

TOWN OF VIAN, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Audited By:
Robert St. Pierre CPA, PC
1113 North Second St
Stilwell Ok 74960
TOWN OF Vian, OKLAHOMA
June 30, 2015

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INDEPENDENT

AUDITOR'S

REPORTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Trustees
Town of Vian, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vian, 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

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vian, Oklahoma, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Town of Vian has not presented the management discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements. Our opinion is not affected by the omission of the MD&A.

Other Information

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we do not express an opinion or provide any assurance on the information because the limited procedures do not provide the auditor with sufficient evidence to express an opinion.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated January 14, 2015 on my consideration of the Town of Vian, Oklahoma's internal control over financial reporting and 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Robert St. Pierre, CPA
January 14, 2015

GOVERNMENT WIDE

FINANCIAL

STATEMENTS

TOWN OF VIAN
Government Wide Statement
Statement of Net Assets
JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 418,611	\$ 433,141	\$ 851,752
Certificates of Deposit	-	75,000	75,000
Receivables			
Taxes	47,224	-	47,224
Trade Accounts	42,643	34,111	76,754
Restricted Checking Account (Note 4)	73,267	32,516	105,783
TOTAL CURRENT ASSETS	581,745	574,768	1,156,513
NONCURRENT ASSETS:			
Capital Assets:			
Land	5,800	-	5,800
Automobiles and Trucks	686,788	28,074	714,862
Buildings	473,184	-	473,184
Equipment	226,626	49,044	275,670
Streets and Infrastructure	346,863	-	346,863
Sewer and Water Systems	-	4,689,203	4,689,203
Total Capital Assets	1,739,261	4,766,321	6,505,582
Less Accumulated Depreciation	(1,124,407)	(1,076,391)	(2,200,798)
TOTAL NONCURRENT ASSETS	614,854	3,689,930	4,304,784
DEFERRED OUTFLOWS	19,745	15,310	35,055
TOTAL ASSETS	1,216,344	4,280,008	5,496,352
LIABILITIES:			
CURRENT LIABILITIES			
Accounts Payable	19,948	11,157	31,105
Note Payable Current Portion	-	113,335	113,335
Payable from Restricted Assets			
Customer Meter Deposits	-	72,179	72,179
TOTAL CURRENT LIABILITIES	19,948	196,671	216,619
NONCURRENT LIABILITIES			
Notes Payable Non-Current	-	1,747,452	1,747,452
TOTAL NONCURRENT LIABILITIES	-	1,747,452	1,747,452
DEFERRED INFLOWS	8,563	3,280	11,843
TOTAL LIABILITIES	28,511	1,947,403	1,975,914
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	614,854	1,829,143	2,443,997
Restricted	323,215	142,600	465,815
Unrestricted	249,764	360,862	610,626
TOTAL NET ASSETS	\$ 1,187,833	\$ 2,332,605	\$ 3,520,438

**TOWN OF VIAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
	EXPENSES	CAPITAL		GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS			
GOVERNMENTAL ACTIVITIES						
General Government	\$ 114,723	\$ 3,266	\$ 4,000	\$ (107,457)	\$ -	\$ (107,457)
City Clerk	47,135	-	-	(47,135)	-	(47,135)
Police	209,360	-	-	(209,360)	-	(209,360)
Fire	32,846	-	-	(32,846)	-	(32,846)
Parks	36,178	-	-	(36,178)	-	(36,178)
Sanitation	97,015	165,531	-	68,516	-	68,516
Nutrition	7,591	-	-	(7,591)	-	(7,591)
Street	87,679	-	-	(87,679)	-	(87,679)
Town Supervisor	24,806	-	-	(24,806)	-	(24,806)
Code Enforcement	344	-	-	(344)	-	(344)
Special Sales Tax	-	-	-	-	-	-
Court	25,479	-	-	(25,479)	-	(25,479)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 683,156	\$ 168,797	\$ 4,000	\$ (510,359)	\$ -	\$ (510,359)
BUSINESS-TYPE ACTIVITIES						
Water and Sewer	561,062	500,412	12,496	-	(48,154)	\$ (48,154)
TOTAL BUSINESS-TYPE ACTIVITIES	561,062	500,412	12,496	-	(48,154)	(48,154)
TOTAL	\$ 1,244,218	\$ 669,209	\$ 16,496			

GENERAL REVENUES:

Sales and use tax	430,193	-	430,193
Gas tax	2,638	-	2,638
Commercial Vehicle Tax	21,565	-	21,565
Franchise Tax	45,716	-	45,716
Alcoholic Beverage Tax	17	(1)	16
Fines	167,543	-	167,543
Miscellaneous	18,531	-	18,531
TRANSFERS Note 5	(116,738)	116,738	-
TOTAL GENERAL REVENUES AND TRANSFERS	569,465	116,737	686,202
CHANGE IN NET ASSETS	59,106	68,583	127,689
NET ASSETS BEGINNING OF YEAR RESTATED	1,128,727	2,264,022	3,392,749
NET ASSETS END OF YEAR	\$ 1,187,833	\$ 2,332,605	\$ 3,520,438

GOVERNMENTAL FUND

FINANCIAL

STATEMENTS

**TOWN OF VIAN
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	GENERAL	SPECIAL SALES TAX	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and Cash Equivalents	\$ 208,287	\$ -	\$ 210,322	\$ 418,609
Receivables				
Taxes Receivable	37,600	9,624	-	47,224
Other	12,643	-	30,000	42,643
Restricted Cash (Note 4)		73,268		
TOTAL ASSETS	258,530	82,892	240,322	508,476
-				
LIABILITIES & FUND BALANCES				
LIABILITIES				
Accounts Payable	19,948		-	19,948
TOTAL LIABILITIES	19,948	-	-	19,948
FUND BALANCES				
Resevered	-	82,892	240,322	323,214
Unreserved	238,582	-	-	238,582
TOTAL FUND BALANCES	238,582	82,892	240,322	561,796
TOTAL LIABILITIES & FUND BALANCES	\$ 258,530	\$ 82,892	\$ 240,322	\$ 581,744

TOWN OF VIAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General	Special Sales Tax	Court	Government Funds
Revenues				
Sales Taxes	330,651	99,543	-	430,194
Franchise Taxes	45,716	-	-	45,716
Alcoholic Beverage Tax	15	-	-	15
Interest	1,582	123	-	1,705
Grants	4,000	-	-	4,000
Other	16,824	-	-	16,824
Gas Excise Tax	2,638	-	-	2,638
Commercial Vehicle Tax	21,565	-	-	21,565
Donations	-	-	-	-
Fines	-	-	167,543	167,543
Charges for Services	168,797	-	-	168,797
	-	-	-	-
TOTAL REVENUES	591,788	99,666	167,543	858,997
Expenditures				
General Government	110,490	-	-	110,490
City Clerk	48,174	-	-	48,174
Police	197,425	-	-	197,425
Fire	15,842	-	-	15,842
Parks	35,482	-	-	35,482
Sanitation	79,075	-	-	79,075
Nutrition	4,454	-	-	4,454
Street	76,363	-	-	76,363
Town Supervisor	25,981	-	-	25,981
Code Enforcement	341	-	-	341
Special Sales Tax	-	-	-	-
Court	-	-	25,479	25,479
	-	-	-	-
Total Expenditures	593,627	-	25,479	619,106
Excess (Deficiency) of Revenues Over Expenditures	(1,839)	99,666	142,064	239,891
Other Financing Sources And (Uses)				
Transfers In	50,000	-	-	50,000
Grants	-	-	-	-
Transfers Out	-	(116,738)	(50,000)	(166,738)
Total Other Financing Sources And (Uses)	50,000	(116,738)	(50,000)	(116,738)
Net Change in Fund Balances	48,161	(17,072)	92,064	123,153
Fund Balances--Beginning	190,421	99,964	148,258	438,643
Fund Balances--Ending	238,582	82,892	240,322	561,796

TOWN OF VIAN
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
FOR THE YEAR ENDED JUNE 30, 2015

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 123,153
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Amounts reported for governmental *activities* in the statement of activities are different because:

Capital outlays are reported in governmental funds expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$-0- is less than depreciation expense of \$ 62,762 during the period.	(64,762)
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Pension Expenses Not Reported in Fund Financial Statements	(8,752)
Pension Offsets Due to Deferred Pension	9,466

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>59,105</u>
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**TOWN OF VIAN
STATEMENT OF NET ASSETS
VIAN PUBLIC WORKS AUTHORITY
PROPRIETARY FUNDS
JUNE 30, 2015**

ASSETS:

CURRENT ASSETS

Cash and Cash Equivalents	\$ 433,141
Certificate of Deposit	75,000
Restricted Cash	32,516
Receivables	<u>34,111</u>

TOTAL CURRENT ASSETS 574,768

CAPITAL ASSETS

Water and Sewer Systems	4,721,578
Automobiles and Equipment	44,743
Construction in Progress	-
Less Accumulated Depreciation	<u>(1,076,391)</u>

NET CAPITAL ASSETS 3,689,930

DEFERRED PENSION OUTFLOWS 15,310

TOTAL ASSETS 4,280,008

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	11,157
Current Portion of Long Term Debt	<u>113,335</u>

TOTAL CURRENT LIABILITIES 124,492

NONCURRENT LIABILITIES

Customer Meter Deposits	72,179
Long Term Debt	<u>1,747,452</u>

TOTAL NONCURRENT LAIBILITIES 1,819,631

DEFERRED INFLOW LIABILITY 3,281

TOTAL LIABILITIES 1,947,404

NET ASSETS

Invested in Capital Assets, Net of Related Debt	1,829,143
Restricted	142,600
Unrestricted	<u>360,861</u>

TOTAL NET ASSETS \$ 2,332,604

TOTAL LIABILITIES AND NET ASSETS 4,280,008

TOWN OF VIAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
VIAN PUBLIC WORKS AUTHORITY
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES		
Charges for services	\$ 500,025	
Miscellaneous	387	
TOTAL OPERATING REVENUES		<u>\$ 500,412</u>
OPERATING EXPENSES		
Water Purchased	\$ 105,331	
Supplies	24,698	
Office Expense	5,173	
Salaries and related expenses	155,980	
Professional Fees	30,326	
Lab Test	6,231	
Insurance	9,543	
Utilities and Telephone	25,997	
Dues	1,903	
Other Expenses	46,825	
Repairs and Maintenance	2,680	
Depreciation	117,044	
TOTAL OPERATING EXPENSES		<u>531,731</u>
OPERATING INCOME		(31,319)
NON-OPERATING REVENUE (EXPENSES)		
Grant Revenue	12,496	
Interest Income	746	
Interest Expense	(30,078)	
TOTAL NON-OPERATING REVENUE (EXPENSES)		<u>(16,836)</u>
NET INCOME BEFORE OPERATING TRANSFERS		(48,155)
TRANSFERS		
Transfers In		116,737
Transfers Out		-
CHANGE IN NET ASSETS		68,582
BEGINNING OF YEAR NET ASSETS		<u>2,264,022</u>
END OF YEAR NET ASSETS		<u>\$ 2,332,604</u>

**TOWN OF VIAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
VIAN PUBLIC WORKS AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2015**

CASH FLOWS FROM OPERATIONS		
Cash Received from Customers	\$ 500,412	
Cash Payments from Suppliers	(275,005)	
Cash Payments to Employees	<u>(155,980)</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		69,427
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant Income	-	
Transfers In Net of Transfers Out	<u>-</u>	
NET CASH USED FOR NONCAPITAL FINANCING ACTIVITIES		-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Investment in Fixed Assets	(168,117)	
Proceeds from Long Term Debt	72,796	
Retirement of Long Term Debt	(80,818)	
Interest Expense	<u>(30,077)</u>	
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES		(206,216)
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers	129,234	
Interest Income	745	
Pension Adjustments	<u>(3,987)</u>	
NET CASH PROVIDED BY INVESTING ACTIVITIES		<u>125,992</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(10,797)
CASH AND CASH EQUIVALENTS - Beginning of Year		<u>551,454</u>
CASH AND CASH EQUIVALENTS - End of Year		<u><u>540,657</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	(31,319)	
Adjustments:		
Depreciation	117,044	
Net change in Assets and Liabilities		
Accounts Receivable	2,498	
Accounts Payable	(23,331)	
Payroll Taxes Payable	(542)	
Customer Deposits Payable	4,345	
Other Adjustments	<u>732</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 69,427</u>	

**FINANCIAL
STATEMENT
NOTES**

**TOWN OF VIAN
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

Footnotes to the Basic Financial Statements

1. Reporting Entity

The Town of Vian, Oklahoma is incorporated and operates under a statutory town form of government as directed by Title 11 of the Oklahoma statutes. The duties of the mayor are set forth in Title 11 and the Town is governed by five Trustees each representing a ward within the Town. Major operations include police and fire protection, parks and recreation, public works, sanitation and streets, and general administrative services.

The financial statements of the Town have been prepared in accordance with Generally Accepted Accounting Principals (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accompanying financial statements present the Town and its component unit (Vian Public Works Authority), an entity for which the government is considered financially accountable. A blended component unit, although a legally separate entity, is in substance, part of the government's operations and so data from this unit is included as part of the reporting entity. The Town's council members are the board of directors for the Vian Public Works Authority, they set the budget, and approve all significant management issues. Separate financial statements of the Authority are not issued.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements are information about the reporting government as a whole. For the most part, the effect of inter-fund activity has been removed from these statements. These statements focus on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Franchise taxes, sales taxes, other taxes, charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

The special revenue funds account for revenue sources that are legally restricted to expenditures. Special revenue funds consist of the Special Sales Tax Fund.

The Town reports the following major proprietary fund:

The public works authority is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the Council 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; (b) where the Council has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The public works authority of the Town of Vian, Oklahoma, consists of one fund - the water and sewer department.

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others and consists of the agency fund. The agency fund is custodial in nature and does not present results of operations or have a measurement focus. The Town of Vain did not maintain any agency funds.

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

Cash balances from all funds are pooled and invested to the extent available in certificates of deposit. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Management has not established an allowance for uncollectible accounts receivable. Accounts are written off as bad debt expense when it is deemed that they are uncollectible. The allowance for doubtful accounts was considered immaterial for reporting purposes.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance are repairs that do not add to the value or capacity of the asset or materiality extend assets lives are not capitalized.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	Class Life
Buildings	40
Vehicles	5
Equipment	7
Infrastructure	40

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term inter-fund loans are classified as "due to/from other funds." short-term inter-fund receivables and payables at year end are planned to be eliminated in the subsequent year. Long-term inter-fund loans are classified as "advances to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Compensated Absences

Employee's vacation and holiday leave does not vest or accumulate and sick leave is not normally paid without an illness related absence; therefore, no accruals for compensated absences have been reflected in the accompanying financial statements.

NOTE (2) BUDGETARY ACCOUNTING

The Town uses the following procedures in establishing the budgetary data reflected in the financial statements:

- a. The mayor submits to the Town Council a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted by the Town to obtain taxpayer comments.
- c. The Town Council adopts the budget.
- d. The City Clerk, with approval is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Revenues shall be classified separately by source. Expenditures shall be departmentalized within each fund and shall be classified into at least the following accounts: Personal services, materials and supplies, other services and charges, capital outlays, and debt service, and transfers.

The Town prepares an annual operating budget for its General Fund, Special Revenue Funds, and Proprietary Funds.

The Town prepares its budget on the same basis of accounting as is used to prepare its non-budgetary financial statements.

NOTE (3) BANK DEPOSITS

The Town's bank account balances are as follows:

	Book Value	Bank Carrying Value
TOWN OF VIAN	418,611	418,611
VIAN PUBLIC WORKS AUTHORITY	540,657	540,657
TOTAL CASH	<u>959,268</u>	<u>959,268</u>

At June 30th 2015, the Town's bank account were insured by FDIC insurance.

NOTE (4) RESTRICTED ASSETS - CASH

Restricted cash represents amounts maintained in separate bank accounts for the purpose of segregating funds. Restricted cash consisted of the following:

	Balance
Meter Deposit Accounts PWA	<u>32,516</u>
Speical Sales Tax Fund Town	73,267
TOTAL CASH	<u>105,783</u>

NOTE (5) INTER-FUND BALANCES AND TRANSFERS

Inter-fund Transfers

	Transfers In	Transfers Out
Governmental Funds		
General	50,000	-
Special Revenue	-	116,738
Court		50,000
Public Works Authority	116,738	-
Totals	<u>166,738</u>	<u>166,738</u>

Throughout the course of the year, the Town has to make occasional inter-fund transfers. The transfers are usually approved so that the fund receiving the money can continue to operate. Major transfers for the fiscal year ended June 30, 2015, consisted of transfers of sales tax to pay for debt service and fixes assets purchased with grant funds and used in the public works authority.

NOTE (6) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Town and Vian Public Works Authority to credit risk consist primarily of the accounts receivable of Vian Public Works Authority. Vian Public Works Authority sells primarily to citizens in and around Vian, Oklahoma.

NOTE (7) RISK MANAGEMENT

The Town is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance along with policies through Oklahoma Municipal Assurance Group for risk loss.

There has been no significant reduction in the Town's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Town's coverage in any of the prior three fiscal years.

NOTE (8) LONG TERM DEBT

Vian Public Works Authority

Payable to	Date Note Matures	Collateral Pledged	Rate of Interest	Balance At 6/30/2015	Current Portion Due in One Year	Interest Due in One Year
OWRB	2/15/2018	Revenues / Assets	0.76%	217,942	71,726	1,540
OWRB	8/15/1943	Revenues / Assets	1.72%	1,642,845	41,609	26,289
				<u>1,860,787</u>	<u>113,335</u>	<u>27,829</u>

The total future scheduled maturities of long-term debt are as follows:

Years ending June 30, :

	PRINCIPAL	INTEREST
2017	115,090	28,753
2018	117,087	27,366
2019	44,496	26,179
2020	45,503	25,399
2021	46,444	24,669
2022-2026	248,861	110,457
2027-2031	278,342	87,616
2032-2036	311,316	62,069
2037-2041	348,180	33,508
2042-2043	192,133	4,980
TOTAL	<u><u>1,747,452</u></u>	<u><u>430,996</u></u>

NOTE (11) COMMITMENTS AND CONTINGENCIES

Grant Programs

The Town participates in the certain federal and state grant programs as available. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. The amount of expenditures that may be disallowed by the granting agency cannot be determined at this time, although it is believed by the Town that the amount, if any, would not be significant.

Litigation

At the report date the Town of Vian had several lawsuits pending the outcome and or estimate of these claims could not be determined at the time of this report.

NOTE (12) INSURANCE COVERAGE

The Town purchases commercial insurance policies covering property casualty loss, public liability, board member and administrator liability, and workers compensation. The Town also purchases surety bonds for employees in all positions required by state law to be bonded.

NOTE (13) CHANGES IN CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
Capital Assets being Depreciated				
Land	5,800	-	-	5,800
Automobiles and Trucks	686,788	-	-	686,788
Buildings and Building Improvements	473,184	-	-	473,184
Infrastructure	346,863	-	-	346,863
Equipment	226,626	-	-	226,626
Total Capital Assets being Depreciated	1,739,261	-	-	1,739,261
Less Accumulated Depreciation				
Automobiles and Trucks	536,538	42,385	-	578,923
Buildings	252,527	11,829	-	264,356
Infrastructure	38,798	8,712	-	47,510
Equipment	231,785	1,833	-	233,618
Total Accumulated Depreciation	1,059,648	64,759	-	1,124,407
Governmental Activities, Capital Assets, Net	679,613	(64,759)	-	614,854

Depreciation expense for governmental activities is charged to functions as follows:

General Government	
Public Safety	28,667
Street and Sanitation	29,828
Parks and Recreation	4,271
Total Depreciation from Governmental Activities	62,766

Capital asset activity for business-type activities for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
Capital Assets, being Depreciated				
Water System and Sewer Systems	4,553,461	147,142	-	4,700,603
Equipment	22,669	20,975	-	43,644
Automobiles	22,074	-	-	22,074
Construction in Progress	-	-	-	-
Total Capital Assets being Depreciated	4,598,204	168,117	-	4,766,321
Less Accumulated Depreciation				
Water Plant and Sewer Systems	920,133	111,160	-	1,031,293
Equipment	22,580	2,269	-	24,849
Automobiles	16,634	3,615	-	20,249
Total Accumulated Depreciation	959,347	117,044	-	1,076,391
Business-Type Activities, Capital Assets, Net	3,638,857	51,073	-	3,689,930

NOTE (9) PENSION PLAN INFORMATION

The Town participates in the Oklahoma Municipal Retirement Fund (O.M.R.F.), which provides coverage to substantially all full-time Town employees. The plan is a multiple-employer plan.

Plan Description

The Town of Vian participates in two pension or retirement plans:

1. Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OMRF) – an agent multiple-employer defined benefit plan
2. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan

Firefighter Pension System:

Oklahoma Firefighters Pension and Retirement System:

Plan description - The Town of Vian, 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 complete 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 of 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 complete 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 of 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 year 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 3=0 months. For volunteer firefighters, the not-in-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-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% percent 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 \$780.00 The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$1,659 during the calendar year and this is reported as 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 \$1,659. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the Town reported a net pension asset value of \$19,948 for its proportionate share of the total net pension liability. The net pension liability was measured as of June 30, 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 0.0028896 percent.

For the year ended June 30, 2015, the Town recognized pension expense of 780.00. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	
Net difference between projected and actual earnings on pension plan investments		
Town contributions subsequent to the measurements date	779	4,497
Total	<u>779</u>	<u>4,497</u>

\$780 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Any, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30:

2016	(993)
2017	(993)
2018	(993)
2019	(993)
2020	132
Thereafter	330

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Fixed Income	20%	5.48%
Domestic Equity	37%	9.61%
International Equity	20%	9.24%
Real Estate	10%	7.76%
Other Assets	13%	6.88%

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

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-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (-6.5%)	Current Discount Rate (7.5%)	1% Increase (-8.5%)
Employers' Net Pension Liability	38,802	29,715	22,097

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs Schedule of Retirement Plan Contributions — OkMRF

Schedule of Retirement Plan Contributions – OMRF

Plan Description-The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies-For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

Eligibility Factors and Benefit Provisions

Year 1:	215
Year 2:	140
Year 3:	95
Year 4:	65
Year 5:	40

j. Date of last experience study

September 2012 for fiscal years 2007 thru 2011

Discount Rate – *The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.*

The Town has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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 (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2014 are summarized in the following table:

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Lianility
	(a)	(b)	(a) - (b)
Balances Beginning of Year 07/01/13	126,804	133,554	(6,750)
Changes for the Year:			
Service Cost	18,641	-	18,641
Interest expense	10,955	-	10,955
Contributions -- Town	-	12,169	(12,169)
Contributions -- Members	-	8,651	(8,651)
Net investment income	-	22,527	(22,527)
Benefits paid	(8,335)	(8,335)	-
Plan administrative expenses	-	(334)	334
Net Changes	<u>21,261</u>	<u>34,678</u>	<u>(13,417)</u>
Balances End of Year	<u>148,065</u>	<u>168,232</u>	<u>(20,167)</u>

Sensitivity of the net pension liability to changes in the discount rate-The following presents the net pension liability of the Town, calculated using the discount rate of 7.75 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Total Pension Liability	167,427	148,065	131,922
Plan Net Fiduciary Position	168,232	168,232	168,232
Net Pension Liability	<u>(805)</u>	<u>(20,167)</u>	<u>(36,310)</u>

The Town reported \$6,098 in pension expense for the year ended June 30, 2015. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumption		
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		7,346
City Contributions Subsequent to the Measurement date	34,276	
Total	<u>34,276</u>	<u>7,346</u>

Amortization of Pension Deferrals- Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:

2016	(1,837)
2017	(1,837)
2018	(1,837)
2019	(1,837)
2020	-
Thereafter	-
	<u>(7,348)</u>

**SUPPLEMENTARY
INFORMATION**

**TOWN OF VIAN
GENERAL FUND
BUDGET VS ACTUAL
JUNE 30, 2015**

Ordinary Income/Expense	Actual Jul '14 - Jun 15	Budget	Variance
Income			
5100 · Taxes			
5120 · Franchise Tax	45,716	42,000	3,716
5121 · Cigarette Tax	4,968	6,600	(1,632)
5125 · Sales Tax	298,603	277,000	21,603
5126 · Use Tax	32,047	25,000	7,047
5135 · Gas Excise Tax	2,638	3,800	(1,162)
5140 · Motor Vehicle Tax	21,565	10,000	11,565
5145 · Alcoholic Beverage Tax	-	10,000	(10,000)
5100 · Taxes - Other	15		
Total 5100 · Taxes	405,553	374,400	31,153
5200 · Licenses & Permits			
5210 · Building Permits	310	-	
5211 · Mobile Home Permit	20	-	
5215 · Garage Sale Permits	405	-	
5241 · Demolition Permit	50	-	
5200 · Licenses & Permits - Other	-	1,000	(1,000)
Total 5200 · Licenses & Permits	785	1,000	(215)
5300 · Intergovernmental			
5321 · CDBG Grant Income	4,000		
5310 · Other Grants	-	-	-
5315 · FEMA Reimbursement	-	-	-
Total 5300 · Intergovernmental	4,000	-	4,000
5400 · Charges for Services			
5897 · Tin Horn Purchase	7		
5220 · Nutrition Center Rentals	-	200	(200)
5420 · Sanitation	165,531	321,850	(156,319)
5422 · Fire Department Subscriptions	3,074		
5455 · Accident Reports	-	-	-
5459 · Copier	115	100	15
5460 · Notary Fees	70	100	(30)
5475 · Picked Up Returned Check	-	-	-
Total 5400 · Charges for Services	168,797	322,250	(153,453)
5600 · Other Revenues			
5677 · DONATIONS - POLICE	4,152		
5481 · Code Enforcement	-	100	(100)
5410 · Pop Revenue	-	80	(80)
5619 · Reimbursement	782	-	782
5625 · Interest Income	1,582	600	982
5631 · Nutrition Center-Utilities	1,393	400	993
5676 · Donations-Fire	4,678	2,900	1,778
5699 · Miscellaneous Income	67	-	67
Total 5600 · Other Revenues	12,654	4,080	8,574
5700 · Transfers In	-	-	-
Total Income	591,789	701,730	(109,941)
Gross Profit	591,789	701,730	(109,941)
Expense			
6100 · Personal Services			
6111 · Returned Checks	107	-	107
6110 · Salaries & Wages	237,660	246,363	(8,703)
6113 · Judge Fee	150	-	150
6114 · Clerk Fees	600	-	600
6120 · Overtime	14,564	14,200	364
6125 · Soc. Sec./MC	18,871	19,915	(1,044)
6130 · Group Health & Life Ins	19,533	28,800	(9,268)
6135 · Workers Compensation	8,375	24,400	(16,025)
6140 · Unemployment Insurance	2,184	2,605	(421)
6145 · Retirement	9,261	12,000	(2,739)
6155 · Council Fee	11,100	15,600	(4,500)
6160 · Contract Labor	510	5,000	(4,490)
6100 · Personal Services - Other	-	-	-
Total 6100 · Personal Services	322,913	368,883	(45,970)

6200 · Materials & Supplies			
6101 · Reconciliation Discrepancies	-		
6210 · Supplies	58,587	40,540	18,047
6212 · Office Supplies	2,207	5,700	(3,493)
6216 · Gas & Oil	20,712	38,600	(17,888)
Total 6200 · Materials & Supplies	81,506	84,840	(3,334)
6201 · POP-POLICE	-	-	-
6300 · Other Services & Charges			
6399 · Bank Service Charge	286	-	286
6302 · OSBI	-	-	-
6310 · Repairs	43,598	18,100	25,498
6311 · Building Maint. & Repair	1,550	4,500	(2,950)
6320 · Electricity	8,176	9,440	(1,264)
6321 · Natural Gas	3,192	3,000	192
6322 · Telephone	12,146	12,800	(654)
6324 · Petty Cash	-	586	(586)
6325 · Water	5,648	6,900	(1,252)
6330 · Contracted Services	5,355	14,530	(9,175)
6331 · Legal Fees	15,213	14,000	1,213
6332 · Accounting & Auditing	7,112	6,000	1,112
6333 · Sequoyah County Emergency M	-	3,000	(3,000)
6335 · Administration Services	185	-	185
6337 · Landfill Charges	18,621	22,000	(3,379)
6341 · Bonds & Insurance	15,224	20,400	(5,176)
6342 · Travel & Lodging	1,372	2,800	(1,428)
6343 · Advertising & Publ.	610	700	(90)
6344 · Memberships & Dues	2,975	5,380	(2,405)
6345 · Training Expenses	620	1,900	(1,280)
6346 · Equipment Rental	244	-	244
6348 · Sequoyah County Jail	1,155	-	1,155
6349 · Election Costs	1,432	1,900	(468)
6350 · Postage	1,656	850	806
6352 · Uniform Expense	3,334	4,200	(866)
6353 · Police Tickets-Warning, Citatio	44	-	44
6900 · Misc Fees	330	-	330
6901 · Street Light Electricity	32,990	32,000	990
6902 · Fireworks	-	3,500	(3,500)
6300 · Other Services & Charges - Oth	533	-	533
Total 6300 · Other Services & Charges	183,599	188,486	(4,887)
6303 · OLETS fees	600	600	-
6316 · ANIMALS			
6318 · STRAYS/IMPOUND ANIMALS	311	-	311
6317 · K9 VALDO	1,282	-	1,282
Total 6316 · ANIMALS	1,593	-	1,593
6400 · Capital Outlay			
6425 · Capital Improvements	-	8,400	(8,400)
6430 · Vehicles	-	25,000	(25,000)
6440 · Equipment	-	3,900	(3,900)
6400 · Capital Outlay - Other	-	37,000	(37,000)
Total 6400 · Capital Outlay	-	74,300	(74,300)
Total Expense	590,210	717,109	(126,899)
Net Ordinary Income	1,579	(15,379)	16,958
Other Income/Expense			
Other Income			
7910 · FEMA Grant Income WPA Ditch	-	-	-
7550 · Transfers from Court to Street	-	-	-
5701 · Transfers To and From Sanitatio	-	-	-
5715 · Transfer from Vian PWA	-	-	-
5510 · Fines--Transfer in from Court	50,000	110,000	(60,000)
Total Other Income	50,000	110,000	(60,000)
Other Expense			
8500 · CDBG EXPENDITURES	4,000	-	4,000
Total Other Expense	4,000	-	4,000
Net Other Income	46,000	110,000	(64,000)
Net Income	47,579	94,621	(47,042)

**TOWN OF VIAN
COURT FUND
BUDGET VS ACTUAL
JUNE 30, 2015**

	Actual		
	Jul '14 - Jun 15	Budget	Variance
Ordinary Income/Expense			
Income			
5012 · HB1792 LICENSE PLATE SEIZURE	1,610	-	1,610
1001 · Returned Check	193	-	193
5000 · Fine Income	-	-	-
5004 · Warrant Intercept	-	-	-
5003 · Online Collection	37,900	-	37,900
5000 · Fine Income - Other	128,750	165,000	(36,250)
Total 5000 · Fine Income	166,651	165,000	1,651
5001 · Refunds	(911)	-	(911)
Total Income	167,543	165,000	2,543
Expense			
6100 · Personal Services			-
6115 · JUDGE FEE	8,250	6,000	2,250
6114 · Court Clerk Fees	-	600	(600)
Total 6100 · Personal Services	8,250	6,600	1,650
6150 · Police Citations	-	-	-
6300 · Other Services & Charges			-
6012 · Bank Service Charge	15	100	(85)
5475 · Returned Checks	447	400	47
6320 · Seq Cty Criminal Justice Author	2,160	23,000	(20,840)
6399 · Misc. Other Services & Charges	370	200	170
Total 6300 · Other Services & Charges	2,992	23,700	(20,708)
6450 · CLEET Fees	6,849	6,700	149
6600 · OSBI Fees	7,388	7,200	188
66900 · Reconciliation Discrepancies	-	-	-
Total Expense	25,479	44,200	(18,721)
Net Ordinary Income	142,063	120,800	21,263
Other Income/Expense			
Other Expense			
6400 · Transfers to General Fund	50,000	110,000	(60,000)
Total Other Expense	50,000	110,000	(60,000)
Net Other Income	(50,000)	(110,000)	60,000
Net Income	92,063	10,800	81,263

**TOWN OF VIAN
SPECIAL SALES TAX FUND
BUDGET VS ACTUAL
JUNE 30, 2015**

	Actual		
	Jul '14 - Jun 15	Budget	Variance
Ordinary Income/Expense			
Income			
5130 · Restricted Sales Tax	99,543	91,000	8,543
5625 · Interest Income	124	100	24
Total Income	<u>99,667</u>	<u>91,100</u>	<u>8,567</u>
Net Ordinary Income	99,667	91,100	8,567
Other Income/Expense			
Other Expense			
1000 · Wire Transfer Fees	-	30	(30)
6600 · OPERATING TRANSFERS OUT TO VI	116,738	111,000	5,738
7000 · OWRB Loan Payment	-	-	-
Total Other Expense	<u>116,738</u>	<u>111,030</u>	<u>5,708</u>
Net Net Other Income	<u>(116,738)</u>	<u>(111,030)</u>	<u>(5,708)</u>
	<u>(17,071)</u>	<u>(19,930)</u>	<u>2,859</u>

**TOWN OF VIAN
VIAN PUBLIC WORKS AUTHORITY
BUDGET VS ACTUAL
June 30, 2015**

	Actual	Budget	Variance
Ordinary Income/Expense			
Ordinary Income/Expense			
Income			
5400 · Charges for Services			
5499 · Meter Deposits Not Collected	94	-	94
5416 · 7-Day Clean	2,152	-	2,152
5401 · Billing Adjustments	-	(600)	600
5410 · Water Revenue	290,211	301,350	(11,139)
5415 · Sewer	180,222	170,150	10,072
5418 · Transfer Fee	430	400	30
5419 · Meter Reset Fee	11,411	8,000	3,411
5425 · Penalties	14,292	14,000	292
5430 · Water Taps	250	-	250
5475 · Picked Up Returned Check	964	-	964
Total 5400 · Charges for Services	500,026	493,300	6,726
5600 · Other Revenues			
5800 · Cash over/short	(21)	-	(21)
5602 · OWRB/REAP Grant	-	-	-
5625 · Interest Income	746	200	546
5699 · Miscellaneous Income	407	-	407
Total 5600 · Other Revenues	1,132	200	932
Total Income	501,158	493,500	7,658
Gross Profit	501,158	493,500	7,658
Expense			
6100 - Personal Services			
6110 · Salaries & Wages	105,302	96,000	9,302
6120 · Overtime	11,141	15,700	(4,559)
6125 · Soc. Sec./MC	8,478	8,033	445
6130 · Group Health & Life Ins	22,235	19,200	3,035
6135 · Workers Compensation	4,358	-	4,358
6140 · Unemployment Insurance	948	800	148
6145 · Retirement	1,269	4,431	(3,162)
6155 · Contract Labor	2,250	-	2,250
Total 6100 - Personal Services	155,980	144,164	11,816
4000 · Reconciliation Discrepancies	-		
6200 · Materials & Supplies			
6210 · Supplies	20,603	24,000	(3,397)
6212 · Office Supplies	1,637	1,000	637
6216 · Gas & Oil	4,095	3,100	995
6220 · Water Purchased	105,331	132,000	(26,669)
Total 6200 · Materials & Supplies	131,667	160,100	(28,433)

6300 · Other Services & Charges			
6156 · Licensing and Permits	4,450	-	4,450
6601 · Contracted Services	10,056	2,600	7,456
6533 · Returned Checks	614	800	(186)
6532 · Bank Fees	293	600	(307)
6310 · Repairs	26,701	5,000	21,701
6311 · Building Maint. & Repair	2,680	7,000	(4,320)
6320 · Electricity	20,872	22,000	(1,128)
6322 · Telephone	5,125	4,000	1,125
6330 · COUNCIL/CLERK FEES	11,100	7,000	4,100
6331 · Legal fees	6,808	7,000	(192)
6332 · Accounting & Auditing	7,968	7,000	968
6336 · Engineering Services	-	-	-
6339 · Lab Tests	6,231	5,000	1,231
6341 · Bonds & Insurance	9,544	500	9,044
6342 · Travel & Lodging	-	-	-
6343 · Advertising & Publ.	225	1,200	(975)
6344 · Memberships & Dues	1,903	700	1,203
6345 · Training Expenses	248	-	248
6352 · Uniform Expense	-	700	(700)
6399 · Misc Other Services & Ch	-	-	-
6530 · Postage	3,536	250	3,286
Total 6300 · Other Services & Charges	118,354	71,350	47,004
6400 · Capital Outlay			
6420 · Highway 82 Extension	-	-	-
6430 · Vehicles	-	-	-
6460 · Equipment	-	-	-
Total 6400 · Capital Outlay	-	-	-
6500 · Debt Service			
6512 · Sewer Plant Interest and Fees	-	-	-
6514 · OWRB Fees	8,687	-	8,687
Total 6500 · Debt Service	8,687	-	8,687
6501 · Depreciation Expense	117,044	80,000	37,044
6513 · Interest Expense	30,077	12,000	18,077
6600 · Transfers Out			
6620 · Transfer to General Fund	-	-	-
6622 · Transfers I/O Water/Wastewater	-	-	-
6600 · Transfers Out - Other	-	-	-
Total 6600 · Transfers Out	-	-	-
Total Expense	561,808	467,614	94,194
Net Ordinary Income	(60,650)	25,886	(86,536)
Other Income/Expense			
Other Income			
5623 · REAP Grant	5,000	-	5,000
5624 · USDA GRANT	7,496	-	7,496
5310 · Grants	-	-	-
5711 · TRANSFER IN - SPEC. SALES TAX	116,738	61,000	55,738
Total Other Income	129,234	61,000	68,234
Net Other Income	129,234	61,000	68,234
	68,584	86,886	(18,302)

TOWN OF VIAN
SCHEDULE OF FEDERAL AND STATE ASSISTANCE
For the Year Ended June 30, 2015

	Federal			
	CFDA	Pass Thru	Award	Contract
	Number	Grant	Amount	Expenditures
Department of Housing and Urban Dev. Pass through the Oklahoma Dept of Commerce CDBG	14.228	15138 CDE CIP 2012	24,000	4,000
United States Department of Agriculture Rural Housing Service Community Facilities Grant Storm Siren	10.766		7,496	7,496
			<u>31,496</u>	<u>11,496</u>

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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*

Honorable Mayor and Board of Trustees
Town of Vian, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vian, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Vian, Oklahoma's basic financial statements, and have issued our report thereon dated January 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Vian, 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 of Town of Vian, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Vian, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiencies. (2015-1, 2015-2)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Vian, 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*.

Town of Vian, Oklahoma's Response to Findings

Town of Vian, Oklahoma response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Vian, Oklahoma's, response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

Robert St. Pierre CPA, PC
January 14, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2015-1

The inherent limitation resulting from a small number of employees performing functions that would normally be divided among several employees were a larger number available presents a proper segregation of accounting functions deficiency. A much larger staff would be necessary in order to assure adequate internal accounting controls. This deficiency requires the trustee's to remain actively involved in the day to day activities of the Organization.

Management's Response

Management's response to the lack of segregation of duties is to stay actively involved to help ensure that financial statements are free or material errors or fraud. Management also remains committed to staying actively involved in the financial matters of the organization and consulting with their auditors and their CPA consultant whenever needed.

2015-2

While conducting the audit fieldwork it was noted that billing software for water and wastewater billing has had numerous billing errors over the years and the accounts receivable detailed ledgers contained numerous credit balances periodically.

Management's Response

Management will consult with their contracted CPA to look at new billing software solutions that encompass billing, cash receipt, general ledger, payables and payroll. They will also set up policies and procedures to reconcile the accounts receivable to the general ledger.