

**TOWN OF FORT SUPPLY, OKLAHOMA  
FORT SUPPLY, OKLAHOMA**

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

**FOR THE YEAR ENDED  
JUNE 30, 2014**

**TOWN OF FORT SUPPLY, OKLAHOMA**  
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**For the fiscal year ended JUNE 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Town Board  
Town of Fort Supply, Oklahoma

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

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Town of Fort Supply, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Town of Fort Supply, Oklahoma, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–11 and 38–39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, on our consideration of the Town of Fort Supply, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Fort Supply, Oklahoma's internal control over financial reporting and compliance

FSW&B CPAs-PLLC

FSW&B CPA's-PLLC  
Woodward, Oklahoma  
January 30, 2015

**TOWN OF FORT SUPPLY, OKLAHOMA**

LIST OF PRINCIPAL OFFICIALS

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TOWN COUNCIL

Mike Lowden, Mayor

Phillip Burkhalter

Donna McCaslin

Donald Pettey

June Wilson

Our discussion and analysis of the Town of Fort Supply's ("Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. The Town's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This discussion focuses on the Town's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the Town's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$379,806 (net position) for the fiscal year reported. This compares favorably to prior year net position of \$297,380, an increase of 46%.
- The Town's governmental funds reported total ending fund balance of \$56,104 this year. This compared to the prior year ending fund balance of \$27,114, showing an increase of \$31,551.
- During the fiscal year, the Town completed significant improvements to the water system infrastructure funded through grants and operational revenues. The improvements totaled over \$160,000 for the Town.
- The Town maintained compliance with budget regulations established by the Oklahoma Municipal Budget Act.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

The Town's financial reporting entity includes the funds of the Town (primary government) and organization for which the Town is accountable (component units). More comprehensive information about the Town's component units can be found in footnotes.

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

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

The Town has two kinds of funds:

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

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

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

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

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

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

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

### ***Other information***

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

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

Changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole. The Town's net assets at fiscal yearend were \$379,806. This is a \$241,713 increase over last year's net assets of \$138,093. The following table provides a summary of the Town's net assets at June 30:

	Governmental Activities		Business-Type Activities		Totals		Change	
	2014	2013	2014	2013	2014	2013	\$	%
Current assets	\$ 63,048	\$ 45,231	\$ 152,601	\$ 54,804	\$ 215,649	\$ 100,035	\$ 115,614	116%
Capital assets, net	-	-	202,741	84,048	202,741	84,048	118,693	141%
<b>Total assets</b>	<b>\$ 63,048</b>	<b>\$ 45,231</b>	<b>\$ 355,342</b>	<b>\$ 138,852</b>	<b>\$ 418,390</b>	<b>\$ 184,083</b>	<b>\$ 234,307</b>	<b>127%</b>
Current liabilities	\$ 6,944	\$ 16,241	\$ 9,240	\$ 8,906	\$ 16,184	\$ 25,147	\$ (8,963)	-36%
Non-current liabilities	-	-	22,400	20,843	22,400	20,843	1,557	7%
<b>Total liabilities</b>	<b>6,944</b>	<b>16,241</b>	<b>31,640</b>	<b>29,749</b>	<b>38,584</b>	<b>45,990</b>	<b>(7,406)</b>	<b>-16%</b>
Net position								
Invested in capital assets, net of related debt	-	-	202,741	84,048	202,741	84,048	118,693	141%
Unrestricted	56,104	28,990	120,961	25,055	177,065	54,045	123,020	228%
<b>Total net position</b>	<b>\$ 56,104</b>	<b>\$ 28,990</b>	<b>\$ 323,702</b>	<b>\$ 109,103</b>	<b>\$ 379,806</b>	<b>\$ 138,093</b>	<b>\$ 241,713</b>	<b>175%</b>

The Town reported positive balances in net assets for both governmental and business-type activities. Net assets increased \$27,114 or 49% for governmental activities and \$214,599 or 197% for business-type activities. The Town's overall financial position improved 175% during fiscal year 2014.

	Governmental Activities		Business-type Activities		Totals		Change	
	2014	2013	2014	2013	2014	2013	\$	%
<b>Revenues</b>								
Program revenues	\$ 14,255	\$ 13,917	\$ 708,087	\$ 493,421	\$ 722,342	\$ 507,338	\$ 215,004	42%
Taxes and other general revenues	36,687	61,018	1,814	1,637	38,501	62,655	(24,154)	-39%
<b>Total revenues</b>	<b>50,942</b>	<b>74,935</b>	<b>709,901</b>	<b>495,058</b>	<b>760,843</b>	<b>569,993</b>	<b>190,850</b>	<b>33%</b>
<b>Expenses</b>								
General government	105,671	107,425	-	-	105,671	107,425	(1,754)	-2%
Fire	10,834	10,115	-	-	10,834	10,115	719	7%
Street	2,799	2,325	-	-	2,799	2,325	474	20%
Community building	953	315	-	-	953	315	638	203%
Electric	-	-	194,539	176,171	194,539	176,171	18,368	10%
Water	-	-	138,578	128,417	138,578	128,417	10,161	8%
Sanitation	-	-	28,511	25,293	28,511	25,293	3,218	13%
Customer service	-	-	37,245	8,052	37,245	8,052	29,193	363%
<b>Total expenses</b>	<b>120,257</b>	<b>120,180</b>	<b>398,873</b>	<b>337,933</b>	<b>519,130</b>	<b>458,113</b>	<b>61,017</b>	<b>13%</b>
Excess (deficiency) before transfers	(69,315)	(45,245)	311,028	157,125	241,713	111,880	129,833	116%
Transfers	96,429	175,450	(96,429)	(175,450)	-	-	-	0%
<b>Increase (decrease) in net position</b>	<b>\$ 27,114</b>	<b>\$ 130,205</b>	<b>\$ 214,599</b>	<b>\$ (18,325)</b>	<b>\$ 241,713</b>	<b>\$ 111,880</b>	<b>\$ 129,833</b>	<b>116%</b>

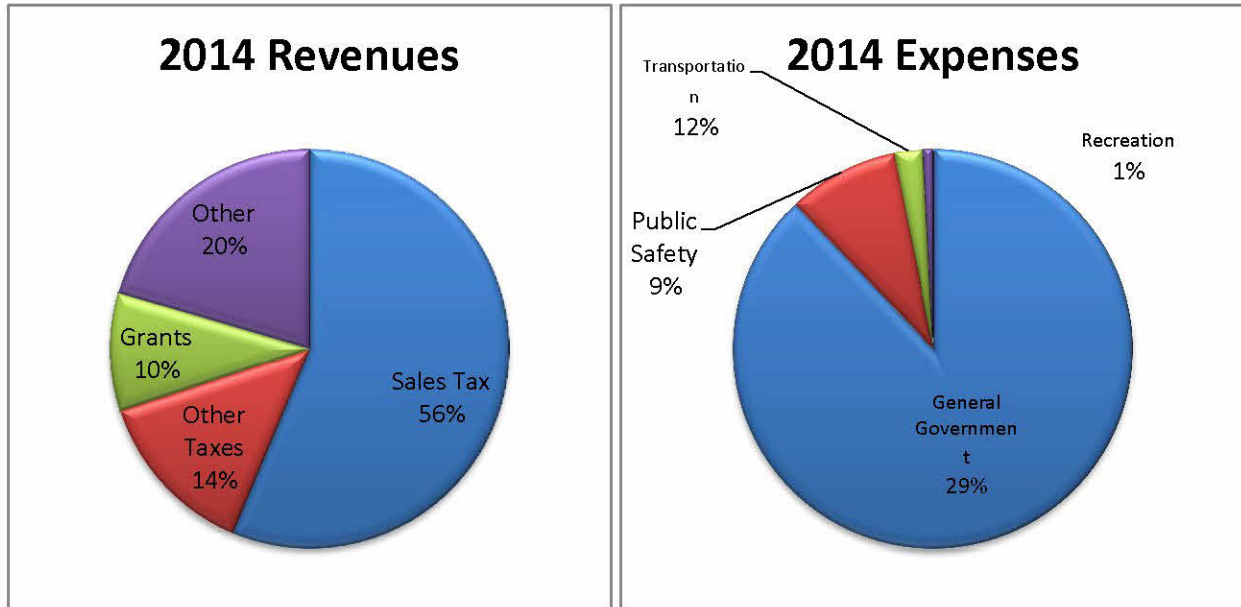
Revenues noted an increase of \$190,850 or 33% year over year. The majority of this increase is \$157,000 attributable to grant revenues used to fund water structure improvements. Additionally, the Town noted increase in utility revenues resulting from an increase in demand coupled with an increase in rates. Governmental funds noted a decrease in revenues due to declining sales tax receipts.

Operating expenses increased 13% when compared to prior year. The Electric department noted an increase in purchased electricity, resulting from the increase in demand noted above. Additionally, Customer Service noted an increase in cost based upon the rising cost of supplies and services noted throughout the state in addition to payroll and benefits provided to employees.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the Town's activities for fiscal year 2014.

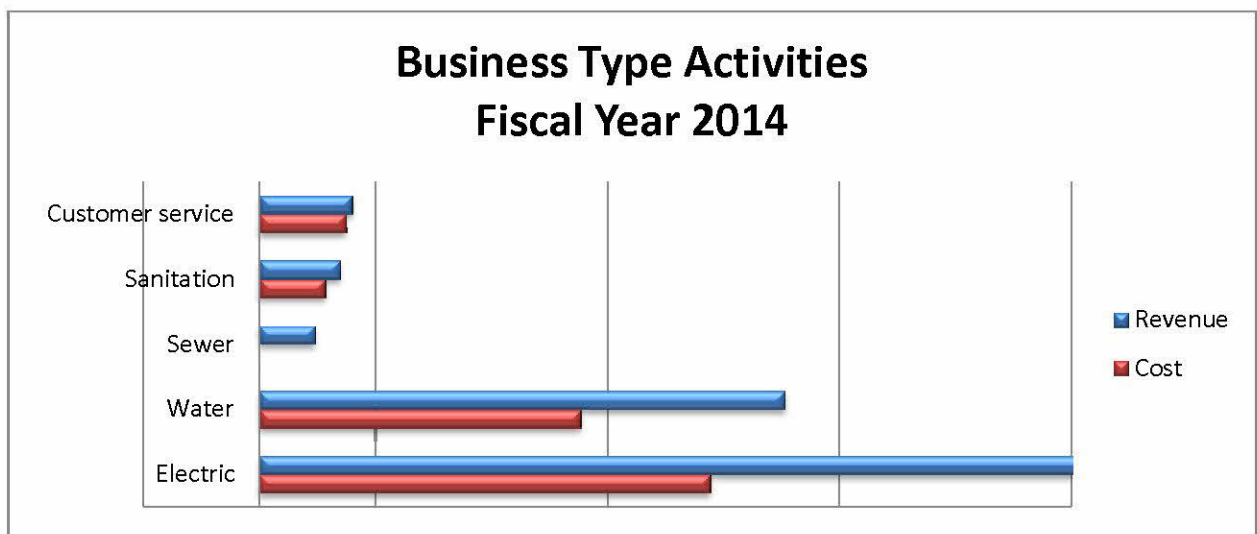


**Governmental Activities**



Sales tax provided for 56% of the Town's governmental revenues in fiscal year 2014. These sales tax dollars were used to fund general government operations, at 29% the largest operating service cost.

**Business-type Activities**



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

**General Fund Budgetary Highlights**

The original adopted General Fund budget for fiscal year 2014 was \$107,850 compared to \$141,750 in fiscal year 2013. Council approved budget amendments during the fiscal year increasing the budget by \$27,050, for a final amended budget of \$134,900, prior to transfers. The General Fund budget complied with financial policies approved by the Town.

## **CAPITAL ASSETS**

### **Capital Assets**

At the end of June 30, 2014, the Town had \$202,741 invested in capital assets, net of depreciation, including water utility service infrastructure. During the fiscal year, the Town added over \$165,000 in improvements to the water system for the citizens.

## **ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES**

Tax revenues for the Town are budgeted at a conservative 90%. If collected consistent with FY14, that will generate an additional \$3,350 in income. Based upon the historic trends, sales tax is declining. The budget includes attorney fees to explore options for enhancing that sales tax revenue.

An increase in General Fund expenses in the general government department are budgeted with an increase over prior year due to the inclusion of the cost of a full financial statement audit.

Water and Trash revenues are budgeted with a 3% increase which is a pass through from our provider. This increase is a pass through of cost from the service provider.

Electrical expenses include \$7,500 for the cost of insurance on the Town's infrastructure. This is an estimate; no quote has been obtained.

The Town has been approved for \$105,000 REAP grant to be used toward Phase III of the Water Project. The cost of the project, provided by Cardinal Engineering, is \$105,000. The grant and related expense is included in the budget.

Phase IV of the water project is under discussion by the Board. Cardinal Engineering is estimating an additional \$200,000 will be required for that phase. It has not been bid. Funding options are being considered by the Town. No expense or related grant revenues are included in the FY15 budget as proposed.

Capital improvements for the Town are budgeted at \$125,00 to include a hydraulic lift for the snow plow, community building flooring upgrade, water meter replacement, and continued work on the water infrastructure.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Town Hall at PO Box 156, Fort Supply, Oklahoma, 73841 or phone at (580) 766-3211.

**Town of Fort Supply, Oklahoma**  
**Statement of Net Position**  
**June 30, 2014**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current Assets:			
Cash and cash equivalents	\$ 38,677	\$ 71,159	\$ 109,836
Accounts receivable (net)	2,055	62,679	64,734
Due from other funds	7,500	(7,500)	-
Total current assets	<u>48,232</u>	<u>126,338</u>	<u>174,570</u>
Restricted assets:			
Cash and cash equivalents	11,467	26,263	37,730
Investments, including time deposits	3,349	-	3,349
Total restricted assets	<u>14,816</u>	<u>26,263</u>	<u>41,079</u>
Noncurrent Assets:			
Other capital assets (net of accumulated depreciation)	-	202,741	202,741
Total noncurrent assets	<u>-</u>	<u>202,741</u>	<u>202,741</u>
<b>Total assets</b>	<b>\$ 63,048</b>	<b>\$ 355,342</b>	<b>\$ 418,390</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 4,522	\$ 7,688	\$ 12,210
Salary and benefits payable	2,422	-	2,422
Sales tax payable	-	1,552	1,552
Total current liabilities	<u>6,944</u>	<u>9,240</u>	<u>16,184</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	22,400	22,400
Total liabilities payable from restricted assets	<u>-</u>	<u>22,400</u>	<u>22,400</u>
<b>Total liabilities</b>	<b>6,944</b>	<b>31,640</b>	<b>38,584</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	-	202,741	202,741
Unrestricted	56,104	120,961	177,065
<b>Total net position</b>	<b>\$ 56,104</b>	<b>\$ 323,702</b>	<b>\$ 379,806</b>

**Town of Fort Supply, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 105,671	\$ 425	\$ -	\$ -	\$ (105,246)
Fire	10,834	-	8,618	4,774	2,558
Street	2,799	-	438	-	(2,361)
Community building	953	-	-	-	(953)
<b>Total governmental activities</b>	<b>\$ 120,257</b>	<b>\$ 425</b>	<b>\$ 9,056</b>	<b>\$ 4,774</b>	<b>\$ (106,002)</b>
Business-type activities:					
Utility services:					
Electric	\$ 194,539	\$ 382,730	\$ -	\$ -	\$ 188,191
Water	138,578	69,479	-	157,180	88,081
Sewer	-	24,019	-	-	24,019
Sanitation	28,511	34,659	-	-	6,148
Customer service	37,245	-	40,020	-	2,775
<b>Total business-type activities</b>	<b>398,873</b>	<b>510,887</b>	<b>40,020</b>	<b>157,180</b>	<b>309,214</b>
<b>Total primary government</b>	<b>\$ 519,130</b>	<b>\$ 511,312</b>	<b>\$ 49,076</b>	<b>\$ 161,954</b>	<b>\$ 203,212</b>

**Town of Fort Supply, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2014**

<b>Changes in Net Assets:</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (106,002)	\$ 309,214	\$ 203,212
General revenues:			
Taxes:			
Sales tax	27,978	-	27,978
Franchise taxes	3,290	-	3,290
Alcoholic beverage tax	3,742	-	3,742
Cigarette tax	331	-	331
Investment income	38	188	226
Penalties	-	5,167	5,167
Miscellaneous	1,308	(3,541)	(2,233)
Transfers - Internal activity, net	96,429	(96,429)	-
Total general revenues and transfers	133,116	(94,615)	38,501
 <b>Change in net position</b>	 27,114	 214,599	 241,713
 <b>Net position-beginning</b>	 28,990	 109,103	 138,093
<b>Net position-ending</b>	\$ 56,104	\$ 323,702	\$ 379,806

Town of Fort Supply, Oklahoma  
Balance Sheet  
Governmental Funds  
June 30, 2014

	General Fund	Street & Alley Fund	Cemetery Fund	Total Governmental Fund
<b>ASSETS</b>				
Cash	\$ 38,677	\$ 4,358	\$ 7,109	\$ 50,144
Investments, including time deposits	-	-	3,349	3,349
Taxes receivable	2,055	-	-	2,055
Due from other funds	7,500	-	-	7,500
Total assets	<u>\$ 48,232</u>	<u>\$ 4,358</u>	<u>\$ 10,458</u>	<u>\$ 63,048</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,522	\$ -	\$ -	\$ 4,522
Salaries and benefits payable	2,422	-	-	2,422
Total liabilities	<u>6,944</u>	<u>-</u>	<u>-</u>	<u>6,944</u>
<b>FUND BALANCES</b>				
Committed	-	-	10,458	10,458
Assigned	24,293	4,358	-	28,651
Unassigned	16,995	-	-	16,995
Total fund balances	<u>41,288</u>	<u>4,358</u>	<u>10,458</u>	<u>56,104</u>
Total liabilities and fund balances	<u>\$ 48,232</u>	<u>\$ 4,358</u>	<u>\$ 10,458</u>	<u>\$ 63,048</u>

Total fund balance- total governmental funds 56,104

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

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

Capital assets	\$ 171,677	
Less: Accumulated depreciation	<u>(171,677)</u>	<u>-</u>

Net assets of governmental activities \$ 56,104

**Town of Fort Supply, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2014**

	General Fund	Street & Alley Fund	Cemetery Fund	Total Governmental Fund
<b><u>REVENUES</u></b>				
Sales tax	\$ 27,978	\$ -	\$ -	27,978
Beverage tax	3,129	613	-	3,742
Franchise taxes	3,290	-	-	3,290
Cigarette tax	331	-	-	331
Motor vehicle tax	-	438	-	438
Licenses and permits	225	-	-	225
Charges for services	-	-	200	200
Intergovernmental	4,774	-	-	4,774
Donations	8,618	-	-	8,618
Miscellaneous	1,308	-	-	1,308
Investment income	13	6	19	38
Total revenues	49,666	1,057	219	50,942
<b><u>EXPENDITURES</u></b>				
General government	105,671	-	-	105,671
Fire	10,834	-	-	10,834
Street	-	2,799	-	2,799
Community Building	953	-	-	953
Total expenditures	117,458	2,799	-	120,257
Excess (deficiency) of revenues over expenditures	(67,792)	(1,742)	219	(69,315)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	157,180	661	4,598	162,439
Transfers out	(66,010)	-	-	(66,010)
Total other financing sources and uses	91,170	661	4,598	96,429
Net change in fund balances	23,378	(1,081)	4,817	27,114
Fund balances - beginning	17,910	5,439	5,641	28,990
Fund balances - ending	\$ 41,288	\$ 4,358	\$ 10,458	\$ 56,104

**Town of Fort Supply, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<b>Business-type Activities</b>
	<b>Public Works Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 71,159
Accounts receivable (net)	62,679
Total current assets	133,838
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	26,263
Total restricted assets	26,263
Noncurrent assets:	
Capital assets (net)	202,741
Total noncurrent assets	202,741
<b>Total assets</b>	<b>\$ 362,842</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 7,688
Sales tax payable	1,552
Due to other funds	7,500
Total current liabilities	16,740
Liabilities payable from restricted assets:	
Customer deposits payable	22,400
Total liabilities payable from restricted assets	22,400
<b>Total liabilities</b>	<b>39,140</b>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	202,741
Unrestricted	120,961
<b>Total net position</b>	<b>\$ 323,702</b>



**Town of Fort Supply, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2014**

	<b>Business-type Activities</b>
	<b>Public Works Authority</b>
<b><u>Operating revenues:</u></b>	
Charges for services:	
Electric charges	\$ 382,730
Water charges	69,479
Sewer charges	24,019
Sanitation charges	34,659
Penalties	5,167
Consumer fee	40,020
Total charges for services	556,074
Miscellaneous	5,866
Total operating revenues	561,940
 <b><u>Operating expenses:</u></b>	
Cost of goods sold	280,496
Personal services	59,165
Materials and supplies	18,374
Other services and charges	28,008
Depreciation and amortization	12,831
Total operating expenses	398,874
Net operating income	163,066
 <b><u>Nonoperating revenue (expense):</u></b>	
Investment income	188
Grant income	157,180
Bad debt	(9,406)
Total nonoperating revenue/(expense)	147,962
<b>Net income before contributions and transfers</b>	311,028
Transfers from other funds	60,751
Transfers to other funds	(157,180)
 <b>Change in net position</b>	 214,599
Net position-beginning of year	109,103
Net position-end of year	\$ 323,702

**Town of Fort Supply, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2014**

	<b>Business-type Activities</b>
	<b>Public Works Authority</b>
<b><u>Cash flows from operating activities:</u></b>	
Receipts from customers/patients	\$ 543,792
Payments to suppliers	(319,190)
Payments to employees	(59,165)
Other operating revenues	5,866
<b>Net cash provided (used) by operating activities</b>	<b>171,303</b>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Transfers from other funds	60,751
Transfers to other funds	(157,180)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(96,429)</b>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Purchase of capital assets	(167,731)
Grant receipts for capital project	157,180
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(10,551)</b>
<b><u>Cash flows from investing activities:</u></b>	
Investment income	188
<b>Net cash provided (used) by investing activities</b>	<b>188</b>
Net increase (decrease) in cash and cash equivalents	64,511
Cash and cash equivalents, July 1, 2013	32,911
Cash & cash equivalents, June 30, 2014	\$ 97,422
Cash, including time deposits	\$ 71,159
Restricted cash, including time deposits	26,263
Total cash and cash equivalents, end of year	\$ 97,422
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 163,066
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	12,831
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(12,282)
Increase (decrease) in accounts payable	7,688
Total adjustments	8,237
<b>Net cash provided (used) by operating activities</b>	<b>\$ 171,303</b>

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

**A. Organization**

The Town of Fort Supply, Oklahoma (the "Town") is incorporated under the provisions of the State of Oklahoma per Executive Department Proclamation on January 6, 1902. The Town operates under the Statutory Town Board of Trustees form of government. The Town provides the following services: fire protection, street maintenance, utility (sanitation, water, sewer, and electric) service, public improvements, municipal cemetery, and general administrative services.

***The Reporting Entity***

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

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

**Blended Component Units Reported with Primary Government**

Fort Supply Public Works Authority (the "Authority") – was created under provision of the Oklahoma Statutes by a Declaration of the Trust. The Town has beneficial interest and the trustees of the Town serve as Trustees of the Authority. Town employees carry on the activities of the Authority. The Authority provides electric, water, sewer, and trash services to the citizens of Fort Supply. Accounts of the Authority are recorded in business-type activities.

**B. Basis of Presentation**

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

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

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

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or utility services.

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

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The Town does not have any fiduciary funds.

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

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

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the Town's component units also

report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

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

***Restricted Assets***

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

***Use of Estimates***

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

***Interfund Balances***

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

***Date of Management's Review***

Subsequent events were evaluated through January 30, 2015, which is the date the financial statements were available to be issued.

**C. Fund Types and Major Funds**

**Major Governmental Funds**

***General Fund***

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

***Special Revenue Funds***

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

<b>FUND</b>	<b>BRIEF DESCRIPTION</b>
Street and Alley	Accounts for commercial vehicle tax and gasoline excise tax legally restricted for street and alley repairs and maintenance.
Cemetery	Accounts for 12 1/2% of cemetery revenue restricted by State law for cemetery capital improvements. The Town elects to record all cemetery revenues within this fund.

**Major Proprietary Funds**

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

**D. Budgets and Budgetary Accounting**

***Budget Policy and Practice***

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

***Budgetary Control***

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

***Budget Basis of Accounting***

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

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

**E. Assets, Liabilities and Equity**

***Cash and Investments***

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

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

***Allowance for Uncollectible Accounts***

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

***Property, Plant and Equipment***

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

***Government-Wide Statements:***

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

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

- |                                    |             |
|------------------------------------|-------------|
| • Buildings                        | 25-50 years |
| • Other improvements               | 2-50 years  |
| • Machinery, furniture & equipment | 5-20 years  |
| • Infrastructure                   | 25-50 years |

***Fund Financial Statements:***

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

**Equity Classifications**

***Governmental Fund Balances***

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

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

**Nonspendable**

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

**Restricted**

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

**Committed**

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

**Assigned**

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

**Unassigned**

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

***Net Position***

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

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

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net assets**

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

**F. Revenues, Expenditures and Expenses**

***Sales Tax***

The Town levied a 3% sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue within the general fund. There are no restrictions on the use of the sales tax proceeds.

***Charges for Services***

Program revenues reported with governmental activities include charges for services such as permits and fees. Business-type activity charges for services include all operating income of proprietary funds.

**Grants and Contributions**

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

Business-type activity grants and contributions include grants from Federal and/or state agencies.

***Interfund Transfers***

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

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

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

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

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

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

**B. Budget Requirements**

For the year ended June 30, 2014, the Town did not materially overspend in any department-level category.

**C. Revenue Restrictions**

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

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

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

**A. Cash and Investments**

**Deposits**

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

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

**Investments**

The Town holds one certificate of deposit restricted to the Cemetery Fund in the amount of \$3,349. The Town has no other investments.

**TOWN OF FORT SUPPLY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**B. PROPERTY, PLANT AND EQUIPMENT**

**Governmental Activities:**

A summary of the changes in the governmental activities fixed assets at June 30, 2014 follows:

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
Buildings & structures	\$ 171,677	\$ -	\$ -	\$ 171,677
Total	171,677	-	-	171,677
Less accumulated depreciation	171,677	-	-	171,677
Fixed assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Business-Type Activities:**

A summary of the proprietary fund types fixed assets at June 30, 2014 follows:

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
<b>Fort Supply Public Works Authority</b>				
Building & structures	\$ 266,997	\$ -	\$ -	\$ 266,997
Machinery, furniture, & equipment	22,650	-	-	22,650
Water system improvements	-	167,731	-	167,731
Total	289,647	167,731	-	457,378
Less accumulated depreciation	241,805	12,832	-	254,637
Fixed assets, net	<u>\$ 47,842</u>	<u>\$ 154,899</u>	<u>\$ -</u>	<u>\$ 202,741</u>

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

Depreciation expense was charged to the water department.

**C. INTERFUND TRANSACTIONS AND BALANCES**

Operating transfers for the year ended June 30, 2014 were as follows:

<u>Operating Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>GENERAL FUND:</b>		
Street & Alley	\$ -	\$ 661
Cemetery	-	4,598
Public Works Authority	157,180	60,751
<b>STREET &amp; ALLEY FUND:</b>		
General Fund	661	-
<b>CEMETERY FUND:</b>		
General Fund	4,598	-
<b>ENTERPRISE FUND: Public Works</b>		
General Fund	60,751	157,180
<b>Grand Total</b>	<u>\$ 223,190</u>	<u>\$ 223,190</u>



**(4) RETIREMENT PLANS**

The Town participates in the following retirement plans:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Public Employees Retirement System	Agent Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

**A. Oklahoma Public Employees Retirement System**

**Plan Description**

The Town's full-time employees participate in a defined benefit plan adopted by the Town and administered by the Oklahoma Public Employees Retirement System, ("OPERS"), which was established to administer retirement plans for municipal employees. The Town contributes 14% of the employee's gross wages. The employee is responsible for 4% of their retirement contribution.

**B. Oklahoma Firefighter's Pension and Retirement Systems**

**Plan Description**

The Town participates in a statewide, cost-sharing, multiple-employer defined benefit plans on behalf of volunteer firefighters. The table below is a summary of eligibility factors contribution methods, and benefit provisions. The Town of Fort Supply is supported by a voluntary force of firefighters.

These two systems are administered by agencies of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations as necessary.

	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Eligibility to participate	All full-time or voluntary firefighters of a participating municipality hired before age 45.
Authority establishing contribution obligations and benefits	State Statute
Plan member's contribution rate	0% of covered payroll
Town's contribution rate	\$60 per year, per firefighter (volunteer)
Period required to vest	10 years
Benefits and eligibility for distribution (full time)	NA
Benefits and eligibility for distribution (volunteer)	20 years credited service equal to \$7.53 per month per year of service, with a maximum of 30 years considered.
Deferred retirement option	Yes, 20 years credited service with continued service for 30 or more years.

Employer contribution rates are determined by Oklahoma State Statute and administered by agencies of the State. The Town made required contributions of \$1,200 to the Oklahoma Firefighter Pension and Retirement for the year ended June 30, 2014.

Copies of the actuarial reports may be obtained from the respective state retirement systems; Oklahoma Firefighter Pension and Retirement System at 4545 N. Lincoln Blvd. Suite 265, Oklahoma City, OK 73105.

(5) **COMMITMENTS AND CONTINGENCIES**

A. **Litigation**

The Town is a party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a Town "Sinking Fund" for the payment of any court assessed judgment rendered against the Town.

B. **Grant Program Involvement**

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

**Town of Fort Supply, Oklahoma**  
**General Fund**  
**Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2014**

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>					
Sales tax	\$ 30,700	\$ (4,000)	\$ 26,700	\$ 30,033	\$ 3,333
Tobacco tax	430	-	430	331	(99)
Alcohol beverage tax	3,000	50	3,050	3,129	79
Gasoline excise tax	500	500	1,000	438	(562)
Franchise tax	1,450	1,800	3,250	3,290	40
Licenses and permits	500	-	500	225	(275)
Grants	4,400	75	4,475	4,774	299
Donations	-	8,540	8,540	8,618	78
Other Revenue	2,500	-	2,500	1,142	(1,358)
Total revenues before carryover	<u>43,480</u>	<u>6,965</u>	<u>50,445</u>	<u>51,980</u>	<u>1,535</u>
<b>EXPENDITURES</b>					
Current:					
General government					
Personal services	31,000	-	31,000	45,546	(14,546)
Materials & supplies	5,000	1,500	6,500	10,277	(3,777)
Other services & charges	60,000	18,500	78,500	49,848	28,652
Total general government	<u>96,000</u>	<u>20,000</u>	<u>116,000</u>	<u>105,671</u>	<u>10,329</u>
Fire					
Materials & supplies	4,750	6,500	11,250	10,834	416
Total fire department	<u>4,750</u>	<u>6,500</u>	<u>11,250</u>	<u>10,834</u>	<u>416</u>
Street					
Materials & supplies	500	2,500	3,000	2,799	201
Capital outlay	6,000	(2,500)	3,500	-	3,500
Total street department	<u>6,500</u>	<u>-</u>	<u>6,500</u>	<u>2,799</u>	<u>3,701</u>
Cemetery					
Materials & supplies	250	(100)	150	-	150
Total cemetery department	<u>250</u>	<u>(100)</u>	<u>150</u>	<u>-</u>	<u>150</u>
Community Building					
Materials & supplies	350	650	1,000	953	47
Total community building	<u>350</u>	<u>650</u>	<u>1,000</u>	<u>953</u>	<u>47</u>
Total expenditures	<u>107,850</u>	<u>27,050</u>	<u>134,900</u>	<u>120,257</u>	<u>14,643</u>
Revenue over (under) expenditures	(64,370)	(20,085)	(84,455)	(68,277)	(13,108)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	65,000	11,000	76,000	91,170	15,170
Net other financing sources (uses)	<u>65,000</u>	<u>11,000</u>	<u>76,000</u>	<u>91,170</u>	<u>15,170</u>
Revenues and other financing sources over (under) expenditures and other uses	630	(9,085)	(8,455)	22,893	2,062
Fund balance at beginning of year (Non-GAAP budgetary basis)			12,500	24,212	137,216
Fund balance at end of year (Non-GAAP budgetary basis)			\$ 4,045	\$ 47,105	<u>\$ 139,278</u>
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				2,055	
Expenditure and transfer accruals				6,944	
Fund balance at end of year (GAAP basis)				<u>\$ 56,104</u>	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.



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

To the Town Board  
Town of Fort Supply, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of Town of Fort Supply, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Fort Supply, Oklahoma's basic financial statements, and have issued our report thereon dated January 30, 2015.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FSW&B CPA's-PLLC

FSW&B CPA's-PLLC  
Woodward, Oklahoma  
January 30, 2015