

Town of Burlington
Burlington, Oklahoma

Audit Report
for the year ended June 30, 2015

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Independent Auditor's Report

Town of Burlington
Burlington, Oklahoma

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Burlington, State of Oklahoma, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Unmodified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Burlington, State of 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 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 budgetary comparison information on page 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. I 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's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me 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 Boards (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. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Burlington, State of Oklahoma's, basic financial statements. The schedule of expenditures of 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 federal awards is the responsibility of management and was 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 my opinion, the schedule of expenditures of 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*, I have also issued my report dated November 19, 2015, on my consideration of the Town's internal control over financial reporting and on my 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 my 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.

Linda S. Woodruff, CPA, P.C.

Linda S. Woodruff, CPA, P.C.

Oklahoma City, Oklahoma
November 19, 2015

Town of Burlington
Burlington, Oklahoma

Basic Financial Statements
June 30, 2015

Town of Burlington
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Equivalents	262,189	150,036	\$ 412,225
Investments	64,027	117,972	181,999
Receivables	7,267	47,791	55,058
Due from Other Governmental Agencies	-	-	-
Other assets	952	852	1,804
Capital Assets			
Land, improvements, and construction in progress	-	10,960	10,960
Infrastructure and infrastructure in progress, net of depreciation	-	-	-
Buildings, net of depreciation	-	-	-
Equipment and Furniture, net of depreciation	84,896	454,877	539,773
Less: Accumulated Depreciation	(3,286)	(207,826)	(211,112)
Total Capital Assets	<u>81,610</u>	<u>258,011</u>	<u>339,621</u>
Total Assets	<u>416,045</u>	<u>574,662</u>	<u>990,707</u>
DEFERRED OUTFLOWS OF RESOURCES			
Total deferred outflows	1,589	-	1,589
Total Asset and Deferred Outflows	<u>417,634</u>	<u>574,662</u>	<u>992,296</u>
LIABILITIES			
Accounts payable and accrued expenses	-	828	828
Due to other governmental agencies	-	-	-
Deferred Revenues	-	-	-
Long-term liabilities			
Due within one year			
Accrued interest	-	-	-
Compensated Absences	-	3,422	3,422
Due in more than one year			
Accrued interest	-	-	-
Compensated absences	-	-	-
Meter Deposit Payable	-	3,575	3,575
Total liabilities	<u>-</u>	<u>7,825</u>	<u>7,825</u>
DEFERRED INFLOWS OF RESOURCES			
Total deferred inflows	3,998	-	3,998
NET POSITION			
Invested in capital assets, net of related debt	81,610	258,011	339,621
Restricted for:			
Other projects	-	10,600	10,600
Unrestricted	<u>336,024</u>	<u>298,226</u>	<u>634,250</u>
Total net position	<u>\$ 413,636</u>	<u>\$ 566,837</u>	<u>\$ 980,473</u>

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

Town of Burlington
Statement of Activities and Changes in Net Position
for the Year Ended June 30, 2015

	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Functions/Programs						
Primary government						
Governmental Activities						
General Government	\$ 7,241	\$ 4,484	\$ (2,757)	\$ -	\$ (2,757)	
Public Safety	31,961	-	(5,261)	-	(5,261)	
Street and Alley	-	-	3,317	-	3,317	
Health, Welfare and Sanitation	-	-	-	-	-	
Culture and Recreation	-	-	-	-	-	
Education	-	-	-	-	-	
Depreciation	3,286	-	(3,286)	-	(3,286)	
Total governmental activities	42,488	4,484	(7,987)	-	(7,987)	
Business-type activities:						
Utility Collections	429,937	10,185	-	14,420	14,420	
Other Business-type Activities	-	-	-	-	-	
Total business-type activities	429,937	10,185	-	14,420	14,420	
Total primary government	472,425	14,669	(7,987)	14,420	6,433	
General revenues:						
Taxes:						
Property taxes, levied for general purposes			\$ -	\$ -	\$ -	
Property taxes, levied for debt service			-	-	-	
Franchise taxes			997	-	997	
Public service taxes			55,310	-	55,310	
Grants and contributions not restricted to specific programs			-	-	-	
Unrestricted investment earnings			473	1,850	2,323	
Miscellaneous			-	7,941	7,941	
Special item - gain on sale of asset			-	-	-	
Transfers			(13,982)	14,453	471	
Total general revenues, special items, and transfers			42,798	24,244	67,042	
Change in net position			34,811	38,664	73,475	
Net position - beginning			378,825	528,173	906,998	
Net position - ending			\$ 413,636	\$ 566,837	\$ 980,473	

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

Town of Burlington
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General Fund</u>	<u>Street and Alley Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 255,230	\$ 6,959	\$ 262,189
Investments	64,027	-	64,027
Taxes receivable, net	7,267	-	7,267
Due from other funds	-	-	-
Receivable from other governments	-	-	-
Other receivables	-	-	-
Prepaid expenses	952	-	952
Total assets	<u>327,476</u>	<u>6,959</u>	<u>334,435</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	-
Due to other funds	-	-	-
Payable to other governments	-	-	-
Deferred revenue	-	-	-
Other accrued expenses	-	-	-
Other payables	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted for:			
Debt service	-	-	-
Other purposes	0	-	-
Unassigned	327,476	6,959	334,435
Total fund balances	<u>327,476</u>	<u>6,959</u>	<u>334,435</u>
Total liabilities and fund balances	<u>\$ 327,476</u>	<u>\$ 6,959</u>	<u>\$ 334,435</u>

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

Town of Burlington
 Reconciliation of the Governmental Funds Balance Sheet to the
 Government-Wide Statement of Net Position
 June 30, 2015

Total fund balance, governmental funds	\$	334,435
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		81,610
<p>Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		-
Net Pension Asset		1,589
Net Pension Liability		(3,998)
Net Assets of Governmental Activities in the Statement of Net Position		413,636

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

Town of Burlington
Statement of Revenues, Expenditures, & Changes in Fund Balances
Governmental Funds
for the Year Ended June 30, 2015

	General Fund	Street and Alley Fund	Total Governmental Funds
REVENUES			
Franchise taxes	\$ 997	\$ -	\$ 997
Sales and miscellaneous taxes	53,829	1,481	55,310
Beverage Tax	3,317	-	3,317
Licenses and permits	-	-	-
Charges for services	-	-	-
Investment earnings	473	-	473
Miscellaneous	-	-	-
Fire proceeds	26,700	-	26,700
Fire grant	4,484	-	4,484
Total revenues	89,800	1,481	91,281
EXPENDITURES			
Current:			
General government	7,241	-	7,241
Public Safety	31,961	-	31,961
Public Works	-	-	-
Health and sanitation	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Other expenditure 1	-	-	-
Other expenditure 2	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital Outlay	7,441	-	7,441
Total Expenditures	46,643	-	46,643
Excess (deficiency) of revenues over expenditures	43,157	1,481	44,638
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt, net	-	-	-
Proceeds from capital leases	-	-	-
Other source	-	-	-
Other use	-	-	-
Transfers in	-	-	-
Transfers out	(13,982)	-	(13,982)
Total other financing sources and uses	(13,982)	-	(13,982)
SPECIAL ITEM			
Net change in fund balances	29,175	1,481	30,656
Fund balances - beginning	277,048	5,803	282,851
Fund balances - ending	\$ 327,476	\$ 6,959	\$ 334,435

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

Town of Burlington
Reconciliation of the Statement of Revenues, Expenditures, & Changes in Fund Balance to the
Government-Wide Statement of Activities and Changes in Net Position
for the Year Ended June 30, 2015

Net change in fund balances - total governmental funds:	\$	30,656
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$7,441 exceeded depreciation \$3,286 in the current period.		4,155
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Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest not reflected on Governmental funds		-
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Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and information technology, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Change in net assets of governmental activities	\$	34,811
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The accompanying notes are an integral part of the basic financial statements.

Town of Burlington
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds	
	Public Works	Total
ASSETS		
Current assets:		
Cash and cash equivalents	150,035	\$ 150,035
Cash-restricted	1	1
Investments	117,972	117,972
Accounts Receivable, net	47,791	47,791
Deferred charges	-	-
Due from other funds	-	-
Prepaid Expenses	852	852
Total current assets	316,651	316,651
Non-current assets:		
Capital Assets:		
Land and improvements	10,960	10,960
Infrastructure	-	-
Buildings	-	-
Equipment and Furniture	454,877	454,877
Less Accumulated depreciation	(207,826)	(207,826)
Total non-current assets	258,011	258,011
Total assets	574,662	574,662
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows		
LIABILITIES		
Current Liabilities:		
Accounts payable	828	828
Salaries payable	-	-
Accrued interest payable	-	-
Due to other funds	-	-
Payable to other governments	-	-
Refundable deposits	3,575	3,575
Deferred revenue	-	-
Compensated absences	3,422	3,422
Capital lease obligation	-	-
Claims and judgments	-	-
Bonds, notes and loans payable	-	-
Total current liabilities	7,825	7,825
Non-current liabilities:		
Compensated absences	-	-
Capital lease obligation	-	-
Claims and judgments	-	-
Bonds, notes and loans payable	-	-
Total non-current liabilities	-	-
Total liabilities	7,825	7,825
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows		
NET POSITION		
Invested in capital assets, net of related debt	-	-
Restricted for debt service	-	-
Restricted for other purposes	10,600	10,600
Restricted for capital projects	-	-
Unrestricted	556,237	556,237
Total net position	\$ 566,837	\$ 566,837

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

Town of Burlington
Statement of Revenues, Expenses, & Changes in Fund Net Position
Proprietary Funds
for the Year Ended June 30, 2015

	Enterprise Funds	
	Public Works	Total
REVENUES		
Charges for services	\$ 434,172	\$ 434,172
Miscellaneous	7,941	7,941
Total operating revenues	<u>442,113</u>	<u>442,113</u>
OPERATING EXPENSES		
Personal services	82,201	82,201
Contractual services	-	-
Utilities	2,322	2,322
Repairs and maintenance	43,668	43,668
Other supplies and expenses	262,268	262,268
Insurance claims and expenses	18,227	18,227
Depreciation	21,251	21,251
Total Operating Expenses	<u>429,937</u>	<u>429,937</u>
Operating income (loss)	<u>12,176</u>	<u>12,176</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenue	1,850	1,850
Miscellaneous revenue	-	-
Operating grants and contributions	10,185	10,185
Interest expense	-	-
Miscellaneous expenses	-	-
Total non-operating revenue (expenses)	<u>12,035</u>	<u>12,035</u>
Income (loss) before contributions and transfers	24,211	24,211
Capital contributions	-	-
Transfers in	14,453	14,453
Transfers out	-	-
Change in net position	<u>38,664</u>	<u>38,664</u>
Total net position - beginning	528,173	528,173
Total net position - ending	<u>\$ 566,837</u>	<u>\$ 566,837</u>

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

Town of Burlington
Statement of Cash Flows-Proprietary Funds
June 30, 2015

Cash Received from Customers & Service Users	\$	431,011
Cash Payments for Goods & Services		(407,463)
Net Cash Provided by Operating Activities		23,548
 Cash Flows from Noncapital Financing Activities		
Operating Transfers In/(Out) to Other Funds		14,453
Prior Period Adjustment		(21,428)
Net Cash Provided (Used) for Noncapital Financing Activities		(6,975)
 Cash Flows from Capital and Related Financing Activities		
Purchase of Fixed Assets		(28,073)
Net Cash Provided (Used) for Capital and Related Financing Activities		(28,073)
 Cash Flows from Investing Activities		
Interest Income		1,850
Patronage Dividend		-
Donations		10,185
Net Cash Provided by investing Activities		12,035
 Net Increase (Decrease) in Cash & Cash Equivalents		 535
 Cash and Cash Equivalents - Beginning of Year		 267,473
 Cash and Cash Equivalents - End of Year	 \$	 268,008
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$	12,176
 Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation		21,251
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable		(11,102)
(Increase) Decrease in Prepaid Expenses		943
Increase (Decrease) in Payroll Taxes Payable		-
Increase (Decrease) in Meter Deposits		(500)
Increase (Decrease) in Compensated Absenses		758
Increase (Decrease) in Accounts Payable		22
Total Adjustments		11,372
 Net Cash Provided by Operating Activities	 \$	 23,548

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

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

1. Summary of Significant Account Policies

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

A. Reporting Entity

The Town of Burlington, Oklahoma was organized under the statutes of the State of Oklahoma. The Town provides the following services as authorized by its charter: general government, public safety (fire), streets, and public works (electric, gas, water, sewer, and refuse).

As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the Town and its component units, entities for which the Town 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:

In evaluating how to define the Town of Burlington, Oklahoma, for financial reporting purposes, management has considered all potential component units in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity. The basic—but not only—criterion for including potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities.

Component units may be presented as either a blended component unit or a discretely presented component unit. A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit's funds are blended into those of the Town by appropriate fund type to constitute the primary government presentation. A discretely presented component in it is a separate legal entity that meets the component unit criteria but does not meet the criteria for blending.

The Town has no blended component units.

The Burlington Public Works Authority (the Authority) was created to finance, operate, construct and administer any public works, improvements or facilities for the benefit of the Town of Burlington, Oklahoma. The Authority operates the electric, water, natural gas, sanitation, and sewer services for the Town of Burlington. The authority is exempt from State and Federal income taxes. The Authority is reported as an enterprise fund.

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

1. Summary of Significant Account Policies -- Continued

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

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

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

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

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

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies – Continued

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

Governmental Funds – are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means 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 un-matured interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Sales taxes collected and held by the state 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 general 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 funds of the Town that are considered non-major funds include:

Special Revenue Funds - account for revenue sources that are legally restricted to expenditures for specific purposes (not including capital projects). The following is the Town's Special Revenue Fund: Street and Alley.

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. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 20 the Town has elected to only apply Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) and Accounting Research Board (ARB) materials issued on or before November 30, 1989 that do not conflict with GASB. Proprietary funds are classified as enterprise.

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies – Continued

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

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 that 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 Burlington Public Works Authority is accounted for as an enterprise fund. The following are the Town's major enterprise funds:

Burlington Public Works Authority – accounts for the operations of providing public works (electric, gas, water, sewer and sanitation) to the Town.

There are no enterprise funds of the Town that are considered a non-major fund.

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 do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

The Town does not have a fiduciary 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.

2. Restricted Cash and Investments

There are no restricted cash and investments in the governmental funds. Street and Alley funds are co-mingled with the general fund but separated by bookkeeping entries.

Restricted cash and investments of the enterprise funds consists of customer meter deposits.

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies – Continued

C. Assets, Liabilities and Equity – Continued

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 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. 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 such inventories are recorded as expenditures when purchased rather than when consumed.

7. Capital Assets and Infrastructure

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 assets 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 assets and in the respective funds.

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 does not maintain a capitalization threshold. The Town's infrastructure consists of roads, bridges, 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.

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies – Continued

C. Assets, Liabilities and Equity -- Continued

7. Capital Assets and Infrastructure – Continued

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 on the straight-line method with estimated useful lives as follows:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	100 years	40 years
Furniture, Fixtures & Equipment	5 - 40 years	5 - 40 years
Land Improvements	40 years	40 years
Vehicles	5 - 40 years	5 - 40 years

8. Long-term Obligations

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. 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.

9. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation time. Full-time and part time regular employees who have been employed continuously for at least 12 months are granted vacations benefits in varying amounts to specified maximums depending on tenure with the Town. The expense and related liability for vested vacation benefits and compensatory time is recorded in the respective funds of the Town or component unit.

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies – Continued

C. Assets, Liabilities and Equity – Continued

10. Net Position/Fund Balance

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, 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 their 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 amounts 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.

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.

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

1. Summary of Significant Accounting Policies – Continued

C. Assets, Liabilities and Equity – Continued

11. Net Assets

It is 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. Detailed Notes Concerning the Funds

A. Deposits and Investments

Custodial Credit Risk

At June 30, 2015, the Town held deposits of approximately \$594,224 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.
- 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.

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

2. Detailed Notes Concerning the Funds

A. Deposits and Investments

- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

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

Type	Credit Rating	Market Value	Cost
Investments			
Certificate of deposit	N/A	\$ 181,999	\$ 181,999
Total investments		\$ 181,999	\$ 181,999
<u>Reconciliation to Statement of Net Assets</u>			
			\$ 64,027
			117,972
			\$ 181,999

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 of credit risk: 100% in Certificates of deposit (\$181,999).

B. Restricted Cash and Investments

Other restricted cash includes \$1 in cash held for grant writing and \$6,959 for street and alley funds.

C. Uncollectible Accounts

Accounts receivable in the financial statements are reflected net of allowances. The Town's estimates of uncollectible accounts receivable is based on a review of past due listing by management. At June 30, 2015, the estimated uncollectible amounts from utility customers was zero.

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

2. Detailed Notes Concerning the Funds – Continued

D. Capital Assets

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

Governmental Activities	Balance 6/30/14	Additions	Disposals	Balance 6/30/15
Business-Type Activities				
Non-Depreciable Assets				
Land	\$ 10,960	\$ -	\$ -	\$ 10,960
Total Non-Depreciable Assets	<u>10,960</u>	<u>-</u>	<u>-</u>	<u>10,960</u>
Depreciable Assets				
Buildings	100,108	-	-	100,108
Office Equipment	5,230	-	-	5,230
Equipment	115,285	28,073	-	143,358
Utility Plant	171,183	-	-	171,183
Lagoons	34,998	-	-	34,998
Total Depreciable Assets	<u>426,804</u>	<u>28,073</u>	<u>-</u>	<u>454,877</u>
Less Accumulated Depreciation				
Total Accumulated Depreciation	<u>(186,573)</u>	<u>(21,253)</u>	<u>-</u>	<u>(207,826)</u>
Net Depreciable Assets	<u>240,231</u>	<u>6,820</u>	<u>-</u>	<u>247,051</u>
Net Business-Type Activities Capital Assets	<u>\$ 251,191</u>	<u>\$ 6,820</u>	<u>\$ -</u>	<u>\$ 258,011</u>

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

E. Prepaid Expense

At June 30, 2015, the Town had \$1,804 in prepaid insurance.

F. Inter-fund Receivables and Payables

At year-end, there were no inter-fund receivables or payables.

G. Long-term Debt

The Town had no debt at June 30, 2015.

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

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; unemployment; and natural disasters. The Town purchases commercial insurance for protection against loss other than health, life, and workers compensation. Settled claims have not exceeded the commercial coverage during 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 any and 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. The Town is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A Loss Fund has been established from the proceeds of fees paid by the Town. 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. However, failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

B. Contingent Liabilities

At times, the Town is a defendant in legal actions arising from normal governmental activities. Although most of such actions are covered by insurance, certain actions might have some degree of exposure to the Town. The outcome of these lawsuits is not presently determinable, and it is not known if the resolution of these matters will have a material adverse effect on the financial condition of the Town. The Town's potential liability in the litigation is limited by the Governmental Tort Claims Act.

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 grant or cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Town of Burlington
Burlington, Oklahoma

Notes to the Basic Financial Statements
for the Year Ended June 30, 2015

4. Other Information – Continued

C. Employee Retirement Plans

Firefighters' Pension Plan

Plan Description – The Town of Burlington, 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.

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 Town were \$960 (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.

4. OTHER INFORMATION (Continued)

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

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the Town reported a liability of \$26,414 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 Town's proportion of the net pension liability was based on the Town's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information the Town's proportion was 0.0026%.

For the year ended June 30, 2015, the Town recognized pension expense of \$2.372. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 629	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,998
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	960	-
Total	<u>\$ 1,589</u>	<u>\$ 3,998</u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all 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:

4. OTHER INFORMATION (Continued)

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

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

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

Sensitivity of the 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% Increase (8.5%)	1% Decrease (6.5%)	Current Discount 1% Rate (7.5%)
Employers’ net pension liability (asset)		
\$34,913	\$26,737	\$19,882

E. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

Town of Burlington
Burlington, Oklahoma

Required Supplemental Information
June 30, 2015

Town of Burlington
Budget and Actual (with Variances)
General Fund
for the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Franchise taxes	\$ 850	\$ 850	\$ 997	\$ 147
Sales and miscellaneous taxes	10,000	10,000	53,829	43,829
Fees and fines	-	-	-	-
Alcohol beverage taxes	2,500	2,500	3,317	817
Licenses and permits	-	-	-	-
Fire grants	-	-	4,484	4,484
Fire proceeds	15,000	15,000	26,700	11,700
Charges for services	-	-	-	-
Investment earnings	-	-	473	473
Miscellaneous	-	-	-	-
Total revenues	<u>28,350</u>	<u>28,350</u>	<u>89,800</u>	<u>61,450</u>
EXPENDITURES				
Current:				
General government	21,000	21,000	14,682	6,318
Public Safety	26,000	26,000	31,961	(5,961)
Highways and roads	-	-	-	-
Health and sanitation	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>47,000</u>	<u>47,000</u>	<u>46,643</u>	<u>357</u>
Excess (deficiency) of revenues over expenditures	<u>(18,650)</u>	<u>(18,650)</u>	<u>43,157</u>	<u>61,807</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(13,982)	13,982
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(13,982)</u>	<u>13,982</u>
SPECIAL ITEM				
Proceeds from sale capital assets	-	-	-	-
Net change in fund balances	<u>(18,650)</u>	<u>(18,650)</u>	<u>29,175</u>	<u>47,825</u>
Net Position - beginning	<u>206,262</u>	<u>206,262</u>	<u>206,262</u>	<u>-</u>
Net Position - ending	<u>\$ 187,612</u>	<u>\$ 187,612</u>	<u>\$ 235,437</u>	<u>\$ 47,825</u>

The Notes to Required Supplemental Information are an Integral Part of this Statement.

**Town of Burlington
Burlington, Oklahoma
Notes on Required Supplemental Information
for the fiscal 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 funds and internal service fund adopt budgets on the non-GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principle payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements.

Prior to July 1, the Mayor (an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Councilmen (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 Town 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.

**Schedule of the Town of Burlington'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	0.0026%
Town's proportionate share of the net pension liability	\$ 26,414
Town's covered-employee payroll	\$ 0
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 4
Schedule of Town Contributions
Oklahoma Firefighters Pension & Retirement System
Last 10 Fiscal Years**

	2014
Statutorily required contribution	\$ 960
Contributions in relation to the statutorily required contribution	960
Contribution deficiency (excess)	\$ -
Town's covered-employee payroll	\$ 0
Contributions as a percentage of covered-employee payroll	0%

Notes to Schedule:

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

Town of Burlington
Burlington, Oklahoma

Supplemental Information
June 30, 2015

Town of Burlington
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	Special Revenue	Total
	Street & Alley Fund	Non-Major Governmental Funds
Assets		
Cash in Bank (Note 3A)	\$ 6,959	\$ 6,959
Investments	-	-
Total Assets	6,959	6,959
Liabilities		
Due to Other Funds	-	-
Accounts Payable	-	-
Total Liabilities	-	-
Fund Balances		
Reserved	-	-
Unreserved	6,959	6,959
Total Fund Balances	6,959	6,959
Total Liabilities and Fund Balances	\$ 6,959	\$ 6,959

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

Town of Burlington
Combining Balance Sheet
Combining State of Revenues, Expenditures, &
Changes in Fund Balance – Non-Major Governmental Funds
for the Year Ended June 30, 2015

	Special Revenue	Total
	Street & Alley Fund	Non-Major Governmental Funds
Revenues		
Motor Vehicle Taxes	\$ 1,481	\$ 1,481
Total Revenues	1,481	1,481
Expenditures		
General Government	-	-
Highways & Roads	-	-
Public Safety	-	-
Parks & Recreation	-	-
Cemetery	-	-
Grant Expense	-	-
Total Expenditures	-	-
Excess of Revenues Over(Under)		
Expenditures	1,481	1,481
Other Financing Uses		
Operating Transfers In(Out)	-	-
Excess of Revenues Over(Under)		
Expenditures & Transfers	1,481	1,481
Fund Balance -		
Beginning of Year	5,803	5,803
Fund Balance - End of Year	\$ 7,284	\$ 7,284

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

Town of Burlington
Burlington, Oklahoma

Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2015

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Program or Award Amount</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>
(none)			
<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>Program or Award Amount</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>
Oklahoma Department of Agriculture (Fire)	\$ 4,484	\$ 4,484	\$ 4,484

Note A – Basis of Presentation

This schedule includes the federal grant activity of the Town of Burlington and is presented on the cash basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of the basic financial statements.

Note B – Presentation

This schedule is incomplete since the formal grant title and number has been omitted.

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

Town of Burlington
Burlington, Oklahoma

Report Required by *Government Auditing Standards*
June 30, 2015

A Professional Corporation

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*

Town of Burlington
Burlington, Oklahoma

I 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Burlington, State of Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Town of Burlington, State of Oklahoma's, basic financial statements and have issued my report thereon dated November 19, 2015. The Town did not present the Management Discussion and Analysis required by the Governmental Accounting Standards Board.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Town of Burlington, State of Oklahoma's, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Burlington, State of Oklahoma's, internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Burlington, State of Oklahoma's, internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be *material weaknesses* or *significant deficiencies* and therefore, *material weaknesses* or *significant deficiencies* may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses.

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.

I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 2015-01

Compliance and Other Matters

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

Town of Burlington, State of Oklahoma's, Response to Findings

Town of Burlington, State of Oklahoma's, response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Town of Burlington, State of Oklahoma's, response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Linda S. Woodruff, CPA, P.C.

Linda S Woodruff CPA, PC

Oklahoma City, Oklahoma
November 19, 2015

**Town of Burlington
Burlington, Oklahoma**

Schedule of Findings & Responses

2015-01 Internal Control – Segregation of Duties

Condition: An adequate internal control structure does not exist because of the small size of the entity nor is there adequate segregation of duties.

Criteria: Internal controls should be in place that provides reasonable assurance that any one individual does not have control over several of the financial functions of the Town.

Effect: Because of the inadequate segregation of duties, an opportunity exists for an employee to alter record keeping.

Recommendation: I recommend that the Town strive to implement more segregation of duties where possible and utilize compensating procedures where applicable.

Response: Management agrees with the recommendation, but economic cost could exceed the benefit.