

**CITY OF MANGUM OKLAHOMA
MANGUM, OKLAHOMA**

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

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



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Mangum, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of Mangum, Oklahoma as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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. 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, and the aggregate remaining fund information of the City of Mangum, 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, budgetary comparison information and combining statements for non-major governmental funds on pages 3-9 and 31-35 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 December 1 2014, on our consideration of the City of Mangum, 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 City of Mangum, Oklahoma's internal control over financial reporting and compliance.

FSW&B CPA'S- PLLC

FSW&B CPA's-PLLC
Stillwater, Oklahoma
December 1, 2014

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Within this section, the City of Mangum's ("City") management provides narrative discussion and analysis of the financial performance of the City's for the fiscal year ended June 30, 2014. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the City'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 City's financial statements, which follow this section.

FINANCIAL SUMMARY

- At June 30, 2014, the assets of the City exceeded its liabilities by \$5,348,635 (net position). Of this amount \$1,331,125 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. This compared to the previous year when assets exceeded liabilities by \$4,926,964.
- The City's total net position is comprised of the following:
 - (1) Invested in capital assets, net of related debt of \$3,299,132 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
 - (2) Restricted net position of \$718,378. The restrictions are based upon contractual, legal, or Commission action.
 - (3) Unrestricted net position of \$1,331,125 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total liabilities of the City were \$3,321,537 which compares favorably to prior year liabilities of \$2,876,679. The increase of \$444,858 is attributable to the issuance of debt in business-type activities and the timing of payments made on current debt during fiscal year 2014. Refer to a summary of payments made in the footnotes to the financial statements.
- The City's governmental funds reported total ending fund balance of \$1,932,886 this year. This compared to prior year ending fund balance of \$2,032,776, showing a decrease of \$99,890. Governmental funds added \$658,094 in capital assets during the fiscal year, which contributed to the decrease in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City'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 City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status and are presented to demonstrate the extent the City has met its operating objective efficiently and effectively using all the resources available and whether the City can continue to meet its objectives in the foreseeable future. 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 City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other financial factors such as diversification of the taxpayer base or the condition of the City 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 City's net position changed during the current fiscal year and can be used to assess the City's operating results in its entirety and analyze how the City's programs are financed. 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 City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities includes general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services, including electric, water, and sanitation, provided by the City as well as the operation of the municipal golf course.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). More comprehensive information about the City'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 City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has three 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 governmental funds deemed as major. This statement demonstrates compliance with the City's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City 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 City organization such as water and sanitation utilities and sales of rock and airplane fuel.

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.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds. The City has a cafeteria plan which is reported as a fiduciary fund.

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 detailing the combining statements of non-major governmental funds.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position

The City's combined net position at June 30, 2014 was \$5,348,635. This is a \$421,671 increase over June 30, 2013 net position of \$4,926,964. The City reported positive balances in total net position for both governmental and business-type activities, reporting \$5,040,235 and \$308,400, respectively. The City's overall financial position improved during fiscal year 2014.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total		Change	
	2014	2013	2014	2013	2014	2013	\$	%
Current assets	\$ 2,478,098	\$ 1,930,110	\$ 1,385,861	\$ 1,483,697	\$ 3,863,959	\$ 3,413,807	\$ 450,152	13%
Capital assets, net	3,107,349	2,709,462	1,698,864	1,612,429	4,806,213	4,321,891	484,322	11%
Total assets	5,585,447	4,639,572	3,084,725	3,096,126	8,670,172	7,735,698	934,474	12%
Current liabilities	544,653	(366)	577,391	749,679	1,122,044	749,313	372,731	50%
Non-current liabilities	559	25,640	2,198,934	2,101,726	2,199,493	2,127,366	72,127	3%
Total liabilities	545,212	25,274	2,776,325	2,851,405	3,321,537	2,876,679	444,858	15%
Net position								
Invested in capital assets, net of related debt	3,107,349	2,709,462	191,783	283,936	3,299,132	2,993,398	305,734	10%
Restricted	442,158	477,336	276,220	181,388	718,378	658,724	59,654	9%
Unrestricted	1,490,728	1,427,500	(159,603)	(220,603)	1,331,125	1,206,897	124,228	10%
Total net position	\$ 5,040,235	\$ 4,614,298	\$ 308,400	\$ 244,721	\$ 5,348,635	\$ 4,859,019	\$ 489,616	10%

Net position increased 10% over prior year. This increase is attributable in increase in liquid assets greater than the increase in liabilities.

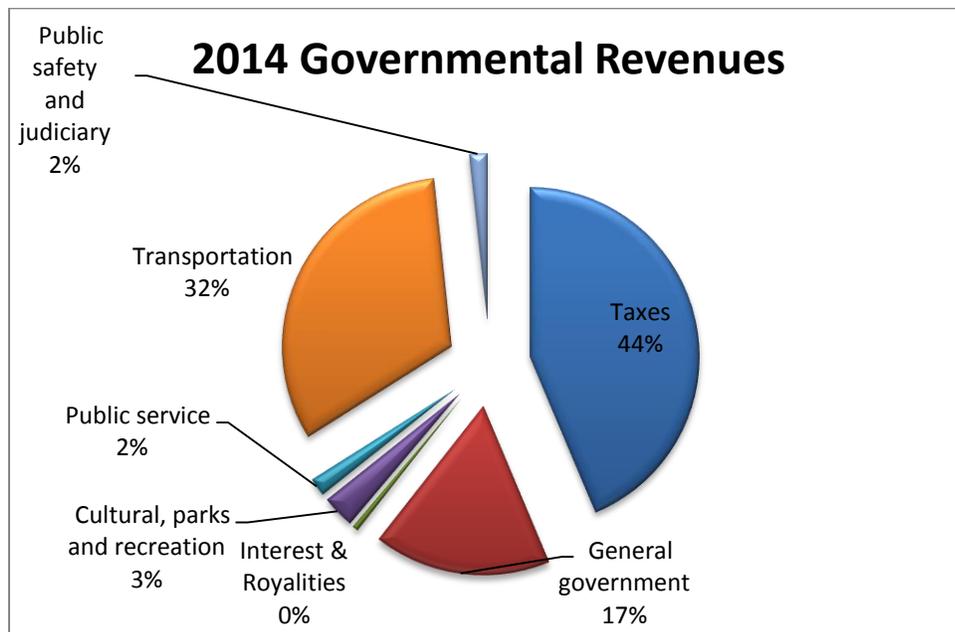
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Change	
	2014	2013	2014	2013	2014	2013	\$	%
Revenues								
Program revenues	\$ 1,023,582	\$ 776,211	\$ 4,735,125	\$ 4,575,045	\$ 5,758,707	\$ 5,351,256	\$ 407,451	8%
Taxes and other general revenues	812,366	851,407	7,030	32,589	819,396	883,996	(64,600)	-7%
Total revenues	1,835,948	1,627,618	4,742,155	4,607,634	6,578,103	6,235,252	342,851	0%
Expenses								
General government	767,905	467,690	-	-	767,905	467,690	300,215	64%
Public safety and judiciary	1,051,594	820,925	-	-	1,051,594	820,925	230,669	28%
Transportation	311,616	-	-	-	311,616	-	311,616	100%
Cultural, parks, and recreation	332,697	290,581	-	-	332,697	290,581	42,116	14%
Public service	141,877	844,436	-	-	141,877	844,436	(702,559)	-83%
Electric	-	-	2,430,316	2,561,928	2,430,316	2,561,928	(131,612)	-5%
Water	-	-	345,226	375,247	345,226	375,247	(30,021)	-8%
Sewer	-	-	7,941	13,405	7,941	13,405	(5,464)	-41%
Sanitation	-	-	427,356	450,915	427,356	450,915	(23,559)	-5%
Golf	-	-	172,237	129,708	172,237	129,708	42,529	33%
Customer service	-	-	167,667	92,955	167,667	92,955	74,712	80%
Total expenses	2,605,689	2,423,632	3,550,743	3,624,158	6,156,432	6,047,790	108,642	2%
Excess (deficiency) before transfers	\$ (769,741)	\$ (796,014)	\$ 1,191,412	\$ 983,476	\$ 421,671	\$ 187,462	\$ 234,209	125%
Transfers	1,067,738	1,002,551	(1,067,738)	(1,002,551)	-	-	-	0%
Increase (decrease) in net position	\$ 297,997	\$ 206,537	\$ 123,674	\$ (19,075)	\$ 421,671	\$ 187,462	\$ 234,209	125%

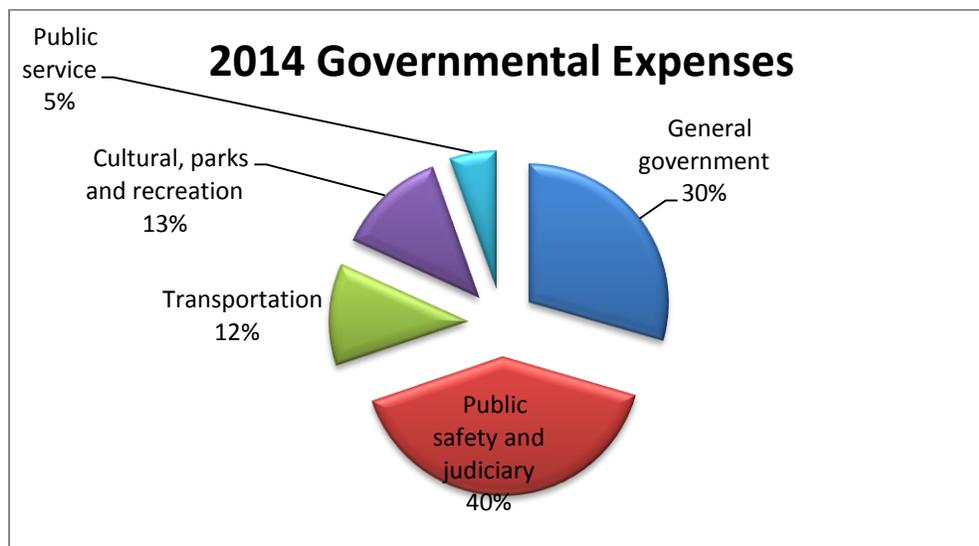
Revenues for the City remained consistent year over year. Sales tax noted a marginal decrease, while program revenues, specifically utility billing and grant funds increased. The net impact of these changes resulted in total revenues consistent with the fiscal year 2013.

Operating expenses also noted consistency between fiscal year with a 2% increase in 2014. The allocation of expenses between departments shifted when compared year over year.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities.



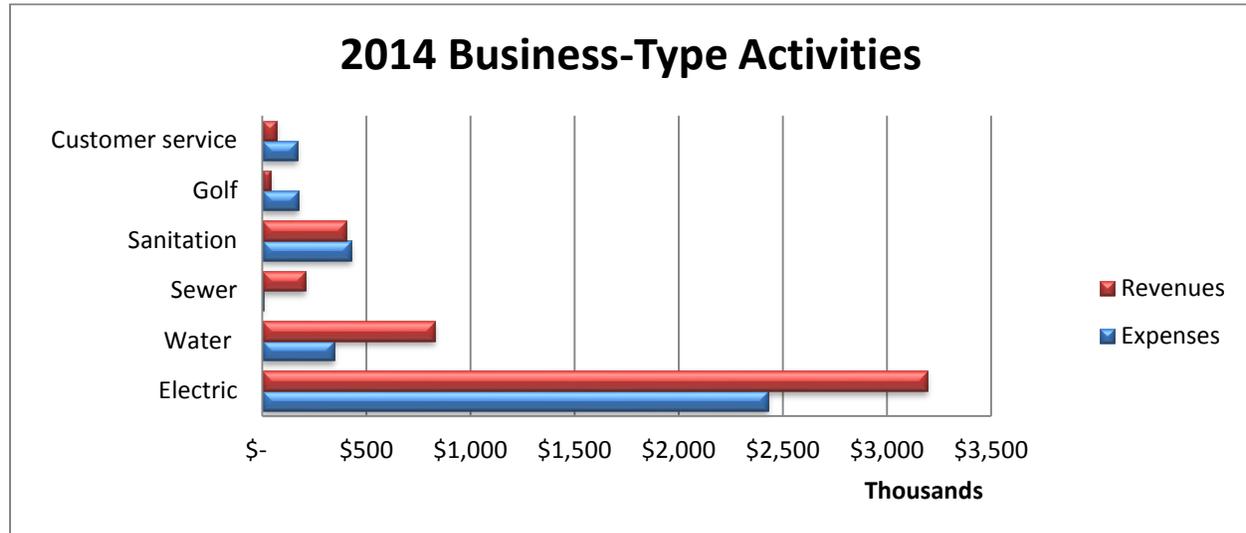
Taxes provided 44% of the City's governmental revenues in fiscal year 2014. Federal funding for the airport along with state funding on the streets elevated Transportation department revenues as the second largest source of funds at 32%.



For the year ended June 30, 2014, total expenses for governmental activities were \$2,605,689. Of this amount, public safety and judiciary with 1,051,594, was the largest operating service department at 40% of the total cost of services for the City government. General government costs represented 30% of expenses for the fiscal year. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues. It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated and capital assets are reported.

Business-type Activities

The following is a graphic representation of business-type expenses as a percentage of revenues for the major departments of the City's enterprise funds:



Business-type activities are shown comparing operating costs to operating revenues generated by the related services. Electric, Sanitation, Sewer, and Water 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. The Golf Course is funded with transfers from other departments within the City.

General Fund Budgetary Highlights

The General Fund budget for fiscal year 2014 was \$2,938,786. This was an increase of \$552,633 over the previous year's budget. The increase is a function of federal funding received for capital outlay at the airport. Total expenditures for the City were \$2,518,430, which is \$420,356 less than the approved budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2014, the City had \$3,299,132 invested in capital assets, net of related debt, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and utility improvements/infrastructure in business-type activities. Refer to the table below.

Primary Government Capital Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Land	\$ 143,578	\$ 143,578	\$ 135,573	\$ 135,573	\$ 279,151	\$ 279,151
Buildings	2,221,246	1,829,848	142,595	168,566	2,363,841	1,998,414
Machinery & equipment	398,339	423,890	300,527	307,161	698,866	731,051
Utility property & improvements	344,186	312,146	1,120,169	1,001,429	1,464,355	1,313,575
Total capital assets, net	\$ 3,107,349	\$ 2,709,462	\$ 1,698,864	\$ 1,612,729	\$ 4,806,213	\$ 4,322,191

The most significant additions to the City's capital assets include:

- Airport infrastructure improvements
- Street improvements
- Playground equipment at the park
- Pro Shop construction at the municipal golf course
- Water system improvements

Long-Term Debt

At year-end, the City had \$2,053,051 in long-term debt outstanding. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

	Business-type	
	Activities	
	<u>2014</u>	<u>2013</u>
Capital lease payable	24,836	35,586
Notes payable	1,507,081	1,293,207
Bonds payable	815,000	930,000
less current portion	(293,866)	(231,993)
Total long term debt	<u>\$ 2,053,051</u>	<u>\$ 2,026,800</u>

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

Economic Environment

According to the Oklahoma Economic Report, the state's twelve-month gross receipts have reached an all-time high, surpassing the previous record set in December 2008. State Treasurer, Ken Miller, Oklahoma has "regained and moved past the ground it lost during the Great Recession". Although the national economy has been sluggish, Oklahoma has shown significant improvement. The economic environment of the state sheds light on the local economy, as the City has also seen improvement.

The City of Mangum has noted increase in sales and other tax revenues when compared to prior year. Utility billing has remained strong due to an increasing customer base. Continued improvement in the City's economic position is cautiously projected.

The City of Mangum has approved a fiscal year 2015 budget for the municipal entity that provides for the continued level of service to citizens while improving the infrastructure and recreation opportunities of the community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at Mangum City Hall.

City of Mangum, Oklahoma
Statement of Net Position
June 30, 2014

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 1,104,158	\$ 622,786	\$ 1,726,944
Investments	942,179	120,823	1,063,002
Accounts receivable (net)	140,070	327,726	467,796
Inventory	-	38,306	38,306
Due from other funds	-	-	-
Total current assets	<u>2,186,407</u>	<u>1,109,641</u>	<u>3,296,048</u>
Restricted assets:			
Cash and cash equivalents	107,294	131,408	238,702
Investments	184,397	144,812	329,209
Total restricted assets	<u>291,691</u>	<u>276,220</u>	<u>567,911</u>
Noncurrent Assets:			
Land and construction in progress	143,578	135,573	279,151
Other capital assets (net of accumulated depreciation)	2,963,771	1,563,291	4,527,062
Total noncurrent assets	<u>3,107,349</u>	<u>1,698,864</u>	<u>4,806,213</u>
Total assets	<u>\$ 5,585,447</u>	<u>\$ 3,084,725</u>	<u>\$ 8,670,172</u>
 LIABILITIES			
Current liabilities:			
Accounts payable	\$ 493,736	\$ 240,985	\$ 734,721
Payroll liabilities	50,917	26,143	77,060
Accrued payables	-	741	741
Capital lease payable, current	-	11,193	11,193
Notes payable, current	-	157,673	157,673
Bonds payable, current	-	125,000	125,000
Total current liabilities	<u>544,653</u>	<u>561,735</u>	<u>1,106,388</u>
Liabilities payable from restricted assets:			
Accrued payables	-	15,656	15,656
Total liabilities payable from restricted assets	<u>-</u>	<u>15,656</u>	<u>15,656</u>
Noncurrent liabilities:			
Other accrued liabilities	559	145,883	146,442
Capital lease payable, non-current	-	13,643	13,643
Notes payable, non-current	-	1,349,408	1,349,408
Bonds payable, non-current	-	690,000	690,000
Total noncurrent liabilities	<u>559</u>	<u>2,198,934</u>	<u>2,199,493</u>
Total liabilities	<u>545,212</u>	<u>2,776,325</u>	<u>3,321,537</u>
 NET POSITION			
Invested in capital assets, net of related debt	3,107,349	191,783	3,299,132
Reserved for restricted purposes	442,158	276,220	718,378
Unrestricted	1,490,728	(159,603)	1,331,125
Total net position	<u>\$ 5,040,235</u>	<u>\$ 308,400</u>	<u>\$ 5,348,635</u>

City of Mangum, 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	\$ 767,905	\$ 310,657	\$ -	\$ -	\$ (457,248)
Public safety and judiciary	1,051,594	26,378	4,474	-	(1,020,742)
Transportation	311,616	10,501	27,753	554,300	280,938
Cultural, parks and recreation	332,697	49,789	7,666	-	(275,242)
Public service	141,877	32,064	-	-	(109,813)
Total governmental activities	<u>2,605,689</u>	<u>429,389</u>	<u>39,893</u>	<u>554,300</u>	<u>(1,582,107)</u>
Business-type activities:					
Electric	2,430,316	3,194,799	-	-	764,483
Water	345,226	826,574	-	-	481,348
Sewer	7,941	206,246	-	-	198,305
Sanitation	427,356	401,569	-	-	(25,787)
Golf	172,237	39,354	-	-	(132,883)
Customer service	167,667	66,583	-	-	(101,084)
Total business-type activities	<u>3,550,743</u>	<u>4,735,125</u>	<u>-</u>	<u>-</u>	<u>1,184,382</u>
Total primary government	<u>\$ 6,156,432</u>	<u>\$ 5,164,514</u>	<u>\$ 39,893</u>	<u>\$ 554,300</u>	<u>\$ (397,725)</u>

City of Mangum, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2014

Changes in Net Position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net (expense)/revenue	\$ (1,582,107)	\$ 1,184,382	\$ (397,725)
General revenues:			
Taxes:			
Sales tax	566,692	-	566,692
Use tax	61,102	-	61,102
Franchise tax	40,621	-	40,621
Other taxes	49,958	-	49,958
Oil and gas royalties	-	-	-
Investment income	10,638	7,030	17,668
Transfers-Internal activity	1,067,738	(1,067,738)	-
Other	83,355	-	83,355
Total general revenues and transfers	<u>1,880,104</u>	<u>(1,060,708)</u>	<u>819,396</u>
Change in net assets	297,997	123,674	421,671
Net position-beginning, restated	4,742,238	184,726	4,926,964
Net position-ending	<u>\$ 5,040,235</u>	<u>\$ 308,400</u>	<u>\$ 5,348,635</u>

**City of Mangum, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2014**

	<u>General Fund</u>	<u>Hospital Sales Tax</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 894,519	\$ 88,379	\$ 228,554	\$ 1,211,452
Investments	881,030	-	245,546	1,126,576
Due from other funds	12,500	31,695	6,000	50,195
Accounts receivable	8,539	-	5,408	13,947
Taxes receivable	121,417	-	4,706	126,123
Total assets	<u>\$ 1,918,005</u>	<u>\$ 120,074</u>	<u>\$ 490,214</u>	<u>\$ 2,528,293</u>
LIABILITIES				
Accounts payable	\$ 490,075	\$ -	\$ 3,661	\$ 493,736
Due to other funds	37,695	-	12,500	50,195
Payroll liabilities	50,917	-	-	50,917
Other accrued liabilities	559	-	-	559
Total liabilities	<u>579,246</u>	<u>-</u>	<u>16,161</u>	<u>595,407</u>
FUND BALANCES				
Nonspendable	-	-	107,294	107,294
Restricted	-	120,074	156,178	276,252
Committed	-	-	165,906	165,906
Assigned	70,500	-	44,675	115,175
Unassigned	1,268,259	-	-	1,268,259
Total fund balances	<u>1,338,759</u>	<u>120,074</u>	<u>474,053</u>	<u>1,932,886</u>
Total liabilities and fund balances	<u>\$ 1,918,005</u>	<u>\$ 120,074</u>	<u>\$ 490,214</u>	<u>\$ 2,528,293</u>

Total fund balance- total governmental funds \$ 1,932,886

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, in the funds, and therefore, are not reported:

Land and construction in process	143,578	
Capital assets	5,915,826	
Less: Accumulated depreciation	<u>(2,952,055)</u>	
		<u>3,107,349</u>

Net assets of governmental activities \$ 5,040,235

City of Mangum, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2014

	<u>General Fund</u>	<u>Hospital Sales Tax</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Sales tax	\$ 566,692	\$ -	\$ -	\$ 566,692
Use tax	61,102	-	-	61,102
Franchise tax	40,621	-	-	40,621
Licenses and permits	25,730	-	-	25,730
Rents & royalties	37,179	-	300,000	337,179
Fines and forfeitures	20,314	-	-	20,314
Charges for services	31,395	-	8,760	40,155
Intergovernmental revenues	600,258	-	39,731	639,989
Donations	-	-	162	162
Other revenues	14,487	6,000	72,879	93,366
Interest	8,423	283	1,932	10,638
Total revenues	<u>1,406,201</u>	<u>6,283</u>	<u>423,464</u>	<u>1,835,948</u>
EXPENDITURES				
General government:				
Administration	343,007	-	-	343,007
City commission	20,808	-	-	20,808
General government	75,141	-	300,000	375,141
Total general government	<u>438,956</u>	<u>-</u>	<u>300,000</u>	<u>738,956</u>
Public safety and judiciary:				
Police	563,424	-	-	563,424
Animal control	47,135	-	-	47,135
Fire	289,422	-	2,480	291,902
Judiciary	23,884	-	75,297	99,181
Total public safety and judiciary	<u>923,865</u>	<u>-</u>	<u>77,777</u>	<u>1,001,642</u>
Transportation:				
Street	158,410	-	-	158,410
Airport	29,742	-	-	29,742
Total transportation	<u>188,152</u>	<u>-</u>	<u>-</u>	<u>188,152</u>
Cultural, parks and recreation:				
Library	116,271	-	7,490	123,761
Park	104,913	-	-	104,913
Swimming pool	48,700	-	-	48,700
Total cultural, parks and recreation	<u>269,884</u>	<u>-</u>	<u>7,490</u>	<u>277,374</u>
Public service:				
Cemetery	1,574	-	-	1,574
Inspection and code enforcement	32,073	-	-	32,073
Community service	60,918	-	-	60,918
Healthcare	-	44,793	-	44,793
Total public service	<u>94,565</u>	<u>44,793</u>	<u>-</u>	<u>139,358</u>
Capital outlay	645,594	-	12,500	658,094
Total expenditures	<u>2,561,016</u>	<u>44,793</u>	<u>397,767</u>	<u>3,003,576</u>
Excess (deficiency) of revenues over expenditures	<u>(1,154,815)</u>	<u>(38,510)</u>	<u>25,697</u>	<u>(1,167,628)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,301,078	171,509	-	1,472,587
Transfers out	(241,606)	(117,007)	(46,236)	(404,849)
Total other financing sources and uses	<u>1,059,472</u>	<u>54,502</u>	<u>(46,236)</u>	<u>1,067,738</u>
Net change in fund balances	(95,343)	15,992	(20,539)	(99,890)
Fund balances - beginning	1,434,102	104,082	494,592	2,032,776
Fund balances - ending	<u>\$ 1,338,759</u>	<u>\$ 120,074</u>	<u>\$ 474,053</u>	<u>\$ 1,932,886</u>

City of Mangum, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2014

Reconciliation of the change in fund balances - total governmental funds
to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds \$ (99,890)
Amounts reported for governmental activities in the Statement of Activities are
different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	658,094	
Depreciation expense	<u>(260,207)</u>	<u>397,887</u>

		<u><u>\$ 297,997</u></u>
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City of Mangum, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2014

	Mangum Utility Authority	Golf Course Fund	MUA Capital Improvement	Power Plant Capital Improvement	Water Well Improvement and Maintenance	Total Enterprise Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 407,066	\$ (40,355)	\$ 45,146	\$ 150,571	\$ 60,358	\$ 622,786
Investments	18,345			61,814	40,664	120,823
Accounts receivable, net	327,726				-	327,726
Inventory	35,355	2,951			-	38,306
Total current assets	<u>788,492</u>	<u>(37,404)</u>	<u>45,146</u>	<u>212,385</u>	<u>101,022</u>	<u>1,109,641</u>
Current assets:						
Restricted assets:						
Cash, including time deposits	131,408				-	131,408
Investments	144,812				-	144,812
Total restricted assets	<u>276,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,220</u>
Noncurrent assets:						
Capital assets (net)	1,517,925	180,939	-	-	-	1,698,864
Total noncurrent assets	<u>1,517,925</u>	<u>180,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,698,864</u>
Total assets	<u>\$ 2,582,637</u>	<u>\$ 143,535</u>	<u>\$ 45,146</u>	<u>\$ 212,385</u>	<u>\$ 101,022</u>	<u>\$ 3,084,725</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 234,888	\$ 6,097	\$ -	\$ -	\$ -	\$ 240,985
Payroll liabilities	25,208	935	-	-	-	26,143
Other liabilities	741	-	-	-	-	741
Capital lease payable, current		11,193	-	-	-	11,193
Notes payable, current	157,673	-	-	-	-	157,673
Bonds payable, current	125,000	-	-	-	-	125,000
Total current liabilities	<u>543,510</u>	<u>18,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,735</u>
Liabilities payable from restricted assets:						
Accrued interest payable	15,656	-	-	-	-	15,656
Total liabilities payable from restricted ass	<u>15,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,656</u>
Noncurrent liabilities:						
Meter deposit liability	145,883	-	-	-	-	145,883
Capital lease payable, non-current	-	13,643	-	-	-	13,643
Notes payable, non-current	1,349,408	-	-	-	-	1,349,408
Bonds payable, non-current	690,000	-	-	-	-	690,000
Total noncurrent liabilities	<u>2,185,291</u>	<u>13,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,198,934</u>
Total liabilities	<u>2,744,457</u>	<u>31,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,776,325</u>
NET POSITION						
Invested in capital assets, net of related debt	10,844	180,939	-	-	-	191,783
Restricted	276,220	-	-	-	-	276,220
Unrestricted	(448,884)	(69,272)	45,146	212,385	101,022	(159,603)
Total net position	<u>\$ (161,820)</u>	<u>\$ 111,667</u>	<u>\$ 45,146</u>	<u>\$ 212,385</u>	<u>\$ 101,022</u>	<u>\$ 308,400</u>

City of Mangum, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2014

	Mangum Utility Authority	Golf Course Fund	MUA Capital Improvement	Power Plant Capital Improvement	Water Well Improvement and Maintenance	Total Enterprise Funds
Operating revenues:						
Charges for services:						
Electric charges	\$ 3,194,799	\$ -	\$ -	\$ -	\$ -	\$ 3,194,799
Water charges	826,574	-	-	-	-	826,574
Sewer charges	206,246	-	-	-	-	206,246
Sanitation charges	401,569	-	-	-	-	401,569
Sale of merchandise	-	8,205	-	-	-	8,205
Penalties	61,568	-	-	-	-	61,568
Total charges for services	4,690,756	8,205	-	-	-	4,698,961
Rental and fee income	-	29,190	-	-	-	29,190
Other fees and charges	5,015	1,959	-	-	-	6,974
Total operating revenues	4,695,771	39,354	-	-	-	4,735,125
Operating expenses:						
Cost of sales	1,924,539	6,817	-	-	-	1,931,356
Personal services	604,615	36,094	-	-	-	640,709
Materials and supplies	229,556	71,607	-	-	-	301,163
Other services and charges	460,596	37,586	-	-	-	498,182
Depreciation and amortization	116,516	18,891	-	-	-	135,407
Total operating expenses	3,335,822	170,995	-	-	-	3,506,817
Net operating income	1,359,949	(131,641)	-	-	-	1,228,308
Nonoperating revenue (expense):						
Investment income	5,315	-	263	904	548	7,030
Interest expense	(41,800)	(1,242)	-	-	(884)	(43,926)
Total nonoperating revenue (expense)	(36,485)	(1,242)	263	904	(336)	(36,896)
Net Income before contributions and transfers	1,323,464	(132,883)	263	904	(336)	1,191,412
Transfers from other funds	87,752	70,097	14,946	45,998	40,014	258,807
Transfers to other funds	(1,236,367)	-	(47,738)	-	(42,440)	(1,326,545)
Change in net position	174,849	(62,786)	(32,529)	46,902	(2,762)	123,674
Net position-beginning of year, restated	(389,879)	190,358	77,675	158,701	103,784	140,639
Prior period adjustment	53,210	(15,905)	-	6,782	-	44,087
Net position-end of year	\$ (161,820)	\$ 111,667	\$ 45,146	\$ 212,385	\$ 101,022	\$ 308,400

City of Mangum, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	Mangum Utility Authority	Golf Course Fund	MUA Capital Improvement	Power Plant Capital Improvement	Water Well Improvement and Maintenance	Total Enterprise Funds
Cash flows from operating activities:						
Receipts from customers	\$ 4,710,721	\$ 39,354	\$ -	\$ -	\$ -	\$ 4,750,075
Payments to suppliers	(2,683,498)	(155,326)	-	6,201	(10,848)	(2,843,471)
Payments to employees	(579,407)	(35,159)	-	-	-	(614,566)
Net cash provided (used) by operating activities	1,447,816	(151,131)	-	6,201	(10,848)	1,292,038
Cash flows from non-capital financing activities:						
Transfers from other funds	87,752	70,097	14,946	45,998	40,014	258,807
Transfers to other funds	(1,236,367)	-	(47,738)	-	(42,440)	(1,326,545)
Net cash provided (used) by non-capital financing activities	(1,148,615)	70,097	(32,792)	45,998	(2,426)	(1,067,738)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(165,543)	(71,902)	-	-	-	(237,445)
Issuance of capital debt	351,650	-	-	-	-	351,650
Principal paid on capital debt	(252,776)	(10,750)	-	-	-	(263,526)
Interest paid on capital debt	(34,056)	(1,242)	-	-	(884)	(36,182)
Net cash provided (used) by capital and related financing activities	(100,725)	(83,894)	-	-	(884)	(185,503)
Cash flows from investing activities:						
Purchase of investments	(129,120)	-	-	-	-	(129,120)
Investment income	5,315	-	263	904	548	7,030
Net cash provided (used) by investing activities	(123,805)	-	263	904	548	(122,090)
Net increase (decrease) in cash and cash equivalents	74,671	(164,928)	(32,529)	53,103	(13,610)	(83,293)
Cash & cash equivalents, June 30, 2013	463,803	124,573	77,675	97,468	73,968	837,487
Cash & cash equivalents, June 30, 2014	<u>\$ 538,474</u>	<u>\$ (40,355)</u>	<u>\$ 45,146</u>	<u>\$ 150,571</u>	<u>\$ 60,358</u>	<u>\$ 754,194</u>
Cash, including time deposits	\$ 407,066	\$ (40,355)	\$ 45,146	\$ 150,571	\$ 60,358	\$ 622,786
Restricted cash, including time deposits	131,408	-	-	-	-	131,408
Total cash and cash equivalents, end of year	<u>\$ 538,474</u>	<u>\$ (40,355)</u>	<u>\$ 45,146</u>	<u>\$ 150,571</u>	<u>\$ 60,358</u>	<u>\$ 754,194</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 1,359,949	\$ (131,641)	\$ -	\$ -	\$ -	\$ 1,228,308
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	116,516	18,891	-	-	-	135,407
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	14,950	-	-	-	-	14,950
(Increase) decrease in inventory	(9,402)	2,329	-	-	-	(7,073)
Increase (decrease) in accounts payable	(59,405)	(41,645)	-	-	(10,848)	(111,898)
Increase (decrease) in payroll liabilities	25,208	935	-	-	-	26,143
Increase (decrease) in other liabilities	-	-	-	6,201	-	6,201
Total adjustments	<u>87,867</u>	<u>(19,490)</u>	<u>-</u>	<u>6,201</u>	<u>(10,848)</u>	<u>63,730</u>
Net cash provided (used) by operating activities	<u>\$ 1,447,816</u>	<u>\$ (151,131)</u>	<u>\$ -</u>	<u>\$ 6,201</u>	<u>\$ (10,848)</u>	<u>\$ 1,292,038</u>

City of Mangum, Oklahoma
Statement of Fiduciary Net Position
Cafeteria Plan Trust Fund
June 30, 2014

	<u>Cafeteria Plan</u>
ASSETS	
Cash and cash equivalents	\$ 11,881
Total assets	<u>\$ 11,881</u>
LIABILITIES	
Benefits payable	\$ 11,881
Total liabilities	<u>\$ 11,881</u>

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the more significant accounting principles and practices of the City of Mangum, Oklahoma ("City") are discussed in subsequent section of this note. The remainder of the notes is organized to provide explanations, including required disclosures of the City's financial activities for the fiscal year ended June 30, 2014. The City operates under a charter with a Commissioner-Manager form of government, amended February 2012. The City provides police and fire protection, electric, water, and sanitation services to citizens, as well as recreational areas including parks and swimming pool.

A. Reporting Entity

Fund Types and Major Funds

Major Governmental Funds

General Fund

This is the primary fund of the City. It is used to account for the general operations of the City and all financial resources not reported in other funds.

Hospital Sales Tax Fund

This fund is reported as a special revenue fund under governmental activities. It accounts for the 1 cent sales tax restricted for debt service on the Mangum Utilities Authority Sales Tax Refunding Revenue Bonds, Series 2006. Sales tax revenues are transferred from the General fund to the Hospital Sales Tax fund to be used for semi-annual debt service payments. Any access sales tax dollars can be used for the maintenance and repair of the hospital. Refer to further discussion regarding the debt obligation in footnote (2)B. Management has elected to report this fund as major.

Major Proprietary Funds

Mangum Utilities Authority (MUA)

MUA accounts for the operating activities of the electric, water, sewer, and sanitation utilities leased to the Authority by the City. The City Commission serves as the trustees of the Authority. MUA was established in August 1962 as a public trust pursuant to Title 60 of Oklahoma statutes.

Mangum Golf Course Fund

The Golf Fund accounts for the operating activities of the municipal golf course. Management has elected to report this fund as major.

MUA Capital Improvement

This fund accounts for funds set aside for the purchase of capital assets for the City. Funds are transferred from this account in accordance with Commission approval. Management has elected to report this fund as major.

Power Plant Capital Improvement

This fund accounts for funds set aside for improvements at the City's power plant. Funds are transferred from this account in accordance with Commission approval. Management has elected to report this fund as major.

Water Well Improvement and Maintenance

This fund accounts for funds set aside for the maintenance and improvement of the City's water wells. Funds are transferred from this account in accordance with Commission approval. Management has elected to report this fund as major.

Fiduciary Component Units (reported in fiduciary financial statements)

Cafeteria Plan

Established to account for funds withheld under section 125 of the Internal Revenue code

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City 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 City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely. The City of Mangum blends all component units.

B. Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The statements distinguish governmental activities, generally supported by taxes and City 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 City'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.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The City'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 City'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. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of the City'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.

District 2 Drug Task Force funds recognize revenue in the period the assets are seized. The Agency Fund is custodial in nature and does not measure results of operations.

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 City 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 and use taxes and intergovernmental revenues. 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.

C. Budget Policy and Practice

Budget Approval

The City Manager submits an annual budget to the City Commission in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Commission for review, and public hearings are held to address priorities and the allocation of resources. In June, the Commission adopts the annual fiscal year budgets for City's 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 City Manager and must be approved by the Commission. 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 Commission review and approval process.

Basis of Budgeting

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, other services and charges, supplies, capital outlay, transfers, and debt service. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Commission approval.

The budgets for operating funds and proprietary funds are prepared on the cash basis. Revenues are budgeted in the year they are expected to be received. Expenses are budgeted in the year they are expected to be paid.

D. Policies Related to Assets, Liabilities, and Fund 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.

Inventories

Inventories are similarly reported in government-wide and fund financial statements.

Inventories consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost and recorded as an expense at the time the item is used. Governmental inventory consists of maintenance supplies for the museum. Business-type inventory includes rock, maintenance parts, and repair supplies.

Accounts Receivable

Significant receivables for governmental activities include sales and use tax receivables. Business-type receivables consist mainly of amount due from customers primarily for utility services. These receivables are due within 30 days. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. At June 30, 2014, the City has estimated an allowance of \$189,228 for business-type activities.

Restricted Assets

Restricted assets include assets legally restricted for capital projects and special revenue funds funded through long-term debt, debt service reserves or grants. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Interfund Balances

Generally, outstanding balances between funds reported as 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.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalized assets with cost of \$5,000 or more as purchase and construction outlay occur.

The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

- Buildings 10-30 years
- Machinery, furniture & equipment 5-10 years
- Infrastructure 40 years

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

Compensated Absences

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Generally, after one year of services, employees are entitled to all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current liabilities in the government-wide and proprietary financial statements. Governmental funds report compensated absences payable to current employees. Sick leave accrues to full-time employees indefinitely. Unused sick leave benefits are not paid to employees while they are employed nor upon termination of employment.

Long-Term Debt

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

Fund Equity

Fund Balance

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

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 position.

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 position 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.

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.

Non-spendable

This includes amounts that cannot be spent as they (1) are not in spendable form or (2) have legal or contractual obligations to remain intact. Examples include 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 City Commission, the City'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

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.

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

Date of Management's Review

Subsequent events were evaluated through December 1, 2014, which is the date the financial statements were available to be issued.

E. Policies Related to Revenues and Expenses

Program Revenues

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. 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 Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

General Revenues

General revenues reported with governmental activities include tax revenues and unrestricted investment income.

Sales Tax

The City levied a 3% sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The City records sales tax proceeds as sales tax revenue within the General Fund. One cent of the sales tax received is restricted for debt service on the 2006 MUA Refunding Sales Tax Bonds. The City transfers that portion of sales tax to the Hospital Sales Tax fund each month.

(2) ASSETS AND LIABILITIES

A. Assets

Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City'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 City invests primarily in certificates of deposit. Investment securities are exposed to various risks such as interest rate risk and credit risk.

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Primary Government				
<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Months to Maturity (2)</u>
Primary government				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 1,392,211	\$ 1,392,211	N/A	6.4
Total investments	1,392,211	1,392,211		
Total primary government investments	\$ 1,392,211	\$ 1,392,211		

RECONCILIATION TO STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Investments, unrestricted	\$ 942,179	\$ 120,823	\$ 1,063,002
Investments, restricted	184,397	144,812	329,209
Total investments	\$ 1,126,576	\$ 265,635	\$ 1,392,211

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

(2) **Interest rate risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.

Capital Assets

Changes in Capital Assets

Primary Government				
	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
<u>Governmental Activities</u>				
Land and construction in process	\$ 143,578	\$ -	\$ -	\$ 143,578
Buildings & structures	3,363,099	497,397	-	3,860,496
Machinery, furniture, & equipment	1,346,846	54,206	-	1,401,052
Infrastructure & improvements	547,787	106,491	-	654,278
Total	5,401,310	658,094	-	6,059,404
Less accumulated depreciation	2,691,848	260,207	-	2,952,055
Governmental fixed assets, net	\$ 2,709,462	\$ 397,887	\$ -	\$ 3,107,349
<u>Business-type Activities</u>				
Land	\$ 135,573	\$ -	\$ -	\$ 135,573
Buildings & structures	674,969	115,331	469,879	320,421
Machinery, furniture, & equipment	1,331,549	75,273	4,575	1,402,247
Infrastructure & improvements	1,941,902	516,720	-	2,458,622
Total	4,083,993	707,324	474,454	4,316,863
Less accumulated depreciation	2,482,592	135,407	-	2,617,999
Business-type fixed assets, net	\$ 1,601,401	\$ 571,917	\$ (474,454)	\$ 1,698,864
Total primary government	\$ 4,310,863	\$ 969,804	\$ (474,454)	\$ 4,806,213

Business-type Activities:

Capital Assets by Fund

	Public Works Authority	Golf Fund	Total Enterprise Capital Assets
Land	\$ 135,573	\$ -	\$ 135,573
Buildings & structures	157,000	163,421	320,421
Machinery, furniture, & equipment	1,254,774	147,473	1,402,247
Infrastructure & improvements	2,458,622	-	2,458,622
 Total	 4,005,969	 310,894	 4,316,863
Less accumulated depreciation	(2,488,044)	(129,955)	(2,617,999)
 Business-type fixed assets, net	 \$ 1,517,925	 \$ 180,939	 \$ 1,698,864

Depreciation Expense

Primary Government

Governmental Activities		Business-type Activities	
General government	\$ 28,949	Water	\$ 71,210
Public safety & judiciary	49,952	Electric	27,222
Transportation	123,464	Sanitation	17,008
Cultural, parks & recreation	55,323	Wastewater	1,077
Public service	2,519	Golf	18,890
 Total depreciation expense	 \$ 260,207	 Total depreciation expense	 \$ 135,407

B. Liabilities

Long-term liabilities of the City of Mangum as of June 30, 2014 are summarized as follows:

Business-Type Activities

Capital lease obligations:

Capital lease agreement with Great Plains National Bank dated August 24, 2014 in the original amount \$42,220. Lease is payable in 48 monthly installments of \$999, including interest at 3.99% for the lease purchase of golf carts. \$ 24,789

Notes Payable:

Note payable to the Oklahoma Water Resources Board dated June 13, 2001 with the original amount of \$2,100,000 due and payable in semi-annual installments including interest at 2.705% plus an administrative fee of 0.5% for water system improvements. 1,157,367

Note payable to Oklahoma Department of Commerce due and payable in monthly installments of \$417 with no stated interest for sewer improvements. 28,329

Note payable to Stockman's Bank issued is the original amount \$351,650 due and payable in 10 annual installments of \$40,000 in July 1 each year. The note carries as 2.75% variable interest rate, which resets every 12 months. 321,386

Total Notes Payable 1,507,082

Revenue Bonds:

Mangum Utility Authority Sales Tax Refunding Revenue Bonds, Series 2006 dated July 1, 2006 in the original amount of \$1,555,000 to defease existing revenue bonds and outstanding bank loan. Bonds are due and payable in annual installments every October 1. Principle payments range from \$115,000 to \$150,000 with interest due each March 1 and October 1 at rates ranging from 4.1% to 5.1%. The bonds are secured with a one cent sales tax restricted for debt service payments. 815,000

Total Business-type activities long term debt \$ 3,853,953

Changes in Long-Term Debt

<u>Type of Debt</u>	<u>Balance at July 1, 2013</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2014</u>	<u>Due Within One Year</u>
Business-type activities:					
Mangum Utility Authority					
Capital lease	\$ 35,586	\$ -	\$ 10,797	\$ 24,789	\$ 11,193
Notes payable	1,293,207	351,650	137,775	1,507,082	157,673
Bonds payable	930,000	-	115,000	815,000	125,000
Total business-type debt	<u>\$ 2,258,793</u>	<u>\$ 351,650</u>	<u>\$ 263,572</u>	<u>\$ 2,346,871</u>	<u>\$ 293,866</u>

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Annual Debt Service Requirements

Year Ending June 30	Capital Lease		Notes Payable		Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 11,193	\$ 799	\$ 157,673	\$ 88,520	\$ 125,000	\$ 34,588
2016	11,654	338	157,256	60,525	135,000	28,588
2017	1,942	10	158,617	53,097	140,000	21,973
2018	-	-	160,005	45,618	145,000	14,972
2019	-	-	161,436	38,086	150,000	7,650
2020-2024	-	-	712,095	77,204	-	-
Totals	\$ 24,789	\$ 1,147	\$ 1,507,082	\$ 363,050	\$ 695,000	\$ 107,771

C. Interfund Balances

	<u>Transfer In</u>	<u>Transfer Out</u>
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
MANGUM UTILITY AUTHORITY	\$ 1,137,835	\$ -
HOSPITAL SALES TAX	117,007	171,509
GOLF COURSE FUND	-	70,097
NON-MAJOR FUNDS	46,236	-
<i>HOSPITAL SALES TAX</i>		
GENERAL FUND	171,509	117,007
<i>NON-MAJOR FUNDS</i>		
GENERAL FUND	-	46,236
BUSINESS-TYPE ACTIVITIES		
<i>MANGUM UTILITY AUTHORITY</i>		
GENERAL FUND	-	1,137,835
MUA CAPITAL IMPROVEMENT	-	14,946
POWER PLANT CAPITAL	-	43,572
WATER WELL IMPROVEMENT	40,014	40,014
MUA CAPITAL IMPROVEMENT	47,738	-
<i>GOLF COURSE FUND</i>		
GENERAL FUND	70,097	-
<i>MUA CAPITAL IMPROVEMENT</i>		
MANGUM UTILITY AUTHORITY	14,946	47,738
<i>POWER PLANT CAPITAL</i>		
MANGUM UTILITY AUTHORITY	43,572	
WATER WELL IMPROVEMENT	2,426	
<i>WATER WELL IMPROVEMENT</i>		
MANGUM UTILITY AUTHORITY	40,014	40,014
POWER PLANT CAPITAL	-	2,426
	<u>\$ 1,731,394</u>	<u>\$ 1,731,394</u>

(3) PENSION AND POST-EMPLOYMENT PLANS

The City participates in three employee pension systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Public Employees Retirement System (OPERS)	Cost Sharing Multiple Employer – Defined Benefit PI
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighter Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

A. Oklahoma Public Employees Retirement System

Plan Description

The City participated in OPERS, as state-wide cost sharing multiple-employer pension system which covers eligible employees of participating organizations that are not covered by other plans. All regular, permanent employees who work 1,000 or more hours in a year are eligible for participation in OPERS. Benefits vest after 8 years of service. Employees who retire at age 62 or after completion of six years of service, if later, are entitled to an annual retirement benefits, payable monthly, equal to 2.0% of final average compensation multiplied by the number of years of credited services. Final average compensation is defined as the average of the three highest years' annual salary out of the last ten calendar years of service.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed ten years of service. The amount of benefit is determined based on the final average salary and credited service as of the date of termination. If benefit payments are to begin before age 65, the benefit is actuarially reduced. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment. A participant who becomes totally and permanently disabled after completion of eight year of service is entitled to a disability benefit computed as an early retirement benefit based on average salary and service as of the date of disability but without actuarial reduction for payments beginning prior to normal retirement age if the employee is also eligible for a disability benefit from Social Security.

For the year ended June 30, 2014, employees were required to contribute 6.5% of annual compensation. The City contributed 13.5%. Contributions to the Plan for the year ended June 30, 2014 for employees and the City were \$61,132 and \$122,460, respectively. The City's covered payroll was \$907,113.

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

Plan Description

The City participates in two statewide, cost-sharing, multiple-employer defined benefit plans on behalf of police officers and firefighters. The table below is a summary of eligibility factors contribution methods, and benefit provisions.

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>	<u>Oklahoma Police Pension and Retirement System</u>
Eligibility to participate	All full-time or voluntary firefighters of a participating municipality hired before age 45.	All full-time officers employed by a participating municipality; not less than 21 years of age or more than 45 years of age when hired
Authority establishing contribution obligations and benefits	State Statute	State Statute
Plan member's contribution rate	8% of covered payroll	8% of covered payroll
City's contribution rate	13% per year, per firefighter	13% of covered payroll
Period required to vest	10 years	10 years
Benefits and eligibility for distribution (full time)	20 years credited service, 2 1/2% of final average salary multiplied by the years of credited service with a	20 years credited service, 2 1/2% of final average salary multiplied by the years of credited service with a

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

	maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.
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.	NA
Deferred retirement option	Yes, 20 years credited service with continued service for 30 or more years.	Yes, 20 years credited service with option to participate in deferred option plan for a maximum of 5 years
<i>Annual Required Contributions</i>		
Provision for:		
Cost of living adjustment	Yes, if vested by 5/83	Yes
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

Contributions are required by Oklahoma State Statute. Trend information showing the progress of the systems in accumulating sufficient assets to pay benefits when due is presented in the annual financial reports of the respective plans. Copies of these reports may be obtained from the respective state retirement systems; Oklahoma Firefighter Pension and Retirement System at 4545 N. Lincoln Blvd., Ste. 265, Oklahoma City, OK 73105 and the Oklahoma Police Pension and Retirement System 1001 N.W. 63rd Street, Suite 305, Oklahoma City, OK 7316-7335.

(4) COMMITMENTS AND CONTINGENCIES

A. Litigation

The City 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. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

B. Grant Program Involvement

In the normal course of operations, the City 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.

C. Retirement

Under the City's personnel policy, employees are allowed to carryover unused sick leave. Employees are not compensated for unused sick leave at the time of their termination; hence, no accrual has been made in the statement of net position. However, upon retirement, an employee can convert a maximum of 720 hours of unused sick leave to retirement benefits with OPERS in exchange for an extra year of benefits. Upon conversion with OPERS, the City would incur a liability to OPERS for the number of hours converted at the employee's pay rate.

City of Mangum, 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

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES			
Sales tax	\$ 591,500	\$ 566,692	\$ (24,808)
Use tax	46,000	61,102	15,102
Franchise tax	38,000	40,621	2,621
Other taxes	61,800	-	(61,800)
Licenses and permits	3,000	25,730	22,730
Rents & royalties	35,120	37,179	2,059
Fines and forfeitures	18,405	20,314	1,909
Charges for services	31,665	31,395	(270)
Intergovernmental revenues	575,023	600,258	25,235
Other revenues	455	14,487	14,032
Interest	6,500	8,423	1,923
Budgeted fund balance	146,686	146,686	-
Total revenues	<u>1,554,154</u>	<u>1,552,887</u>	<u>(1,267)</u>
EXPENDITURES			
General government:			
Administration	547,056	357,007	190,049
City commission	36,639	20,808	15,831
General government	86,549	75,141	11,408
Public safety and judiciary:			
Police	555,065	552,797	2,268
Animal Control	45,853	47,135	(1,282)
Fire	289,638	289,422	216
Judiciary	28,793	23,884	4,909
Transportation			
Street	295,342	260,647	34,695
Airport	553,023	527,140	25,883
Culture and recreation:			
Library	103,309	116,271	(12,962)
Park	135,047	104,913	30,134
Swimming Pool	68,735	48,700	20,035
Public services			
Cemetery	6,630	1,574	5,056
Inspection	35,359	32,073	3,286
Community service	151,748	60,918	90,830
Total expenditures	<u>2,938,786</u>	<u>2,518,430</u>	<u>420,356</u>
Revenue over (under) expenditures	(1,384,632)	(965,543)	(421,623)
OTHER FINANCING SOURCES (USES)			
Operating transfers in/(out)	<u>1,373,792</u>	<u>1,059,472</u>	<u>(314,320)</u>
Net other financing sources (uses)	<u>1,373,792</u>	<u>1,059,472</u>	<u>(314,320)</u>
Revenues and other financing sources over (under) expenditures and other uses	(10,840)	93,929	(735,943)
Fund balance at beginning of year (Non-GAAP budgetary basis)		<u>1,235,469</u>	
Fund balance at end of year (Non-GAAP budgetary basis)		<u>\$ 1,329,398</u>	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Revenue and transfer accruals		9,361	
Fund balance at end of year (GAAP basis)		<u>\$ 1,338,759</u>	

City of Mangum, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds (continued)
June 30, 2014

	Riverside Endowment	Library Grant	Street and Alley	Grant Fund	Busby Trust	Dispatcher Training	Crime Stoppers	Southwest Dispute Mediation	Revolving Loan	Hospital Rent	Cemetery Perpetual Care	Friends of the Park	Pool Renovation	Total Non-Major Funds
ASSETS														
Cash and cash equivalents	\$ 441	\$5,296	\$ 54,534	\$12,736	\$ 2,144	\$ 13,059	\$ 9,313	\$ (10,577)	\$107,294	\$ -	\$ 12,247	\$ 16,031	\$ 6,036	\$ 228,554
Investments	39,780	-	61,149	-	127,369	-	-	-	-	-	17,248	-	-	245,546
Due from other governments	-	-	-	-	6,000	-	-	-	-	-	-	-	-	6,000
Taxes receivable	-	-	4,706	-	-	-	-	-	-	-	-	-	-	4,706
Other receivable	-	-	-	-	-	-	-	5,408	-	-	-	-	-	5,408
Total assets	<u>\$ 40,221</u>	<u>\$5,296</u>	<u>\$ 120,389</u>	<u>\$12,736</u>	<u>\$135,513</u>	<u>\$ 13,059</u>	<u>\$ 9,313</u>	<u>\$ (5,169)</u>	<u>\$107,294</u>	<u>\$ -</u>	<u>\$ 29,495</u>	<u>\$ 16,031</u>	<u>\$ 6,036</u>	<u>\$ 490,214</u>
LIABILITIES														
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,661	\$ -	\$ -	\$ -	\$ 12,500	\$ -	\$ 16,161
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>16,161</u>
FUND BALANCES														
Nonspendable	-	-	-	-	-	-	-	-	107,294	-	-	-	-	107,294
Restricted	-	-	-	-	135,513	-	-	(8,830)	-	-	29,495	-	-	156,178
Committed	40,221	5,296	120,389	-	-	-	-	-	-	-	-	-	-	165,906
Assigned	-	-	-	12,736	-	13,059	9,313	-	-	-	-	3,531	6,036	44,675
Total fund balances	<u>40,221</u>	<u>5,296</u>	<u>120,389</u>	<u>12,736</u>	<u>135,513</u>	<u>13,059</u>	<u>9,313</u>	<u>(8,830)</u>	<u>107,294</u>	<u>-</u>	<u>29,495</u>	<u>3,531</u>	<u>6,036</u>	<u>474,053</u>
Total liabilities and fund balances	<u>\$ 40,221</u>	<u>\$5,296</u>	<u>\$ 120,389</u>	<u>\$12,736</u>	<u>\$135,513</u>	<u>\$ 13,059</u>	<u>\$ 9,313</u>	<u>\$ (5,169)</u>	<u>\$107,294</u>	<u>\$ -</u>	<u>\$ 29,495</u>	<u>\$ 16,031</u>	<u>\$ 6,036</u>	<u>\$ 490,214</u>

City of Mangum, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds (continued)
June 30, 2014

	Riverside Endowment	Library Grant	Street and Alley	Grant Fund	Busby Trust	Dispatcher Training	Crime Stoppers	Southwest Dispute Mediation	Revolving Loan	Hospital Rent	Cemetery Perpetual Care	Friends of the Park	Pool Renovation	Total Non-Major Funds
REVENUES														
Intergovernmental revenue	\$ -	\$ 7,504	\$ 27,753	\$ 4,474	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,731
Charges for services	-	-	-	-	-	6,082	565	-	-	-	2,113	-	-	8,760
Rental income	-	-	-	-	-	-	-	-	-	300,000	-	-	-	300,000
Other income	-	-	-	-	-	-	-	70,957	1,782	-	-	140	-	72,879
Donations	-	162	-	-	-	-	-	-	-	-	-	-	-	162
Interest income	280	-	411	-	1,045	-	-	-	5	-	119	57	15	1,932
Total revenues	280	7,666	28,164	4,474	1,045	6,082	565	70,957	1,787	300,000	2,232	197	15	423,464
EXPENDITURES														
General government:														
General government	-	-	-	-	-	-	-	-	-	300,000	-	-	-	300,000
Total general government	-	-	-	-	-	-	-	-	-	300,000	-	-	-	300,000
Public safety and judiciary:														
Fire	-	-	-	2,480	-	-	-	-	-	-	-	-	-	2,480
Judiciary	-	-	-	-	-	-	-	75,297	-	-	-	-	-	75,297
Total public safety and judiciary	-	-	-	2,480	-	-	-	75,297	-	-	-	-	-	77,777
Cultural, parks and recreation:														
Library	-	7,490	-	-	-	-	-	-	-	-	-	-	-	7,490
Total cultural, parks and recreation	-	7,490	-	-	-	-	-	-	-	-	-	-	-	7,490
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	12,500	-	12,500
Total expenditures	-	7,490	-	2,480	-	-	-	75,297	-	300,000	-	12,500	-	397,767
Excess (deficiency) of revenues over expenditures	280	176	28,164	1,994	1,045	6,082	565	(4,340)	1,787	-	2,232	(12,303)	15	25,697
OTHER FINANCING SOURCES (USES)														
Transfers in/(out)	-	-	(12,003)	-	(34,233)	-	-	-	-	-	-	-	-	(46,236)
Total other financing sources and uses	-	-	(12,003)	-	(34,233)	-	-	-	-	-	-	-	-	(46,236)
Net change in fund balances	280	176	16,161	1,994	(33,188)	6,082	565	(4,340)	1,787	-	2,232	(12,303)	15	(20,539)
Fund balances - beginning	39,941	5,120	104,228	10,742	168,701	6,977	8,748	(4,490)	105,507	-	27,263	15,834	6,021	494,592
Fund balances - ending	\$ 40,221	\$ 5,296	\$ 120,389	\$ 12,736	\$ 135,513	\$ 13,059	\$ 9,313	\$ (8,830)	\$ 107,294	\$ -	\$ 29,495	\$ 3,531	\$ 6,036	\$ 474,053



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 Board of Commissioners
City of Mangum, 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, and the aggregate remaining fund information of City of Mangum, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Mangum, Oklahoma's basic financial statements, and have issued our report thereon dated December 1, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Mangum, 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 City of Mangum, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Mangum, 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 City of Mangum, 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
Stillwater, Oklahoma
December 1, 2014