

**TOWN OF BUFFALO, OKLAHOMA  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED UPON PROCEDURES  
Year Ended June 30, 2011**

**TOWN OF BUFFALO, OKLAHOMA  
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INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

To the Specified Users of the Report:

Honorable Mayor and Board of Trustees  
Town of Buffalo, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances-Cash Basis of the Town of Buffalo and Public Trusts and Proprietary Funds for the year ending June 30, 2011, the Budgetary Comparison Schedule-Cash Basis-General and Other Governmental Funds, and the Statement of Revenues, Expenses and Changes in Fund Balance-Cash Basis for the Buffalo Public Works Authority and the Buffalo Golf Course for the year ended June 30, 2011, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Public Accountants. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma applicable to municipalities and the presentation requirements prescribed in Oklahoma Statutes § 11-28-105-.107 and § 60-80-1-.3 which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

This compilation is limited to presenting information in the form of financial statements prescribed by the above noted Oklahoma Statutes that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town in meeting its financial accountability requirements as prescribed by such state laws and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2011. Management of the Town of Buffalo is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed in Oklahoma Statutes §11-17-105-.107 and §60-180.1-.3. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Procedures and Findings**

As to the **Town of Buffalo** as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund see accompanying Summary of Changes in Fund Balances-Cash Basis and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** We found no instances of noncompliance.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds listing separately each major fund (see accompanying Notes) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

**Findings:** We found no instance of noncompliance with the statutory prohibition of exceeding their budgetary authority.

3. **Procedures Performed:** We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** We found no significant or unusual instances of reconciling items that had not cleared.

4. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** We found no deposits that were uninsured or not properly collateralized.

5. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance were noted.

6. **Procedures Performed:** We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** We found no instances of noncompliance.

7. **Procedures Performed:** We compared the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

**Findings:** We found no instances of noncompliance.

8. **Procedures Performed:** We reviewed the grant agreements for grants received during the year, evaluated the Town's compliance with grant terms and tested the grant expenditures for allowability under the grant terms and for reasonableness.

As to the **Buffalo Public Works Authority** as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Authority's trial balances, we compiled a schedule of revenues, expenses and changes in fund balances-cash basis for the Authority (see accompanying schedules) and compared the schedule results to applicable trust prohibitions for creating fund balance deficits to report any noted instance of compliance.

**Findings:** No instances of non-compliance were noted.

2. **Procedures Performed:** We agreed the Authority's material bank balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** No unusual reconciling items were noted that did not clear on a timely basis.

3. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** All deposits were fully insured at June 30, 2011.

4. **Procedures Performed:** We compared the Authority's use of material restricted revenues and resources to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance were noted.

5. **Procedures Performed:** We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance were noted.

6. **Procedures Performed:** The authority had no debt, therefore no debt service coverage requirements of bond indentures were evaluated for compliance.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Derrel S. White, CPA". The signature is written in a cursive style with a large initial "D".

Derrel S. White, CPA  
Woodward, Oklahoma

October 5, 2011

Town of Buffalo  
 Summary of Changes in Fund Balances-Cash Basis  
 For the Year Ending June 30, 2011

	<b>Beginning of Year <u>Fund Balances</u></b>	<b>Current Year <u>Change</u></b>	<b>End of Year Fund <u>Balances</u></b>
<b>TOWN:</b>			
General Fund	197,082	82,588	279,670
Street and Alley	81,172	(3,473)	77,699
Swimming Pool Improvement	1,720	76	1,796
Fireman's Fund	16,753	11,443	28,196
Library Grant Fund	783	-	783
<b>Town Subtotal</b>	297,510	90,634	388,144
<b>ENTERPRISE FUNDS:</b>			
Golf Course	20,712	8,830	29,542
Buffalo Public Works Authority	94,494	100,287	194,781
<b>Enterprise Funds Subtotal</b>	115,206	109,117	224,323
<b>Overall Totals</b>	412,716	199,751	612,467

Town of Buffalo  
 Budgetary Comparison Schedule-Cash Basis  
 General Fund

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive/(Negative)</u>
<b>Beginning Budgetary Fund Balance</b>	297,510	297,510	297,510	-
<b>Resources (inflows):</b>				
<b>Taxes:</b>				
Sales Tax	201,101	201,101	265,354	64,253
Use Tax	23,582	23,582	9,990	(13,592)
Franchise Tax	41,746	41,746	50,605	8,859
<b>Total Taxes</b>	<u>266,429</u>	<u>266,429</u>	<u>325,949</u>	<u>59,520</u>
<b>Intergovernmental:</b>				
Alcoholic Beverage Tax	33,818	33,818	42,964	9,146
Cigarette Tax	3,213	3,213	3,770	557
Motor Vehicle Tax	6,850	6,850	7,925	1,075
Gasoline Excise Tax	755	755	-	(755)
State Aid-Library	-	-	-	-
Fire State Aid	-	-	9,178	9,178
CDBG	-	12,800	12,800	-
REAP	-	50,000	50,000	-
<b>Total Intergovernmental</b>	<u>44,636</u>	<u>107,436</u>	<u>126,636</u>	<u>19,200</u>
<b>Charges for Services</b>				
Garbage Disposal Fees	112,381	112,381	129,980	17,599
Water Sales	173,500	173,500	181,392	7,892
Sewer Utilities	45,176	45,176	48,331	3,156
Crew Materials/Installation	3,500	3,500	3,982	483
Administrative Miscellaneous	9,085	9,085	-	(9,085)
Rentals of Town Property	6,252	6,252	23,090	16,837
Doby Springs Revenues	1,253	1,253	385	(868)
Swimming Pool	2,762	2,762	2,649	(114)
Concessions	2,829	2,829	-	(2,829)
Mowing and Trash Removal Reimburs	524	524	-	(524)
Airport Hanger Fees	756	756	900	144
Roll Away Dumpster	1,328	1,328	1,652	325
Cemetary	3,973	3,973	4,397	424
<b>Total Charges for Services</b>	<u>363,320</u>	<u>363,320</u>	<u>396,760</u>	<u>33,440</u>
<b>Fines and Forfeitures</b>	<u>1,350</u>	<u>1,350</u>	<u>5,586</u>	<u>4,236</u>

<b>Licenses and Permits</b>				
Occupation Tax	869	869	936	68
Inspection Fees	306	306	134	(172)
Dog Tax	674	674	176	(498)
Building Permits		-		-
<b>Total Licenses and Permits</b>	<b>1,849</b>	<b>1,849</b>	<b>1,246</b>	<b>(603)</b>
<b>Miscellaneous Income</b>				
Royalties	1,174	1,174	477	(697)
Other Income		-	3,713	3,713
Sale of Property		-	6,850	6,850
Sale of Property-Fire			1,290	1,290
Reimbursements		-	14,616	14,616
Library Grant		-	8,798	8,798
Fire Department Donations		-	7,379	7,379
Rural Fire Runs		-	2,000	2,000
Swimming Improvement Donations		-	76	76
<b>Total Miscellaneous Income</b>	<b>1,174</b>	<b>1,174</b>	<b>45,198</b>	<b>44,024</b>
<b>Investment Income</b>				
General Fund	5,425	5,425	2,922	(2,503)
Fireman's Fund		-	127	127
Street and Alley		-		-
<b>Total Investment Income</b>	<b>5,425</b>	<b>5,425</b>	<b>3,049</b>	<b>(2,376)</b>
<b>Other Financing Sources:</b>				
Transfers to/from other funds		-	683	683
<b>Total Resources (Inflows)</b>	<b>684,182</b>	<b>746,982</b>	<b>905,106</b>	<b>158,124</b>
<b>Amounts Available for Appropriation</b>	<b>981,692</b>	<b>1,044,492</b>	<b>1,202,616</b>	<b>158,124</b>

Town of Buffalo  
 Budgetary Comparison Schedule-Cash Basis  
 General Fund  
 For the Year Ending June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive/(Negative)</u>
<b>Charges to Appropriations (Outflows):</b>				
General Government				
Personal Services	502,000	482,000	422,862	59,138
Maintenance and Operations	445,393	412,692	275,812	136,880
Grant Expenditures	-	62,800	62,800	0
Capital Outlay	140,000	70,000	23,589	46,411
<b>Total General Government</b>	<b>1,087,393</b>	<b>1,027,492</b>	<b>785,063</b>	<b>242,429</b>
Street and Alley Department				
Materials and Supplies	-	-	11,398	(11,398)
<b>Total Street and Alley</b>	<b>-</b>	<b>-</b>	<b>11,398</b>	<b>(11,398)</b>
Swimming Pool Improvements				
Maintenance and Operations	-	-	-	-
<b>Total Swimming Pool Improvements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Library Department				
Personal Services	2,500	2,500	-	2,500
Maintenance and Operations	14,500	14,500	11,480	3,020
<b>Total Library Department</b>	<b>17,000</b>	<b>17,000</b>	<b>11,480</b>	<b>5,520</b>
Fireman's Fund				
Maintenance and Operations	-	-	6,530	(6,530)
Capital Outlay	-	-	-	-
<b>Total Fireman's Fund</b>	<b>-</b>	<b>-</b>	<b>6,530</b>	<b>(6,530)</b>
<b>Total Charges to Appropriations</b>	<b>1,104,393</b>	<b>1,044,492</b>	<b>814,472</b>	<b>230,020</b>
<b>Ending Budgetary Fund Balance</b>	<b>(122,701)</b>	<b>0</b>	<b>388,144</b>	

Town of Buffalo  
Statement of Revenues, Expenses and Changes in Fund Balance-Cash Basis  
Public Works Authority  
For the Fiscal Year Ending June 30, 2011

**Operating Revenues:**

Charges for Services:	
Sewer Improvement Fund	45,561
Water Improvement Fund	54,434
Miscellaneous Proceeds	

Total Operating Revenues	<u>99,995</u>
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**Operating Expenses:**

Maintenance and Operations	-
Capital Outlay	-

Total Operating Expenses	<u>-</u>
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Operating Income/(Loss)	99,995
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**Non-Operating Revenues/(Expenses):**

Investment Income	292
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Total Non-Operating Revenues/(Expenses)	<u>292</u>
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<b>Net Income(Loss) Before Contributions and Transfers</b>	100,287
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Transfers In/(Out)	<u>-</u>
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<b>Change in Fund Balance</b>	100,287
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<b>Fund Balance-Beginning</b>	<u>94,494</u>
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<b>Fund Balance-Ending</b>	<u><u>194,781</u></u>
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Town of Buffalo  
Statement of Revenues, Expenses and Changes in Fund Balance-Cash Basis  
Golf Course  
For the Fiscal Year Ending June 30, 2011

**Operating Revenues:**

Charges for Services:	
Green Fees	6,534
Dues	15,250
Miscellaneous Income	-

Total Operating Revenues	<u>21,784</u>
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**Operating Expenses:**

Maintenance and Operations	13,912
Depreciation Expense	4,395

Total Operating Expenses	<u>18,306</u>
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Operating Income/(Loss)	3,478
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**Non-Operating Revenues/(Expenses):**

Cart Shed Rental	2,700
Golf Cart Rental	2,603
Investment Income	49

Total Non-Operating Revenues/(Expenses)	<u>5,352</u>
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<b>Net Income(Loss) Before Contributions and Transfers</b>	8,830
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Transfers In/(Out)	<u>-</u>
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<b>Change in Fund Balance</b>	8,830
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<b>Fund Balance-Beginning</b>	<u>20,712</u>
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<b>Fund Balance-Ending</b>	<u><u>29,542</u></u>
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**TOWN OF BUFFALO, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The Town of Buffalo, Oklahoma (Town) is incorporated under provisions of the State of Oklahoma and operates under the Statutory Town Board of Trustees form of government. The Town provides the following services as authorized by Oklahoma constitution: public safety (police and fire protection), street maintenance, utility (sanitation, water, and sewer), health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The financial statements of the Town have been prepared in conformity the cash basis of accounting, which is an comprehensive basis of accounting other than generally accepted accounting principles (GAAP) as applies to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The cash basis of accounting recognized revenues received and expenditures when paid rather than accruing them. In addition the Town has elected to expense capital assets, instead of depreciating them over the useful life. Described below are the more significant government's accounting policies.

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**BASIS OF PRESENTATION - FUND ACCOUNTING**

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

**GOVERNMENTAL FUND TYPES**

**General Fund**

The General Fund is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues in this fund are derived from taxes, fees, and other sources that usually are not designated for any specific purposes. The revenues are used for general ongoing government services such as administration, maintenance, and police and fire protection.

**Special Revenue Funds (Street and Alley Fund, Firemans Fund, Library Grant, Airport Grant and Cemetery Fund)**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund**

The Capital Project Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Non-Expendable Trust Funds). Resources may be derived from a variety of sources, including bond proceeds, loans or grants.

TOWN OF BUFFALO, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS

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NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (cont.)

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BASIS OF PRESENTATION - FUND ACCOUNTING, (cont.)

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**PROPRIETARY FUND TYPES**

**Enterprise Funds (Golf Fund)**

Enterprise Funds are used to account for the acquisition, operation and maintenance of the Town facilities which are financed primarily by user charges. The Enterprise Funds are accounted for similar to activities of the private sector.

**FIDUCIARY FUND TYPES**

**Trust and Agency Funds**

These funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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**FUND EQUITY**

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Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

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**BUDGETARY ACCOUNTING AND CONTROL**

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Budgets as adopted by the Board of Trustees are prepared on a cash basis of accounting which is the same basis used to record actual revenues and expenditures.

All unencumbered budget appropriations lapse at the end of each fiscal year.

The level of control at which expenditures and encumbrances may not legally exceed appropriations is at the object classification level by department within a fund for each legally adopted fiscal operating budget. The object classifications required by the Budget Act include the following: Personal Services, Maintenance and Operations, and Capital Outlay.

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## **INTERFUND TRANSACTIONS**

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

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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## **CASH AND CASH EQUIVALENTS**

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For purposes of the statement of cash flows, the Town considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

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## **RESTRICTED ASSETS**

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Certain assets of the Town are restricted for use for certain payments. The assets consist of cash and short-term investments which are restricted for use as future refunds of utility customer deposits.

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## **COMPENSATED ABSENCES**

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Under Town personnel policies, Town employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation. The Town records vacation and sick leave expenditures only at the time such leave is actually paid.

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## **INVENTORY**

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The Town has adopted the accounting policy of expensing the purchases of inventory items at the time of purchase. Inventory balances are not maintained for unused materials and supplies on hand at the end of the year.

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## **CONTINGENCIES**

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Grants require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of funds to the grantor. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accomplished the objectives of the Town to the provisions of the grant.

**TOWN OF BUFFALO, OKLAHOMA  
NOTES TO FINANCIAL STATEMENT**

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**RESERVES**

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Reserves are recorded to signify that a portion of the fund equity is segregated from future use and is not available for appropriation or expenditure.

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**NOTE B. DEPOSITS, INVESTMENTS AND COLLATERAL**

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A. Oklahoma State Law, Title 62, Section 348.1 allows for investment of funds in the following:

1. Direct obligations of the United States Government to the payment of which the full faith and credit and the Government of the United States or of this state is pledged.
2. Certificates of deposit of savings and loan associations, banks and trust companies when the certificates of deposit are secured by acceptable collateral as in the deposit of other public monies.
3. Savings accounts or savings certificates of savings and loan associations, banks, and trust companies, to the extent that the accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation.

B. According to State Law, Title 62, Section 516.3, collateral to secure deposits of public funds must be:

1. U.S. Treasury bonds, notes or certificates payable by the Treasurer of the United States, issued by an agency of the United States under authority of an Act of Congress where the full faith and credit of the United States is pledged to the payment.
2. State of Oklahoma bonds, notes or certificates payable by the State Treasurer, issued by an agency of the State under authority of an act of the legislature where full faith and credit is pledged to the payment.
3. Bonds issued by any county.
4. Bonds issued by any school district or board of education.
5. Bonds issued by any city or town where ad valorem tax levy is pledged to the payment, with certain restrictions of sinking fund indebtedness of the issuing city or town.
6. A surety bond.

**TOWN OF BUFFALO, OKLAHOMA  
NOTES TO FINANCIAL STATEMENT**

The following is a table of deposits and investments for the Town at June 30, 2011 by risk category and carrying amount/bank balance.

	Risk Category			Carrying Value
	(1)	(2)	(3)	
Cash:				
Demand Deposits	327,042	-	-	327,042
Certificates of Deposits & Savings Accounts	240,845	-	-	240,845

**Risk Categories:**

- Category 1 - Investments that are insured or registered, or securities held by the Town or its agent in the Town's name. Deposits that are insured or collateralized with securities held by the Town or its agent in the Town's name.
- Category 2 - Investments that are uninsured or unregistered with securities held by the counter party's trust department or agent in the Town's name. Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- Category 3 - Investments that are uninsured or unregistered with securities held by the counter party or by its trust department but not in the Town's name. Deposits that are uncollateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Town's name.

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**NOTE C. DEFINED BENEFIT PENSION PLAN**

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The Town of Buffalo provides pension benefits to all regular, full-time employees through a joint contributory, defined benefit plan administered by the Statewide Oklahoma Municipal Retirement Fund, an agent multiple-employer public employee retirement system.

Specific terms of the plan.

1. Normal retirement is age 65 (or age 62 with 30 years, if earlier.)
2. Normal retirement benefit payable at normal retirement age is 2.625% of final average compensation multiplied by the number of years of credited service.

**TOWN OF BUFFALO, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE D. DEFINED BENEFIT PENSION PLAN**

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3. Final average compensation is the average of the five highest consecutive annual salaries out of the last ten calendar years of service.
4. An employee is eligible for a reduced early retirement benefit after attaining age 55 and 10 years of service.
5. The benefits payable on termination of service prior to the completion of 10 years of service will be the return of employee contributions with accrued interest.
6. A surviving spouse benefit will be equal to 50% of the employee's accrued benefit payable for life to the surviving spouse except it would terminate upon remarriage. This benefit is payable only upon completion of 10 years of service.
7. The normal form of payment of benefits is 60 months certain and life thereafter.
8. The employee contributions to the plan are 3.5% of annual compensation.
9. Contributions to the pension plan equaled 8.49% of annual compensation.

The above summary of selected terms of the plan is for information purposes only and is not intended to replace or define the provisions of the plan.

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**NOTE E. RISK MANAGEMENT**

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The Town maintains insurance policies to reduce the risk of loss. Current insurance policies include Workers' Compensation, liability insurance, property damage, and bonds for the Mayor, Clerk, and Treasurer. The Town is not self-insured.