services. Sanitation, Sewer, and Water activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with no user charges.

Financial Analysis of the Town's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending funds balance of \$183,946, which is considered unassigned indicating availability for continuing Town service requirements.

The total ending fund balance of governmental funds show a decrease of \$35,037. Refer to discussion above.

General Fund Budgetary Highlights

The Town did not adopt a General Fund budget for fiscal year 2009, which is not in compliance with the Oklahoma Municipal Budget Act.

Capital Asset and Debt Administration

Capital Assets

Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2009 was \$2,125 and \$728,397, respectively. This is a 0.5% change year over year.

Primary Government Capital Assets (net of accumulated depreciation)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ -	\$ -	\$ 29,645	\$ 29,645	\$ 29,645	\$ 29,645
Construction in Process	-	-	74,127	43,462	74,127	43,462
Buildings	-	-	-	-	0	0
Machinery & equipment	2,125	2,535	4,957	6,367	7,082	8,902
Utility property & improvements	-	-	619,668	644,262	619,668	644,262
Totals	\$ 2,125	\$ 2,535	\$ 728,397	\$ 723,736	\$ 730,522	\$ 726,271

Long-Term Debt

At the end of the fiscal year, the Town had \$297,782 in long-term debt outstanding attributable to the business-type activities. The Town's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

	<u>Business-type</u>	
	<u>Activities</u>	
	<u>2009</u>	<u>2008</u>
Notes payable	\$ 210,832	\$ 215,558
Revenue bonds	86,950	101,000
subtotal	297,782	316,558
less current portion	(16,138)	(18,777)
Totals	\$ 281,644	\$ 297,781

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

The economic outlook of the Town of East Duke is based, in a small way, of that of the Oklahoma City market area. The state of Oklahoma is beginning to see the impact of the weak national economic conditions. The State's energy resources and steady housing market is no longer providing the buffer as noted in prior years; the impact is limited to a modest regional boost, which has little bearing on the Town's local economy. Despite the slowing economy, the Oklahoma City area continues to add jobs, and it is noted that rural regions of the state continue to outperform the metro with respect to job growth. However, the state of Oklahoma will not be immune to the national slowdown.

The Town of East Duke (the "Town) is striving to continue to provide the best possible service with the limited resources available. During fiscal year 2009, sales tax collections noted a decrease of approximately 4%. However, the Town is still striving to continue to provide the best possible service with limited resources available. Utility revenues increased between years.

The Town will focus on priorities established by the elected officials in the future.

The source for the economic data is the Oklahoma State University Center for Applied Economic Research.

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 340, Duke, Oklahoma, 73532 or phone at (580) 679-3400.

Town of East Duke, Oklahoma
Statement of Net Assets
June 30, 2009

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 9,115	\$ 511,528	\$ 520,643
Investments, including time deposits	187,000	116,000	303,000
Taxes receivable	3,839	-	3,839
Accounts receivable (net)	-	41,705	41,705
Due from other funds	11,260	11,835	23,095
Total current assets	<u>211,214</u>	<u>681,068</u>	<u>892,282</u>
Restricted assets:			
Cash and cash equivalents	17,232	72,669	89,901
Investments, including time deposits	-	19,779	19,779
Total restricted assets	<u>17,232</u>	<u>92,448</u>	<u>109,680</u>
Noncurrent Assets:			
Land and construction in progress	-	103,772	103,772
Other capital assets (net of accumulated depreciation)	2,125	624,625	626,750
Total noncurrent assets	<u>2,125</u>	<u>728,397</u>	<u>730,522</u>
Total assets	<u>\$ 230,571</u>	<u>\$ 1,501,913</u>	<u>\$ 1,732,484</u>
LIABILITIES			
Current liabilities:			
Payroll liabilities	\$ 15,690	\$ 15,336	\$ 31,026
Due to other funds	11,835	11,260	23,095
Notes payable, current	-	16,138	16,138
Total current liabilities	<u>27,525</u>	<u>42,734</u>	<u>70,259</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	12,500	12,500
Total liabilities payable from restricted assets	<u>-</u>	<u>12,500</u>	<u>12,500</u>
Noncurrent liabilities:			
Notes payable, non-current	-	281,644	281,644
Total noncurrent liabilities	<u>-</u>	<u>281,644</u>	<u>281,644</u>
Total liabilities	<u>27,525</u>	<u>336,878</u>	<u>364,403</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,125	430,615	432,740
Restricted	15,094	92,448	107,542
Unrestricted	185,827	641,972	827,799
Total net assets	<u>\$ 203,046</u>	<u>\$ 1,165,035</u>	<u>\$ 1,368,081</u>

Town of East Duke, Oklahoma
Statement of Activities
June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants & Contributions
Governmental activities:					
General government:					
General government	\$ 53,321	\$ 1,934	\$ -	\$ -	\$ (51,387)
Total general government	<u>53,321</u>	<u>1,934</u>	<u>-</u>	<u>-</u>	<u>(51,387)</u>
Public safety and judiciary:					
Police					-
Fire					-
Ambulance					-
Total public safety and judiciary	<u>-</u>				<u>-</u>
Transportation:					
Street	11,834	-	3,942	-	(7,892)
Total transportation	<u>11,834</u>	<u>-</u>	<u>3,942</u>	<u>-</u>	<u>(7,892)</u>
Cultural, parks and recreation:					
Park					-
Cemetery					-
Senior Citizens Center					-
Total cultural, parks and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>65,155</u>	<u>1,934</u>	<u>3,942</u>	<u>-</u>	<u>(59,279)</u>
Business-type activities:					
Utility services:					
Water	225,097	303,173	-	89,656	167,732
Sewer	10,130	22,975	-	-	12,845
Sanitation	51,477	46,709	-	-	(4,768)
Customer service	53,367	-	-	-	(53,367)
Total business-type activities	<u>340,071</u>	<u>372,857</u>	<u>-</u>	<u>89,656</u>	<u>122,442</u>
Total primary government	<u>\$ 405,226</u>	<u>\$ 374,791</u>	<u>\$ 3,942</u>	<u>\$ 89,656</u>	<u>\$ 63,163</u>

Town of East Duke, Oklahoma
Statement of Activities (continued)
June 30, 2009

Changes in Net Assets:	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (59,279)	\$ 122,442	\$ 63,163
General revenues:			
Taxes:			
Sales taxes	32,600	-	32,600
Use taxes	-	-	-
Franchise taxes	10,127	-	10,127
Alcoholic beverage tax	1,887	-	1,887
Cigarette tax	427	-	427
Investment income	6,802	12,813	19,615
Gain on sale of assets	-	-	-
Miscellaneous	-	2,957	2,957
Transfers - Internal activity, net	(28,010)	28,010	-
Total general revenues and transfers	23,833	43,780	67,613
 Change in net assets	 (35,446)	 166,222	 130,776
 Net assets-beginning	 238,492	 1,002,331	 1,240,823
Prior Period Restatement	-	(3,518)	(3,518)
 Net assets-ending	 \$ 203,046	 \$ 1,165,035	 \$ 1,368,081

**Town of East Duke, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2009**

	<u>General Fund</u>	<u>Street & Alley Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 9,115	\$ 15,351	\$ 24,466
Investments, including time deposits	187,000	-	187,000
Restricted cash	1,881	-	1,881
Prepaid Assets	-	-	-
Taxes Receivable	3,521	318	3,839
Accounts Receivable	-	-	-
Due from other funds	10,807	453	11,260
Total assets	<u>\$ 212,324</u>	<u>\$ 16,122</u>	<u>\$ 228,446</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-
Due to other funds	-	11,835	11,835
Payroll liabilities	15,690	-	15,690
Total liabilities	<u>15,690</u>	<u>11,835</u>	<u>27,525</u>
FUND BALANCES			
Nonspendable	\$ 10,807	\$ 453	\$ 11,260
Restricted	-	3,834	3,834
Committed	1,881	-	1,881
Unassigned	183,946	-	183,946
Total fund balances	<u>196,634</u>	<u>4,287</u>	<u>200,921</u>
Total liabilities and fund balances	<u>\$ 212,324</u>	<u>\$ 16,122</u>	<u>\$ 228,446</u>
Total fund balance- total governmental funds			\$ 200,921

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

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

Capital assets	18,811	
Less: Accumulated depreciation	<u>(16,686)</u>	<u>2,125</u>
Net assets of governmental activities		<u>\$ 203,046</u>

Town of East Duke, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2009

	General Fund	Street & Alley Fund	Total Governmental Funds
<u>REVENUES</u>			
Sales tax	\$ 32,600	\$ -	\$ 32,600
Beverage tax	1,887	-	1,887
Franchise taxes	10,127	-	10,127
Cigarette tax	427	-	427
Licenses and permits	175	-	175
Investment income	6,802	-	6,802
Rental income	1,759	-	1,759
Intergovernmental	-	3,942	3,942
Total revenues	<u>53,777</u>	<u>3,942</u>	<u>57,719</u>
<u>EXPENDITURES</u>			
General government:			
Personal Services	43,669	-	43,669
Materials and supplies	7,357	-	7,357
Other services and charges	1,885	11,834	13,719
Total general government	<u>52,911</u>	<u>11,834</u>	<u>64,745</u>
Capital outlay	-	-	-
Total expenditures	<u>52,911</u>	<u>11,834</u>	<u>64,745</u>
Excess (deficiency) of revenues over expenditures	<u>866</u>	<u>(7,892)</u>	<u>(7,026)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	(28,010)	-	(28,010)
Total other financing sources and uses	<u>(28,010)</u>	<u>-</u>	<u>(28,010)</u>
Net change in fund balances	(27,144)	(7,892)	(35,036)
Fund balances - beginning	223,778	12,179	235,957
Fund balances - ending	<u>\$ 196,634</u>	<u>\$ 4,287</u>	<u>\$ 200,921</u>

Town of East Duke, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2009

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

Net change in fund balances - total governmental funds \$ (35,036)
Amounts reported for governmental activities in the Statement of Activities are
different because:

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.

Depreciation expense (410)

Change in Net Assets of Governmental Activities \$ (35,446)

Town of East Duke, Oklahoma
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Public Works Authority	Total Enterprise Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 511,528	\$ 511,528
Accounts receivable (net)	41,705	41,705
Due from other funds	11,835	11,835
Investments	116,000	116,000
Employee receivable	-	-
Total current assets	681,068	681,068
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	72,669	72,669
Investments	19,779	19,779
Total restricted assets	92,448	92,448
Noncurrent assets:		
Capital assets (net)	728,397	728,397
Total noncurrent assets	728,397	728,397
Total assets	\$ 1,501,913	\$ 1,501,913
LIABILITIES		
Current liabilities:		
Accounts payable	\$ -	\$ -
Salaries and benefits payable	-	-
Due to other funds	11,260	11,260
Payroll liabilities	15,336	15,336
Notes payable, current	16,138	16,138
Total current liabilities	42,734	42,734
Liabilities payable from restricted assets:		
Customer deposits payable	12,500	12,500
Total liabilities payable from restricted assets	12,500	12,500
Noncurrent liabilities:		
Notes payable, non-current	281,644	281,644
Total noncurrent liabilities	281,644	281,644
Total liabilities	336,878	336,878
NET ASSETS		
Invested in capital assets, net of related debt	430,615	430,615
Restricted	92,448	92,448
Unrestricted	641,972	641,972
Total net assets	\$ 1,165,035	\$ 1,165,035

Town of East Duke, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2009

	Business-type Activities	
	Public Works Authority	Total Enterprise Funds
<u>Operating revenues:</u>		
Charges for services:		
Water charges	\$ 303,173	\$ 303,173
Sewer charges	22,975	22,975
Sanitation charges	46,709	46,709
Total charges for services	372,857	372,857
Miscellaneous	2,957	2,957
Total operating revenues	375,814	375,814
 <u>Operating expenses:</u>		
Cost of Goods Sold	149,624	149,624
Personal services	50,702	50,702
Materials and supplies	24,656	24,656
Other services and charges	76,445	76,445
Depreciation and amortization	26,005	26,005
Total operating expenses	327,432	327,432
Net operating income	\$ 48,382	\$ 48,382
 <u>Nonoperating revenue (expense):</u>		
Investment income	12,813	12,813
Grant Income	89,656	89,656
Interest expense	(12,639)	(12,639)
Total nonoperating revenue (expense)	89,830	89,830
Net Income before contributions and transfers	138,212	138,212
Transfers from other funds	28,010	28,010
Transfers to other funds, net	-	-
Change in net assets	166,222	166,222
Net assets-beginning of year	1,002,331	1,002,331
Prior period restatement	(3,518)	(3,518)
Net assets-end of year	\$ 1,165,035	\$ 1,165,035

Town of East Duke, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2009

	Business-type Activities	
	Public Works Authority	Total Enterprise Funds
<u>Cash flows from operating activities:</u>		
Receipts from customers	\$ 334,109	\$ 334,109
Payments to suppliers	(276,121)	(276,121)
Payments to employees	(71,904)	(71,904)
Other operating revenues	300	300
Net cash provided (used) by operating activities	(13,616)	(13,616)
<u>Cash flows from non-capital financing activities:</u>		
Operating grants and contributions received	89,656	89,656
Transfers from other funds	28,010	28,010
Net cash provided (used) by non-capital financing activities	117,666	117,666
<u>Cash flows from capital and related financing activities:</u>		
Principal paid on capital debt	(18,777)	(18,777)
Interest paid on capital debt	(12,639)	(12,639)
Net cash provided (used) by capital and related financing activities	(31,416)	(31,416)
<u>Cash flows from investing activities:</u>		
Sale of investments	466,541	466,541
Investment income	12,813	12,813
Net cash provided (used) by investing activities	479,354	12,813
Net increase (decrease) in cash and cash equivalents	551,988	85,447
Cash and cash equivalents, July 1, 2008	51,988	51,988
Cash and cash equivalents, June 30, 2009	<u>\$ 603,976</u>	<u>\$ 137,435</u>
Cash, including time deposits	\$ 511,528	\$ 511,528
Restricted cash, including time deposits	92,448	92,448
Total cash and cash equivalents, end of year	<u>\$ 603,976</u>	<u>\$ 603,976</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>		
Operating income (loss)	\$ 48,382	\$ 48,382
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	26,005	26,005
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(41,705)	(41,705)
(Increase) decrease in due from other funds	(11,835)	(11,835)
(Increase) decrease in prepaid assets	300	300
(Increase) decrease in employee receivable	-	-
Increase (decrease) in due to other funds	11,260	11,260
Increase (decrease) in wages & benefits payable	(15,335)	(15,335)
Increase (decrease) in deposits subject to refund	(14,567)	(14,567)
Increase (decrease) in accounts payable	(10,254)	(10,254)
Increase (decrease) in accrued expenses	(5,867)	(5,867)
Net cash provided (used) by operating activities	\$ (13,616)	\$ (13,616)

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

A. Organization

The Town operates under the Statutory Town Board of Trustees form of government. The Town provides the following services: public safety, street maintenance, utility (sanitation, water and sewer), culture-recreation, public improvements, and general administrative services.

The Reporting Entity

The Town, for financial purposes, includes all of the funds and account groups relevant to the operation of the Town of Duke. The accompanying financial statements present the Town's primary government and component units over which 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 Duke.

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 Unit Reported with Primary Government:

Duke Municipal Authority (the "Authority") – was created April 1, 1968 under provision of the Oklahoma Statutes by a Declaration of the Trust. 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 water, sewer, and trash services to the citizens of East Duke. 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 assets and statement of activities which display information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. Individual funds are not displayed by the statements. 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 report 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.

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 three major categories: governmental, proprietary, and fiduciary. The Town has no fiduciary funds.

Measurement Focus and Basis of Accounting

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Town's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

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 30 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.

Major Proprietary Funds

Duke Municipal Authority

The Duke Municipal Authority (DMA) accounts for transactions relating to utility services including water, sewer, and sanitation.

Management has elected to report all funds as major in the fund financial statements. This election is in accordance with GASB reporting models.

D. Budgets and Budgetary Accounting

Budget Basis of Accounting

The combined statement 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.

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.

Receivables and 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. Sales and use tax are considered fully collectable. Only customer receivables that were collected within 30 days of year end were recorded. No allowance for uncollectible accounts was recorded.

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 Assets. Proprietary fund and similar component unit fixed assets are recorded in 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 | 40-50 years |
| • Other improvements | 10-25 years |
| • Machinery, furniture & equipment | 3-20 years |
| • Utility property and improvements | 10-50 years |
| • Infrastructure | 25-50 years |

Fund Financial Statement

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 liabilities.

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 Assets

Both proprietary fund financial statements and government-wide financial statements report net assets. 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 assets

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.

F. Revenues, Expenditures and Expenses

Revenues

Sales Tax

The Town levied a 2% 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

A. Deficit Fund Net Assets/Fund Balance

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

The Town had no deficit fund net assets or fund balances for the fiscal year.

B. Budget Requirements

For the year ended June 30, 2009, the Town did not adopt a budget.

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:

<u>REVENUE SOURCE</u>	<u>LEGAL RESTRICTIONS OF USE</u>
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes

(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. Collateral agreements must be approved prior to deposit of funds as provided by law. At June 30, 2009, the Town's deposits were properly collateralized.

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>
Governmental Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 187,000	\$ 187,000	N/A	212
Total investments	<u>187,000</u>	<u>187,000</u>		
Total governmental investments	<u>\$ 187,000</u>	<u>\$ 187,000</u>		

RECONCILIATION TO STATEMENT OF NET ASSETS

Investments, unrestricted	\$ 187,000
Investments, restricted	-
Total governmental investments	<u>\$ 187,000</u>

Business-type Activities

INVESTMENTS:

Certificates of deposit	\$ 116,000	\$ 116,000	N/A	65
Total investments	<u>116,000</u>	<u>116,000</u>		
Total business-type investments	<u>\$ 116,000</u>	<u>\$ 116,000</u>		

RECONCILIATION TO STATEMENT OF NET ASSETS

Investments, unrestricted	\$ 116,000
Investments, restricted	-
Total governmental investments	<u>\$ 116,000</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 EAST DUKE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Restricted assets consist of the following:

Primary Government

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents			
Community Building cash	\$ 1,881	\$ -	\$ 1,881
Street & Alley cash	15,351	-	15,351
CDBG Cash	-	55,376	55,376
Meter deposits	-	12,500	12,500
Lagoon project	-	793	793
USDA Reserve	-	4,000	4,000
Total cash and cash equivalents	<u>17,232</u>	<u>72,669</u>	<u>89,901</u>
Investments			
Bond sinking fund	-	1,159	1,159
Bond sinking reserve fund	-	18,620	18,620
Total investments	<u>-</u>	<u>19,779</u>	<u>19,779</u>
Total restricted assets	<u>\$ 17,232</u>	<u>\$ 92,448</u>	<u>\$ 109,680</u>

B. PROPERTY, PLANT AND EQUIPMENT

Governmental Activities:

A summary of the changes in the governmental activities fixed assets at June 30, 2009 follows:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Land	\$ -	\$ -	\$ -	\$ -
Buildings & structures	-	-	-	-
Machinery, furniture, & equipment	18,811	-	-	18,811
Improvements other than land	-	-	-	-
Total	<u>18,811</u>	<u>-</u>	<u>-</u>	<u>18,811</u>
Less accumulated depreciation	<u>16,276</u>	<u>410</u>	<u>-</u>	<u>16,686</u>
Fixed assets, net	<u>\$ 2,535</u>	<u>\$ (410)</u>	<u>\$ -</u>	<u>\$ 2,125</u>

Business-Type Activities:

A summary of the proprietary fund types fixed assets at June 30, 2009 follows:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Duke Municipal Authority				
Land	\$ 29,645	\$ -	\$ -	\$ 29,645
Buildings	-	-	-	-
Construction in Process	-	74,127	-	74,127
Machinery, furniture, & equipment	25,208	-	-	25,208
Utility property and improvements	<u>983,774</u>	<u>-</u>	<u>-</u>	<u>983,774</u>
Total	<u>1,038,627</u>	<u>74,127</u>	<u>-</u>	<u>1,112,754</u>
Less accumulated depreciation	<u>358,352</u>	<u>26,005</u>	<u>-</u>	<u>384,357</u>
Fixed assets, net	<u>\$ 680,275</u>	<u>\$ 48,122</u>	<u>\$ -</u>	<u>\$ 728,397</u>

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.

**TOWN OF EAST DUKE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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

Depreciation expense charges to governmental activities:

General government	\$	200
Public safety & judiciary		0
Cultural, parks & recreation		210
Total governmental activities depreciation expense		410

Depreciation expense charges to business-type activities:

Water		15,170
Sewer		10,835
Total business-type activities depreciation expense		26,005

C. LONG-TERM DEBT

The following is a summary of long-term debt for the year ended June 30, 2009:

NOTES PAYABLE

Business-Type Activities:

DMA entered into a promissory note with the United States Department of Agriculture in the amount of \$244,000 at 4.5% interest for a period of 40 years. Debt was issued on May 15, 1997. Monthly payments of \$1,108 are made; debt matures May 2037. \$ 206,944

DMA entered into a promissory note with the Oklahoma Water Resources Board in the amount of \$200,000 at variable interest for a period of 25 years. Debt was issued on March 21, 1990. Semi-annual installment payments are made; debt matures February 2015. \$ 74,700

\$ 281,644

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

<u>Type of Debt</u>	<u>Balance at July 1, 2008</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2009</u>	<u>Due Within One Year</u>
Business-type activities:					
<i>Notes Payable</i>					
USDA	\$ 215,558	\$ -	\$ 4,727	\$ 210,831	\$ 3,888
OWRB	101,000	-	14,050	86,950	12,250
Total business-type activities	316,558	-	18,777	297,781	16,138

The Town recorded \$12,639 of interest expense in business-type activities for the year ended June 30, 2009.

TOWN OF EAST DUKE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2009 follow:

<u>Year Ending June 30</u>	<u>Notes Payable</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 16,138	\$ 10,945	\$ 16,138	\$ 10,945
2011	17,466	10,277	17,466	10,277
2012	18,853	9,198	18,853	9,198
2013	14,174	9,226	14,174	9,226
2014	21,453	8,643	21,453	8,643
2015-2019	44,876	39,804	44,876	39,804
2020-2024	33,393	33,087	33,393	33,087
2025-2029	41,802	24,678	41,802	24,678
2030-2034	52,327	14,153	52,327	14,153
2034-2037	37,299	2,367	37,299	2,367
Totals	<u>\$ 297,781</u>	<u>\$ 162,378</u>	<u>\$ 297,781</u>	<u>\$ 162,378</u>

D. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers for the year ended June 30, 2009 were as follows:

<u>Transfer To/Transfer From</u>	<u>To</u>	<u>From</u>
GOVERNMENTAL FUND: General Fund Municipal Authority (Enterprise Fund)	\$ 28,010	\$ -
ENTERPRISE FUND: Municipal Authority General Fund	-	28,010
Grand Total	<u>28,010</u>	<u>28,010</u>

(4) COMMITMENTS AND CONTINGENCIES

A. Litigation

The Town is not party to any legal proceedings.

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.

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit
of the Financial Statements Performed in Accordance with "Government Auditing Standards"

To the governing body of
the Town of East Duke

I have audited the financial statements of the governmental activities and each major fund and the aggregate remaining fund information of the Town of East Duke as of and for the year ended June 30, 2009, and have issued my report thereon dated September 18, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of East Duke's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of East Duke's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of East Duke's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the Town of East Duke's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

This report is intended solely for the information and use of management, the governing body, others within the entity, granting agencies and/or governments, and lenders, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive style with a large initial 'D' and 'T'.

Certified Public Accountant
September 18, 2013