TOWN OF RIPLEY
Ripley, Oklahoma

BASIC FINANCIAL STATEMENTS
June 30, 2015

TOWN OF RIPLEY
Ripley, Oklahoma

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Ripley, Oklahoma

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CBEW Professional Group, LLP
Certified Public Accountants

WALTER H. WEBB, CPA
JANE FRAZIER, CPA
CHARLES E. CROOKS, CPA
TRISHA J. RIEMAN, CPA
GABRIELLE CONCHOLA, CPA

206 N. HARRISON ● P.O. BOX 790 ● CUSHING, OKLAHOMA 74023 ● 918-225-4216 ● FAX 918-225-4315

INDEPENDENT AUDITOR'S REPORT

November 3, 2015

Honorable Board of Town Commissioners
Town of Ripley
Ripley, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ripley, Oklahoma, (Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. 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.

Basis for Qualified Opinions

As discussed in Note 1 to the financial statements, the Town has not maintained complete capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for our review. The amount by which this departure would affect the assets, net assets, and expenses of the Governmental and Business-Type Activities is not readily determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and business-type activities of the Town of Ripley, 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.

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Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining governmental fund information of the Town of Ripley, Oklahoma, as of June 30, 2015, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that pension exhibits and budgetary comparison information on pages 28 through 30 and the notes on page 31 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

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of expenditures of state and federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of state and federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state and federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2015, on our consideration of the Town'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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

TOWN OF RIPLEY
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments:			
Cash & cash equivalents (Note 3A)	$ 90,525	$ 99,203	$ 189,728
Cash on hand	50	-	50
Investments	-	10,335	10,335
Cash deposit, insurance	-	-	-
Accounts receivable (net)	-	11,472	11,472
Accrued interest receivable	1,927	13	1,940
Due from other Funds (Note 3C)	68	68	136
Accrued governmental transfers	7,494	-	7,494
Restricted assets:			
Cash deposit, insurance	-	-	-
Cash in bank (Note 3A & 3E)	-	6,132	6,132
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 3B)	183,598	378,062	561,660
Total assets	$ 283,662	$ 505,285	$ 788,947
Deferred outflows of resources:			
Deferred amounts related to pensions	1,805	-	1,805
Total deferred outflows	1,805	-	1,805
Liabilities:			
Accounts payable	$ 7,295	$ 9,392	$ 16,687
Due to Other Funds (Note 3C)	-	68	68
Notes payable (Note 3D)	-	5,331	5,331
Non-current liabilities:			
Net pension liability	37,970	-	37,970
Notes payable (Note 3D)	-	13,107	13,107
Total liabilities	45,265	27,898	73,163
Deferred inflows of resources:			
Deferred amounts related to pensions	5,748	-	5,748
Total deferred inflows	5,748	-	5,748
Net position:			
Net investment in capital assets	183,598	364,955	548,553
Restricted	-	6,132	6,132
Unrestricted	50,856	106,300	157,156
Total net position	$ 234,454	$ 477,387	$ 711,841

The accompanying notes are an integral part of the basic financial statements.

TOWN OF RIPLEY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense)/ Revenue
Governmental activities:					
General government:					
City clerk/ treasurer	$ 9,395	$ -	$ -	$ -	$ (9,395)
General government	21,384	-	-	-	(21,384)
Total general government	30,779	-	-	-	(30,779)
Public safety and judiciary:					
City attorney	3,477	-	-	-	(3,477)
Animal control	664	-	-	-	(664)
Fire	7,535	6,785	4,484	-	3,734
Civil Defense	1,214	-	-	-	(1,214)
Municipal court	-	-	-	-	-
Police	13,070	-	-	-	(13,070)
Total public safety and judiciary	25,960	6,785	4,484	-	(14,691)
Transportation:					
Street & alley	4,900	-	-		(4,900)
Total transportation	4,900	-	-	-	(4,900)
Unallocated depreciation*	16,711	-	-	-	(16,711)
Total governmental activities	78,350	6,785	4,484	-	(67,081)
Business-type activities					
General operations	2,456	7,007	-	-	4,551
Water	53,196	61,168	-	-	7,972
Gas	87,189	86,036	-	-	(1,153)
Sewer	9,995	13,338	-	-	3,343
Sanitation	35,375	38,439	-	-	3,064
Financing costs	1,043	-	-	-	(1,043)
Unallocated depreciation*	21,915	-	-	-	(21,915)
Total business-type activities	211,169	205,988	-	-	(5,181)
Total	$ 289,519	$ 212,773	$ 4,484	$ -	$ (72,262)

	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	(67,081)	(5,181)	(72,262)
General revenues:			
Taxes:			
Sales tax	46,695	-	46,695
Franchise taxes	9,419	-	9,419
Intergovernmental	5,762	-	5,762
Interest earnings	87	306	393
Net pension changes	1,760	-	1,760
Miscellaneous	1,806	-	1,806
Total general revenues and transfers	65,529	306	65,835
Change in net position	(1,552)	(4,875)	(6,427)
Net position - beginning of year	236,006	482,262	718,268
Net position - end of year	$ 234,454	$ 477,387	$ 711,841

* - This amount does not include the depreciation that is included in the direct expenses of various programs.

The accompanying notes are an integral part of the basic financial statements.

TOWN OF RIPLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Special Revenue Street & Alley (Non-Major)	Total Governmental Funds
Assets:			
Cash and investments:			
Cash & cash equivalents (Note 3A)	$ 91,103	$ (578)	$ 90,525
Cash on hand	50	-	50
Investments (Note 3A)	-		-
Cash, insurance deposit	-	-	-
Due from other funds (Note 3C)	68	-	68
Accounts receivable (net)	1,927		1,927
Accrued governmental transfers	6,845	649	7,494
Restricted assets:			
Cash deposit, insurance	-	-	-
Total assets	$ 99,994	$ 71	$ 100,065
Liabilities:			
Accounts payable	$ 7,295	$ -	$ 7,295
Taxes payable (Note 3D)	-	-	-
Total liabilities	7,295	-	7,295
Fund balances:			
Reserved	-	-	-
Unassigned	91,198	1,571	92,769
Total fund balances	91,198	1,571	92,769

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

Pension related deferred outflows		1,805
Net pension liability		(37,970)
Pension related deferred inflows		(5,748)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Furniture & Equipment	$ 342,584	
Buildings	27,566	
Accumulated Depreciation	(186,552)	
		183,598
Net position of governmental activities		$ 234,454

The accompanying notes are an integral part of the basic financial statements.

TOWN OF RIPLEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General Fund	Special Revenue Street & Alley (Non-Major)	Total Governmental Funds
Revenues:			
Alcoholic beverage tax	$ 1,344	$ -	$ 1,344
Tobacco Tax	561	-	561
Mileage and commercial vehicle tax	-	3,098	3,098
Gasoline excise tax	-	759	759
Sales tax	46,695	-	46,695
Franchise	9,419	-	9,419
Interest	87	-	87
Rents and leases	-	-	-
Outside fire runs	1,650	-	1,650
Rural fire subscriptions	5,135	-	5,135
Grants (Note 2)	4,484	-	4,484
Miscellaneous	1,808	-	1,808
Total revenues	71,183	3,857	75,040
Expenditures:			
Current:			
General government	30,779	-	30,779
Public safety	25,960	-	25,960
Transportation	-	4,900	4,900
Cultural and recreation	-	-	-
Capital Outlay	-	-	-
Total expenditures	56,739	4,900	61,638
Excess of revenues over (under) expenditures	14,444	(1,044)	13,402
Other financing uses:			
Operating transfers in (out)	(1,500)	1,500	-
Excess of revenues over (under) expenditures & transfers	12,945	455	13,400
Fund balance - beginning of year	78,253	1,116	79,369
Fund balance - end of year	$ 91,198	$ 1,571	$ 92,769

The accompanying notes are an integral part of the basic financial statements.

TOWN OF RIPLEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	$	13,400
Amounts reported for governmental activities in the statement of net position are different because:		
Government-Wide Statement of Activities report the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.		1,760
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(16,712)
Change in Net Position of Governmental Activities	$	(1,552)

The accompanying notes are an integral part of the basic financial statements.

TOWN OF RIPLEY
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2015

Business-type Activities - Enterprise Funds

	Public Works Authority (Major)
Assets:	
Cash and investments:	
Cash & cash equivalents (Note 3A)	$ 99,203
Investments	10,335
Accounts receivable (Net)	11,472
Accrued interest receivable	13
Due to other funds (Note 3C)	68
Grants receivable	-
Restricted assets:	
Cash in bank (Note 3E)	6,132
Capital assets:	
Construction in Process - Sewer Lines	-
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 3)	378,062
Total assets	$ 505,285
Liabilities:	
Accounts payable	$ 9,329
Accrued interest payable	63
Due to other funds (Note 3C)	68
Notes payable (Note 3D)	5,331
Non-current liabilities:	
Notes payable (Note 3D)	13,107
Total liabilities	27,898
Net position:	
Net investment in capital assets	364,955
Restricted	6,132
Unrestricted	106,300
Net position	$ 477,387

The accompanying notes are an integral part of the basic financial statements.

TOWN OF RIPLEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2015

Business-type Activities - Enterprise Funds

	Public Works Authority (Major)
Revenues:	
Gas revenue	$ 86,036
Water revenue	61,168
Sewer revenue	13,338
Sanitation revenue	38,439
Grant Income	-
Miscellaneous income	7,008
Total revenues	205,989
Operating expense:	
Legal and accounting	-
Depreciation	21,915
Salaries and wages	47,849
Chemicals and water system expense	24,131
Natural gas costs	55,650
Gas system expense	12,168
Sewer system expense	9,995
Sanitation	35,375
Total operating expenses	210,127
Income before non-operating revenues, expenses & transfers	(4,138)
Non-operating revenues (expenses):	
Interest revenue	306
Interest expense	(1,043)
Transfers to general fund	-
Total non-operating revenues and expenses	(737)
Income (loss)	(4,875)
Net position at beginning of year	482,262
Net position at end of year	$ 477,387

The accompanying notes are an integral part of the basic financial statements.

TOWN OF RIPLEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2015

Business-type Activities - Enterprise Funds

	Public Works Authority (Major)
Cash flows from operating activities:	
Cash received from customers & service users	$ 208,303
Cash payments for goods & services & employees	(149,514)
Cash payments for employees	(47,849)
Net cash provided by operating activities	10,940
Cash flows from capital and related financing activities:	
Acquisition & construction of capital assets	-
Principal paid on debt	(5,071)
Interest paid on debt	(1,061)
Net change in due to/due from other funds	(19)
Transfers to general fund	-
Net cash provided (used) for capital and related financing activities	(6,151)
Cash flows from investing activities:	
(Purchase) liquidation of investments - unrestricted	(51)
Interest earned	315
Net cash provided by investing activities	263
Net increase (decrease) in cash & cash equivalents	5,053
Cash and cash equivalents - beginning of year	100,282
Cash and cash equivalents - end of year	$ 105,335
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ (4,138)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	21,915
Change in assets and liabilities:	
(Increase) decrease in grants receivable	-
(Increase) decrease in accounts receivable	2,314
Increase (decrease) in accounts payable	(9,151)
Total adjustments	15,078
Net cash provided by operating activities	$ 10,940

The accompanying notes are an integral part of the basic financial statements.

TOWN OF RIPLEY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	Agency Funds
Assets:	
Cash and investments at cost	$ 33,058
Total assets	$ 33,058
Liabilities:	
Due to (from) other funds	$ 68
Deposits	32,990
Total liabilities	$ 33,058

The accompanying notes are an integral part of the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ripley, Oklahoma (Town) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town is discussed below.

A. Reporting Entity

The Town of Ripley, Oklahoma was organized under the statutes of the State of Oklahoma. The Town operates under a council form of government and is governed by a five-member board of commissioners. The commissioners elect the mayor from their own body. The Town provides the following services as authorized by its charter: general government, public safety (fire and police), streets, public works (gas, water, sewer, and refuse), judicial, health and social services, culture, parks and recreation, public improvements, and planning and zoning for the geographical area organized as the Town of Ripley, Oklahoma.

As required by generally accepted accounting principles, these financial statements present the activities of the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Town's operations and so data from these units are combined with the data of the primary government.

Blended Component Units:

The Ripley Public Works Authority (PWA) was created pursuant to a Trust Indenture dated April 6, 1979 to provide improvements to the natural gas system and facilities for the benefit of the Town of Ripley, Oklahoma. The public works systems owned by the Town have been leased to the Trust. The PWA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes, and is governed by a board consisting of five trustees identical with the Town Council. The PWA is exempt from state and federal Income taxes. The PWA is reported as an enterprise fund.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements – During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting – The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds – are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Sales taxes, gasoline excise taxes and motor vehicle taxes collected and held by the state and county at year-end on behalf of the Town are susceptible to accrual and are recognized as revenue. Other receipts and taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. The following is the Town's major governmental fund:

General fund – is the main operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Other governmental fund of the Town that is considered a non-major fund includes:

Special Revenue funds – account for revenue sources that are designated to expenditures for specific purposes (not including expendable trusts or major capital projects). The Street and Alley Fund is the Town's only Special Revenue Fund. Management has elected to present this fund as a major in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

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

Enterprise Funds – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is for the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The following is the Town's major Enterprise fund:

Ripley Public Works Authority – accounts for the operations of providing public works (water, sewer, gas distribution systems and refuse) to the Town.

There are no other enterprise funds of the Town to be considered non-major funds.

Fiduciary funds – account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Agency funds are custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. The Town's only Agency fund is the Customer Meter Deposit Fund. Interest earnings from the Meter Deposit Fund are transferred to the General Fund.

C. Assets, Liabilities and Equity

1. Deposits and Investments

Oklahoma Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Town can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a maturity date of three months or less. Debt instruments with a maturity date of more than three months are considered to be investments. Investments are stated at cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued

C. Assets, Liabilities and Equity (continued)

2. Restricted Cash and Investments

The restricted cash and investments are the result of financial requirements of two promissory notes between the Ripley Public Works Authority and the United States Department of Agriculture, Rural Development and consist of funds held in a Debt Service Fund, Reserve Fund-Water, Reserve Fund-Gas and a Maintenance Reserve Fund. Under the terms and provisions of the promissory notes, these special funds are maintained with the Trustee bank for the benefit of the holders of the notes. These funds are to be maintained so long as the notes are outstanding. Monies contained in the funds held by the Trustee are required to be continuously invested in authorized securities that mature not later than the respective dates when the funds shall be required for the purpose intended by the notes.

3. Fair Value of Financial Instruments

The Town's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The Town's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

4. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".

6. Inventories

Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of governmental fund type and proprietary fund type inventories are recorded as expenditures when purchased rather than when consumed.

7. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

7. Capital Assets (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Town maintains a capitalization threshold of $500. The Town's infrastructure consists of roads, bridges, culverts, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the Town. Such infrastructure assets acquired after July 1, 2003 are capitalized in accordance with the requirements of GASB 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value of the asset or materially extend an asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Building Improvements	40 - 100 years	40 - 100 years
Equipment	5 - 100 years	5 - 100 years
Water System	10 - 40 years	10 - 40 years
Gas System	10 - 40 years	10 - 40 years
Sewer System	10 - 40 years	10 - 40 years

The Town has not maintained complete capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation.

8. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation time. Full-time regular employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Town. The Town has not accrued compensated absences because the amount, if any, would not be material to the financial statements.

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

9. Long-term Obligations

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

10. Net Position/Fund Balances

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on its use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *non-spendable* (i.e., fund balance associated with assets that are *not in spendable form,* such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted, committed, assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The Town Ordinance is the highest level of decision-making authority of the Town.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

10. Net Position/Fund Balances (Continued)

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

11. Resource Use Policy

It is in the Town's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the Town considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the Town's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the Town considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Grants and Awards

The Town was not a recipient of a grant during the year.

3. DETAILED NOTES CONCERNING THE FUNDS

A. Deposits and Investments

Custodial Credit Risk

At June 30, 2015, the Town held deposits of approximately $242,432 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

Investment Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

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

a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

3. DETAILED NOTES CONCERNING THE FUNDS (Continued)

A. Deposits and Investments (Continued)

b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

The investments held at June 30, 2015 are as follows:

Type	Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Certificate of Deposit	12.00	N/A	26,935	26,935
Total Investments			$ 26,935	$ 26,935

Reconciliation to Statement of Net Position	
Fiduciary Funds	$ 16,600
Business-Type Activites	10,335
	$ 26,935

Concentration of Investment Credit Risk

The Town places no limit on the amount it may invest in any one issuer. The Town has the following credit risk: 100% in Certificates of Deposit.

3. DETAILED NOTES CONCERNING THE FUNDS (continued)

B. Capital Assets

The Business-Type capital asset activity for the year ended is as follows:

Governmental Activities:	Balance 6/30/2014	Additions	Disposals	Balance 6/30/2015
Building Improvements	$ 27,567	-		27,567
Vehicles - Fire Equipment	260,574	-		260,574
Equipment	82,010	-		82,010
Total Depreciable Assets	370,151	-	-	370,151
Less accumulated depreciation				
Building Improvements	(7,017)	(794)	-	(7,811)
Vehicles - Fire Equipment	(94,786)	(9,612)	-	(104,398)
Equipment	(68,038)	(6,305)	-	(74,343)
Total Depreciable Assets	(169,841)	(16,711)	-	(186,552)
Net governmental activities capital assets	$ 200,310	(16,711)	-	183,599
Business-Type Activities				
Depreciable assets:				
Water system	$ 212,647	-	-	212,647
Gas system	190,021	-	-	190,021
Sewer system	365,332	-	-	365,332
Equipment	65,389	-	-	65,389
Building improvements	9,680	-	-	9,680
Total depreciable assets	843,069	-	-	843,069
Less accumulated depreciation				
Water system	(148,528)	(5,256)	-	(153,785)
Gas system	(133,237)	(4,751)	-	(137,988)
Sewer system	(100,604)	(9,133)	-	(109,737)
Equipment	(58,687)	(2,533)	-	(61,220)
Building improvements	(2,036)	(242)	-	(2,278)
Total accumulated depreciation	(443,092)	(21,915)	-	(465,007)
Net business-type activities capital assets	$ 399,977	(21,915)	-	378,062

Depreciation expense was charged to unallocated depreciation and not charged as a direct expense of the various programs.

3. DETAILED NOTES CONCERNING THE FUNDS (continued)

C. Inter-fund Receivables and Payables

The following schedule reflects the Town's inter-fund due from and due to other funds:

General Fund	-	-
Ripley Public Works Authority	-	68
Meter Fund	68	-
Total all funds	$ 68	$ 68

D. Long-term Debt

The Town is not obligated in any manner for the debt of its component units. The following is a summary of long-term debt transactions of the proprietary fund:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
USDA Rural Dev. - water	$ 23,510	$ -	5,071	$ 18,438
Total	$ 23,510	$ -	$ 5,071	$ 18,438

a. Long-term debt consists of:

A 40-year, 5% note with USDA Rural Development, payable in monthly installments of $511, maturing April 5, 2019.

b. The conditions prescribed by the security agreement with USDA Rural Development are as follows:

As security for the notes payable to the USDA Rural Development, the Town of Ripley and the Ripley Public Works Authority have pledged the plant and equipment of the water and gas systems. Gross revenues of these facilities have been pledged as security for note and interest payments when due.

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Totals
2016	5,331	801	6,132
2017	5,604	528	6,132
2018	5,890	242	6,132
2019	1,613	14	1,627
Total	$ 18,438	$ 1,585	$ 20,023

3. DETAILED NOTES CONCERNING THE FUNDS (continued)

E. Restricted Cash

Certain cash and temporary investments are designated for use as prescribed by the security agreement between the Ripley Public Works Authority and the United States Department of Agriculture, Rural Development. Those restrictions and current balances are as follows:

	June 30, 2015
Debt Reserve Account - Water: This account is established to accumulate transfers from the Revenue Fund account at the rate of $51 per month until a balance of $6,132 is reached. Disbursements are restricted to paying the cost of repairing or replacing any damage to the facility which may be caused by an unforeseen catastrophe, or for making extensions, with prior approval from the government.	6,132
Total	$ 6,132

4. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and natural disasters. The Town purchases commercial insurance to cover these and other risks. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The Town is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for all claims submitted to it during the plan year.

As a member of the Plan, the Town is required to pay fees set by the Plan according to an established payment schedule. A Loss Fund has been established from the proceeds of these fees for each participant in the Plan. The State Insurance Fund provides coverage in excess of the Loss Fund so the Town's liability for claim loss is limited to the balance of that fund.

In addition to the Loss Fund, the Town maintains two additional funds with the Plan. The Rate Stabilization Reserve (RSR) is a non-refundable fund, which can reduce future premium increases. The Escrow Fund is made up of past refunds left on deposit with the Plan. Escrow funds earn interest and are readily available for use by the governing board. In accordance with GASB No. 10, the Town reports the required contribution to the pool, net of refunds, as insurance expense. The balances for 2014 and 2015 in the RSR Fund and the Escrow Fund are $0 and $1,927.45 respectively, and are reflected on the financial statements.

4. OTHER INFORMATION (continued)

B. Contingent Liabilities

The governing board of the Town is not aware of any pending or threatened legal actions against it. However, any such actions would probably be covered by insurance.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

C. Employee Retirement System and Other Benefit Plans

The Town participates in one employee pension system as follows:

Oklahoma Firefighters Pension and Retirement Plan - Cost Sharing Multiple Employer - Defined Benefit Plan

Oklahoma Firefighters Pension & Retirement Plan

Plan Description – The Town of Ripley, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at 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 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.

4. OTHER INFORMATION (Continued)

C. Employee Retirement System and Other Benefit Plans (Continued)

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. 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 City were $900 (fiscal year contributions). The State of Oklahoma also made on-behalf contributions to FPRS in an amount during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of $0. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the City reported a liability of $37,970 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 July 1, 2014. The City's proportion of the net pension liability was based on the City'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. Based upon this information the City's proportion was 0.0037%.

For the year ended June 30, 2015, the City recognized pension expense of $3,410. At June 30, 2015, the City 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
Differences between expected and actual experience	$ 905	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,748
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	900	-
Total	$ 1,805	$ 5,748

$960 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	$ 1,265
2017	1,265
2018	1,265
2019	1,265
2020	(172)
Thereafter	(45)
	$ 4,843

4. OTHER INFORMATION (Continued)

C. Employee Retirement System and Other Benefit Plans (Continued)

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 prior 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.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	$49,684	$37,970	$28,294

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.

4. OTHER INFORMATION (Continued)

D. Other Post-Employment Benefits

Plan Description: Town provides post-employment benefit options for health care, prescription drug, dental and vision benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The provisions for these benefits are not formalized in a contract or plan document but are referenced only in a few sentences in the administrative policy manual. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the Town and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs.

Substantially all of the government's employees may become eligible for those post-employment benefits if they reach normal retirement age while working for the Town. The plan is only provided for employees between the ages of 62 and 65. As of June 30, 2015, no retired employees are receiving benefits under this plan.

Funding Policy. The contribution requirement of the Town is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2014, the Town contributed 0% to the plan for previously retired employees (0 retirees) and 0% of premiums on newly retired employees (0 retirees).

Annual OPEB Cost and Net OPEB Obligation. The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. GASB 45 requires entities with over 200 employees to have the actuarial valuation performed biennially. The Town is not required to perform the actuarial valuation of the OPEB cost and related OPEB obligation for the year ended June 30, 2015 since no one is participating at this time.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

5. RESTATEMENT OF BEGINNING NET POSITION

Net position of the Government-Wide Governmental Activities financial statements has been restated to include the pension liability at the beginning of the period in accordance with GASB 68. As a result of the restatement, total beginning net position has decreased by $43,673. The prior period financial statements were not reissued or restated as a result of this change in accounting principle.

TOWN OF RIPLEY
Ripley, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2015

TOWN OF RIPLEY
Ripley, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION
ON PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2015

Exhibit 1
Schedule of the Town of Ripley's Proportionate Share of the Net Pension Liability (Asset)
Oklahoma Firefighters Pension & Retirement System
Last 10 Fiscal Years*

	2014
Town's proportion of the net pension liability	0.0037%
Town's proportionate share of the net pension liability	$37,970
Town's covered-employee payroll	$ -
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%
Plan fiduciary net position as a percentage of the total pension liability	68.12%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

Exhibit 2
Schedule of Town Contributions
Oklahoma Firefighters Pension & Retirement System
Last 10 Fiscal Years

	2014
Statutorily required contribution	$900
Contributions in relation to the statutorily required contribution	900
Contribution deficiency (excess)	$ -
Town's covered-employee payroll	$ -
Contributions as a percentage of covered-employee payroll	$60 per volunteer

Notes to Schedule:

Only the current fiscal year is presented because 10-year data is not yet available.

TOWN OF RIPLEY
REQUIRE SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERMENTAL FUNDS
Year Ended June 30, 2015
(Unaudited)
GENERAL FUND

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Alcoholic beverage tax	$ 1,300	1,300	$ 1,344	$ 44
Tobacco tax	450	450	561	111
Sales tax	37,500	37,500	46,695	9,195
Franchise	9,025	9,025	9,419	394
Dog license and tax	150	150	92	(58)
Interest	90	90	87	(3)
Inspection fees/ refunds	-	-	210	210
Outside fire runs	-	-	1,650	1,650
Rural fire subscriptions	7,500	7,500	5,135	(2,365)
Grants (Note 2)	4,000	4,000	4,484	484
Miscellaneous & Donations	-	-	1,508	1,508
Total revenues	60,015	60,015	71,185	11,170
Expenditures:				
Personal services	29,950	29,950	26,618	(3,332)
Maintenance and operations	48,975	48,975	30,121	(18,854)
Capital outlay	11,150	11,150	-	(11,150)
Total expenditures	90,075	90,075	56,740	(33,335)
Excess of revenue over (under) expenditures	(30,060)	(30,060)	14,445	44,505
Other financing sources (uses):				
Operating transfers in (out)	(1,500)	(1,500)	(1,500)	-
Net changes in fund balance	(31,560)	(31,560)	12,945	44,505
Fund balance at beginning of year	78,253	78,253	78,253	-
Fund balance at end of year (GAAP Basis)	$ 46,693	$ 46,693	$ 91,198	$ 44,505

The Notes to Required Supplemental Information are an integral part of this statement.

TOWN OF RIPLEY
REQUIRE SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
Year Ended June 30, 2015
(Unaudited)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Mileage & commercial vehicle tax	$ 2,900	$ 2,900	$ 3,098	$ 198
Gasoline excise tax	750	750	759	9
Total revenues	3,650	3,650	3,857	207
Expenditures:				
Maintenance and operations	5,500	5,500	4,901	(599)
Total expenditures	5,500	5,500	4,901	(599)
Excess of revenue over (under) expenditures	(1,850)	(1,850)	(1,045)	805
Other financing sources (uses):				
Operating transfers in (out)	1,500	1,500	1,500	-
Net changes in fund balance				
Fund balance at beginning of year	1116	1116	1116	-
Fund balance at end of year (GAAP Basis)	$ 766	$ 766	$ 1,571	$ 805

The Notes to Required Supplemental Information are an integral part of this statement.

TOWN OF RIPLEY
Ripley, Oklahoma

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
Year Ended June 30, 2015
(Unaudited)

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds. The enterprise fund adopts budgets on the non-GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the fiduciary funds. Budgetary data for enterprise fund is not presented in these financial statements.

Prior to July 1, the City Administrator (not an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Commissioners (elected officials). Public hearings are held at regular or special meetings to obtain taxpayer input. Prior to July 1, the budget is legally enacted through passage of a budget resolution. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. A more detailed budget is used for operating purposes. All budget revisions at the legal level are subject to final approval by the City Council. Within these control levels, management may transfer appropriations without council approval. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end.

TOWN OF RIPLEY
Ripley, Oklahoma

OTHER SUPPLEMENTARY INFORMATION
June 30, 2015

TOWN OF RIPLEY
Ripley, Oklahoma

SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS
Year Ended June 30, 2015

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Revenue Collected	Total Expenditures
State of Oklahoma Programs:				
Passed through the Oklahoma Department of Agriculture:				
Rural Fire Defense Grant		$ 4,484	$ 4,484	$ 4,484
Total Expenditures of State Awards		$ 4,484	$ 4,484	$ 4,484
Total Expenditures of Federal Awards		$ -	$ -	$ -

Note A - This schedule was prepared on an accrual (GAAP) basis of accounting consistent with the preparation of the combined financial statements.

TOWN OF RIPLEY
Ripley, Oklahoma

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
June 30, 2015

CBEW Professional Group, LLP
Certified Public Accountants

WALTER H. WEBB, CPA
JANE FRAZIER, CPA
CHARLES E. CROOKS, CPA
TRISHA J. RIEMAN, CPA
GABRIELLE CONCHOLA, CPA

206 N. HARRISON ● P.O. BOX 790 ● CUSHING, OKLAHOMA 74023 ● 918-225-4216 ● FAX 918-225-4315

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*

November 3, 2015

Honorable Town Board
Town of Ripley
Ripley, 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, each major fund, and the aggregate remaining fund information of the Town of Ripley, 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 Ripley, Oklahoma's basic financial statements, and have issued our report thereon dated November 3, 2015. The report on governmental and business-type activities was qualified because of the lack of fixed asset records. Additionally, the Town did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as finding 2015-001.

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Compliance and Other Matters

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

Town's Response to Findings

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

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

TOWN OF RIPLEY
Ripley, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-001. Internal Control – Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets and reconciliation of those asset accounts is an important control activity needed to adequately protect the Town's assets and ensure accurate financial reporting.

Condition: Presently the same individual is responsible for issuing purchase orders, writing checks, making deposits, posting transactions and reconciling the monthly bank statements. In addition, the same individual that receives payments is also responsible for billing and adjustment, and posting payments to subsidiary accounts receivable ledger.

Cause: The Town's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to purchasing and depositing activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: We recommend that management should consider a formal evaluation of their risks associated with these procedures. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as providing increased management oversight and an independent reconciliation of accounts. For example, the entity might consider soliciting the assistance of independent volunteer labor to perform certain functions including performing compensating procedures where applicable.

Responsible Official's Response: The Town concurs with the recommendation, although, the cost to correct this condition might exceed the benefit, the Town will strive to make changes in procedures that will improve the overall lack of segregation of duties.