

**CITY OF MANGUM OKLAHOMA
MANGUM, OKLAHOMA**

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

**FOR THE YEAR ENDED
JUNE 30, 2015**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-9
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	15
Statement of Net Position – Proprietary Funds and Component Units	16
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds and Component Units	17
Statement of Cash Flows – Proprietary Funds and Component Units	18
Statement of Fiduciary Net Position	19
Notes to Financial Statements	20-36
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	37
Schedule of the City's Proportionate Share of the Net Pension Liability - Oklahoma Police Pension Retirement Plan	38
Schedule of the City's Proportionate Share of the Net Pension Liability - Oklahoma Fire Pension Retirement Plan	39
Schedule of the City's Proportionate Share of the Net Pension Liability - Oklahoma Public Employees Retirement System	40
SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet – Nonmajor Governmental Funds	41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	42
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS	43-44



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
City of Mangum, Oklahoma

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 the City of Mangum, Oklahoma, as of and for the year ended June 30, 2015, 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, each major fund, and the aggregate remaining fund information of the City of Mangum, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of the City's proportionate share of the net pension liability on pages 3-9, 37 and 38-40 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mangum, Oklahoma's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015, 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 the City of Mangum, Oklahoma's internal control over financial reporting and compliance.

FSW&B CPAs-PLLC

FSW&B CPAs-PLLC
Woodward, Oklahoma
November 2, 2015

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, 2015. 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, 2015, the assets of the City exceeded its liabilities by \$5,207,143 (net position). Of this amount \$1,414,036 (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 \$5,348,635.
- The City's total net position is comprised of the following:
 - (1) Invested in capital assets, net of related debt of \$3,463,127 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 \$329,980. The restrictions are based upon contractual, legal, or Commission action.
 - (3) Unrestricted net position of \$1,414,036 represent the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total liabilities of the City were \$3,353,223 which reflects a small 1% increase over prior year liabilities of \$3,321,537. The increase of \$31,686 is attributable to the change in pension liability reporting under Governmental Accounting Board Standards No 68, which requires the City to recognize the net pension obligation of the retirement systems of the City. Offsetting the increase in pension liability are payments made on outstanding debt held by the City.
- The City's governmental funds reported total ending fund balance of \$1,602,574 this year. This compared to prior year ending fund balance of \$1,807,516, restated for the deferred inflows and outflows resulting from the City's net pension obligation. Governmental funds added \$185,973 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, 2015 was \$5,207,143. This is a \$58,511 increase over June 30, 2014 net position of \$5,148,632, restated. The City reported positive balances in total net position for both governmental and business-type activities, \$4,630,146 and \$576,997, respectively. The City's overall financial position improved during fiscal year 2015.

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total		Change	
	2015	2014	2015	2014	2015	2014	\$	%
Current assets	\$ 1,886,103	\$ 2,478,098	\$ 1,295,999	\$ 1,385,861	\$ 3,182,102	\$ 3,863,959	\$ (681,857)	-18%
Net pension asset	21,728	-	-	-	21,728	-	21,728	100%
Capital assets, net	3,017,998	3,107,349	1,869,781	1,698,864	4,887,779	4,806,213	81,566	2%
Total assets	4,925,829	5,585,447	3,165,780	3,084,725	8,091,609	8,670,172	(578,563)	-7%
Deferred outflows	319,489	-	-	-	319,489	-	319,489	100%
Current liabilities	72,576	544,653	628,508	577,391	701,084	1,122,044	(420,960)	-38%
Non-current liabilities	691,864	559	1,960,275	2,198,934	2,652,139	2,199,493	452,646	21%
Total liabilities	764,440	545,212	2,588,783	2,776,325	3,353,223	3,321,537	31,686	1%
Deferred inflows	178,276	-	-	-	178,276	-	178,276	100%
Net position								
Invested in capital assets, net of related debt	3,039,726	3,107,349	423,401	191,783	3,463,127	3,299,132	163,995	5%
Restricted	50,474	442,158	279,506	276,220	329,980	718,378	(388,398)	-54%
Unrestricted	1,539,946	1,490,728	(125,910)	(159,603)	1,414,036	1,331,125	82,911	6%
Total net position	\$ 4,630,146	\$ 5,040,235	\$ 576,997	\$ 308,400	\$ 5,207,143	\$ 5,348,635	\$ (141,492)	-3%

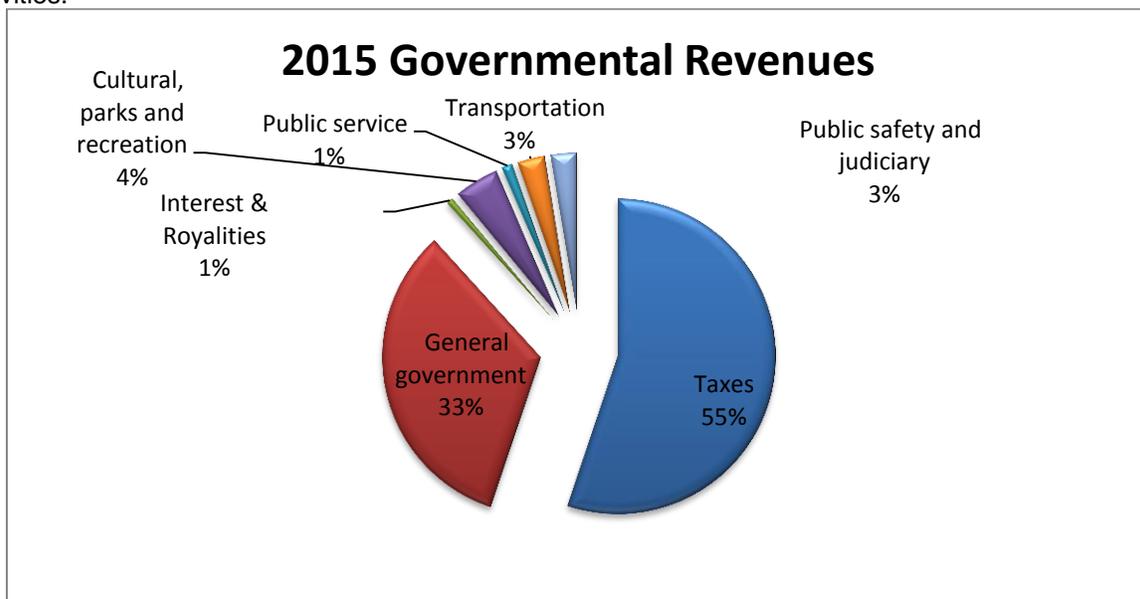
Net position decreased marginally 3% over prior year. Assets noted a decrease, mainly due to cash holdings of 7% year over head. Liquid assets were used to reduce current liabilities of the City. The most significant change year over year is the net pension obligation recorded in governmental funds. The financials reflect over \$690,000 in pension liability as of June 30, 2015.

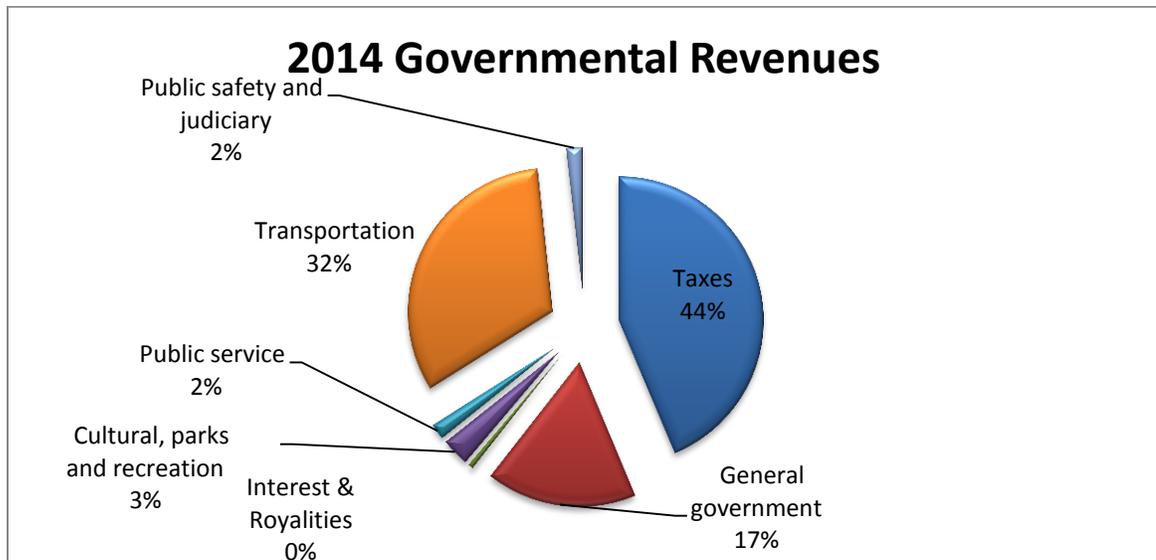
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Change	
	2015	2014	2015	2014	2015	2014	\$	%
Revenues								
Program revenues	\$ 627,964	\$ 1,023,582	\$ 4,717,939	\$ 4,735,125	\$ 5,345,903	\$ 5,758,707	\$ (412,804)	-7%
Taxes and other general revenues	795,161	812,366	6,722	7,030	801,883	819,396	(17,513)	-2%
Total revenues	1,423,125	1,835,948	4,724,661	4,742,155	6,147,786	6,578,103	(430,317)	-9%
Expenses								
General government	871,842	767,905	-	-	871,842	767,905	103,937	14%
Public safety and judiciary	1,024,711	1,051,594	-	-	1,024,711	1,051,594	(26,883)	-3%
Transportation	296,668	311,616	-	-	296,668	311,616.00	(14,948)	-5%
Cultural, parks, and recreation	322,762	332,697	-	-	322,762	332,697	(9,935)	-3%
Public service	121,180	141,877	-	-	121,180	141,877	(20,697)	-15%
Electric	-	-	2,321,152	2,430,316	2,321,152	2,430,316	(109,164)	-4%
Water	-	-	352,997	345,226	352,997	345,226	7,771	2%
Sewer	-	-	20,461	7,941	20,461	7,941	12,520	158%
Sanitation	-	-	416,075	427,356	416,075	427,356	(11,281)	-3%
Golf	-	-	141,263	172,237	141,263	172,237	(30,974)	-18%
Customer service	-	-	200,164	167,667	200,164	167,667	32,497	19%
Total expenses	2,637,163	2,605,689	3,452,112	3,550,743	6,089,275	6,156,432	(67,157)	-1%
Excess (deficiency) before transfers	\$ (1,214,038)	\$ (769,741)	\$ 1,272,549	\$ 1,191,412	\$ 58,511	\$ 421,671	\$ (363,160)	-86%
Transfers	1,003,952	1,067,738	(1,003,952)	(1,067,738)	-	-	-	0%
Increase (decrease) in net position	\$ (210,086)	\$ 297,997	\$ 268,597	\$ 123,674	\$ 58,511	\$ 421,671	\$ (363,160)	-86%

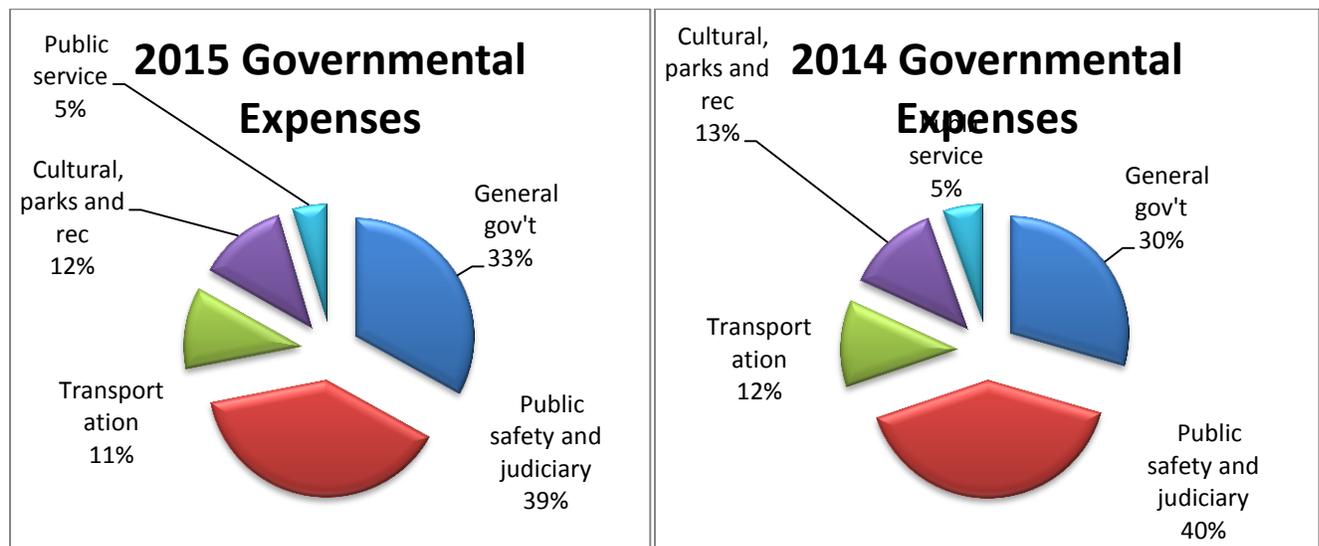
Revenues for the City noted a decrease of \$430,317 or 9% year over year. The most significant decrease was due to governmental program revenues related to grant revenues. The grant funds exceeded \$500,000 in prior year. Sales tax noted a marginal decrease along with utility program revenues. Operating expenses also noted consistency between fiscal year with a 1% decrease when compared to prior year. The allocation of expenses between departments shifted between departments based upon allocation of salaries and supplies. Overall expenses are considered consistent.

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





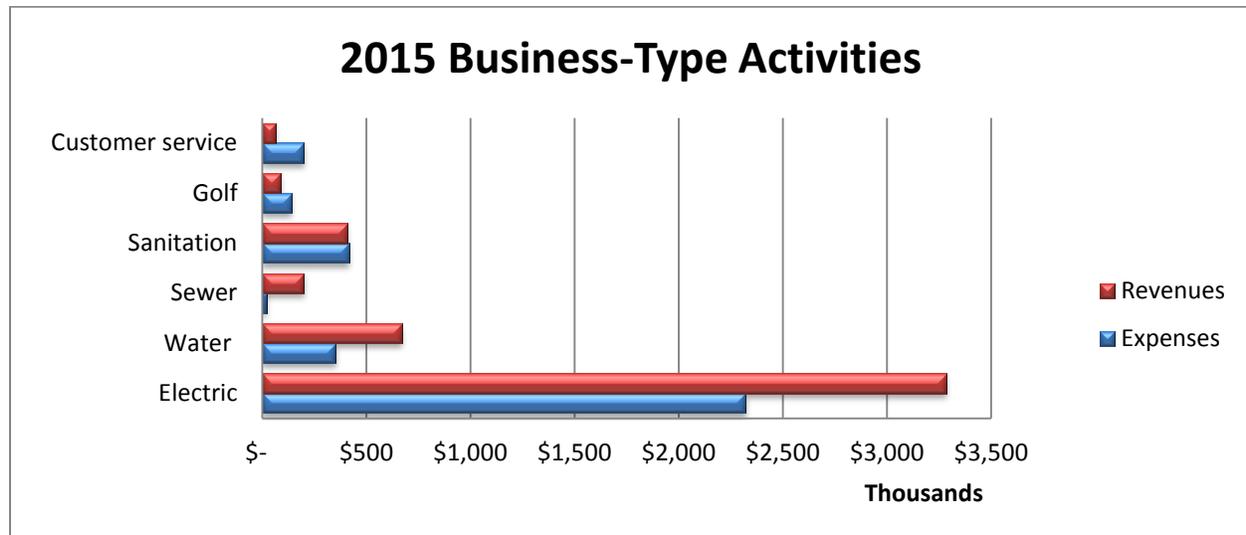
Taxes provided 55% of the City's governmental revenues in fiscal year 2015 compared to 44% in fiscal year 2014. As noted above, fiscal year 2014 recorded federal funding for the airport along with state funding on the streets which elevated Transportation department revenues as the second largest source of funds at 32%. In fiscal year 2015, general government revenues, which includes hospital rental payments, provided 33% of governmental revenues for the year.



For the year ended June 30, 2015, total expenses for governmental activities were \$2,637,163 compared to \$2,605,689 in fiscal year 2014. Of this amount, public safety and judiciary with \$1,024,711, was the largest operating service department at 39% of the total cost of services for the City government, which is consistent with prior year. General government costs represented 33% 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 2015 was \$2,412,491. This was an increase of \$77,540 over the previous year’s budget. The City maintained compliance with state budget laws for the year ended June 30, 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2015, the City had \$3,463,127 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 Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and construction in process	\$ 105,418	\$ 143,578	\$ 135,573	\$ 135,573	\$ 240,991	\$ 279,151
Buildings	2,112,566	2,221,246	429,325	142,595	2,541,891	2,363,841
Machinery & equipment	433,253	398,339	358,151	300,527	791,404	698,866
Utility property & improvements	366,762	344,186	946,732	1,120,169	1,313,494	1,464,355
Total capital assets, net	\$ 3,017,999	\$ 3,107,349	\$ 1,869,781	\$ 1,698,864	\$ 4,887,780	\$ 4,806,213

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

- Storm sirens
- Vehicles, including 2014 Ford F150 truck, 2014 For E350, 2015 F-250 4x4 crew cab and 2015 F-550
- Water telemetry system and other water improvements
- Street improvements

Long-Term Debt

At year-end, the City had \$2173,396 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>2015</u>	<u>2014</u>
Capital lease payable	32,020	24,836
Notes payable	1,446,380	1,507,081
Bonds payable	695,000	815,000
less current portion	(358,707)	(293,866)
Total long term debt	<u>\$ 1,814,693</u>	<u>\$ 2,053,051</u>

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

Economic Environment

According to the Oklahoma Economic Report, gross receipts for the State began falling during the fiscal year; the trend is expected to continue as the lower market prices for oil and natural gas noted further decline. The state is bracing for the impact on the economy. It is expected that the sluggish returns will also impact the local economy. In light of state economy, the City of Mangum has approved a fiscal year 2016 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, 2015

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 526,777	\$ 550,250	\$ 1,077,027
Investments	948,894	121,683	1,070,577
Accounts receivable (net)	143,417	298,661	442,078
Inventory	-	45,899	45,899
Due from other funds	-	-	-
Total current assets	<u>1,619,088</u>	<u>1,016,493</u>	<u>2,635,581</u>
Restricted assets:			
Cash and cash equivalents	107,294	133,649	240,943
Investments	159,721	145,857	305,578
Total restricted assets	<u>267,015</u>	<u>279,506</u>	<u>546,521</u>
Noncurrent Assets:			
Pension asset	21,728	-	21,728
Land and construction in progress	155,218	135,573	290,791
Other capital assets (net of accumulated depreciation)	2,862,780	1,734,208	4,596,988
Total noncurrent assets	<u>3,039,726</u>	<u>1,869,781</u>	<u>4,909,507</u>
Total assets	<u>4,925,829</u>	<u>3,165,780</u>	<u>8,091,609</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on pension obligations	\$ 319,489	\$ -	\$ 319,489
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 16,352	\$ 231,130	\$ 247,482
Payroll liabilities	56,224	30,505	86,729
Capital lease payable, current	-	17,852	17,852
Notes payable, current	-	205,855	205,855
Bonds payable, current	-	135,000	135,000
Total current liabilities	<u>72,576</u>	<u>620,342</u>	<u>692,918</u>
Liabilities payable from restricted assets:			
Accrued payables	-	8,166	8,166
Total liabilities payable from restricted assets	<u>-</u>	<u>8,166</u>	<u>8,166</u>
Noncurrent liabilities:			
Other accrued liabilities	1,376	145,582	146,958
Pension liability	690,488	-	690,488
Capital lease payable, non-current	-	14,168	14,168
Notes payable, non-current	-	1,240,525	1,240,525
Bonds payable, non-current	-	560,000	560,000
Total noncurrent liabilities	<u>691,864</u>	<u>1,960,275</u>	<u>2,652,139</u>
Total liabilities	<u>764,440</u>	<u>2,588,783</u>	<u>3,353,223</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pension obligations	178,276	-	178,276
NET POSITION			
Invested in capital assets, net of related debt	3,039,726	423,401	3,463,127
Reserved for restricted purposes	378,018	279,506	657,524
Unrestricted	884,858	(125,910)	758,948
Total net position	<u>\$ 4,302,602</u>	<u>\$ 576,997</u>	<u>\$ 4,879,599</u>

City of Mangum, Oklahoma
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 871,842	\$ 340,004	\$ 74,228	\$ 57,438	\$ (400,172)
Public safety and judiciary	1,024,711	31,672	4,484	-	(988,555)
Transportation	296,668	11,921	27,918	-	(256,829)
Cultural, parks and recreation	322,762	20,424	44,132	-	(258,206)
Public service	121,180	15,743	-	-	(105,437)
Total governmental activities	<u>2,637,163</u>	<u>419,764</u>	<u>150,762</u>	<u>57,438</u>	<u>(2,009,199)</u>
Business-type activities:					
Electric	2,321,152	3,285,153	-	-	964,001
Water	352,997	672,179	-	-	319,182
Sewer	20,461	200,069	-	-	179,608
Sanitation	416,075	407,523	-	-	(8,552)
Golf	141,263	89,411	-	-	(51,852)
Customer service	200,164	63,604	-	-	(136,560)
Total business-type activities	<u>3,452,112</u>	<u>4,717,939</u>	<u>-</u>	<u>-</u>	<u>1,265,827</u>
Total primary government	<u>\$ 6,089,275</u>	<u>\$ 5,137,703</u>	<u>\$ 150,762</u>	<u>\$ 57,438</u>	<u>\$ (743,372)</u>

City of Mangum, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2015

Changes in Net Position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net (expense)/revenue	\$ (2,009,199)	\$ 1,265,827	\$ (743,372)
General revenues:			
Taxes:			
Sales tax	581,337	-	581,337
Use tax	87,435	-	87,435
Franchise tax	35,434	-	35,434
Other taxes	46,913	-	46,913
Oil and gas royalties	-	-	-
Investment income	10,322	6,722	17,044
Transfers-Internal activity	1,003,952	(1,003,952)	-
Other	33,720	-	33,720
Total general revenues and transfers	<u>1,799,113</u>	<u>(997,230)</u>	<u>801,883</u>
Change in net assets	(210,086)	268,597	58,511
Net position-beginning, restated	4,512,688	308,400	4,821,088
Net position-ending	<u>\$ 4,302,602</u>	<u>\$ 576,997</u>	<u>\$ 4,879,599</u>

City of Mangum, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General Fund</u>	<u>Hospital Sales Tax</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 207,942	\$ 120,352	\$ 305,777	\$ 634,071
Investments	887,301	-	221,314	1,108,615
Due from other funds	13,939	31,695	6,000	51,634
Accounts receivable	14,438	-	6,032	20,470
Taxes receivable	118,232	-	4,715	122,947
Total assets	<u>1,241,852</u>	<u>152,047</u>	<u>543,838</u>	<u>1,937,737</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on pension obligations	319,489	-	-	319,489
Total assets and deferred outflows of resources	<u>\$ 1,561,341</u>	<u>\$ 152,047</u>	<u>\$ 543,838</u>	<u>\$ 2,257,226</u>
LIABILITIES				
Accounts payable	\$ 12,740	\$ -	\$ 3,612	\$ 16,352
Due to other funds	37,695	-	13,939	51,634
Payroll liabilities	56,224	-	-	56,224
Other accrued liabilities	1,376	-	-	1,376
Total liabilities	<u>108,035</u>	<u>-</u>	<u>17,551</u>	<u>125,586</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pension obligations	178,276	-	-	178,276
FUND BALANCES				
Nonspendable	-	-	107,294	107,294
Restricted	-	152,047	192,305	344,352
Committed	-	-	174,879	174,879
Assigned	70,500	-	51,809	122,309
Unassigned	1,204,530	-	-	1,204,530
Total fund balances	<u>1,275,030</u>	<u>152,047</u>	<u>526,287</u>	<u>1,953,364</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,561,341</u>	<u>\$ 152,047</u>	<u>\$ 543,838</u>	<u>\$ 2,257,226</u>
Total fund balance- total governmental funds				\$ 1,953,364

Amounts reported for governmental activities in the Statement of Net Position 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	155,218	
Capital assets	6,090,160	
Less: Accumulated depreciation	<u>(3,227,380)</u>	
		3,017,998

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

OPERS pension asset	21,728	
OPPRS pension liability	(81,760)	
OFPRS pension liability	<u>(608,728)</u>	
		<u>(668,760)</u>

Net position of governmental activities \$ 4,302,602

City of Mangum, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2015

	General Fund	Hospital Sales Tax	Non-Major Funds	Total Governmental Funds
REVENUES				
Sales tax	\$ 581,337	\$ -	\$ -	\$ 581,337
Use tax	87,435	-	-	87,435
Franchise tax	35,434	-	-	35,434
Licenses and permits	18,754	-	-	18,754
Rents & royalties	27,764	-	300,000	327,764
Fines and forfeitures	18,185	-	-	18,185
Charges for services	44,123	-	11,410	55,533
Intergovernmental revenues	104,351	-	39,298	143,649
Donations	-	-	37,030	37,030
Other revenues	33,248	-	74,434	107,682
Interest	8,091	385	1,846	10,322
Total revenues	<u>958,722</u>	<u>385</u>	<u>464,018</u>	<u>1,423,125</u>
EXPENDITURES				
General government:				
Administration	318,558	-	-	318,558
City commission	24,775	-	-	24,775
General government	198,594	-	300,094	498,688
Total general government	<u>541,927</u>	<u>-</u>	<u>300,094</u>	<u>842,021</u>
Public safety and judiciary:				
Police	537,088	-	-	537,088
Animal control	38,042	-	-	38,042
Fire	293,090	-	1,959	295,049
Judiciary	21,801	-	74,108	95,909
Total public safety and judiciary	<u>890,021</u>	<u>-</u>	<u>76,067</u>	<u>966,088</u>
Transportation:				
Street	160,102	-	-	160,102
Airport	13,703	-	-	13,703
Total transportation	<u>173,805</u>	<u>-</u>	<u>-</u>	<u>173,805</u>
Cultural, parks and recreation:				
Library	98,263	-	6,892	105,155
Park	108,066	-	-	108,066
Swimming pool	46,244	-	-	46,244
Total cultural, parks and recreation	<u>252,573</u>	<u>-</u>	<u>6,892</u>	<u>259,465</u>
Public service:				
Cemetery	2,698	-	-	2,698
Inspection and code enforcement	18,631	-	-	18,631
Community service	64,090	-	-	64,090
Healthcare	-	35,041	-	35,041
Total public service	<u>85,419</u>	<u>35,041</u>	<u>-</u>	<u>120,460</u>
Capital outlay	185,973	-	-	185,973
Total expenditures	<u>2,129,718</u>	<u>35,041</u>	<u>383,053</u>	<u>2,547,812</u>
Excess (deficiency) of revenues over expenditures	<u>(1,170,996)</u>	<u>(34,656)</u>	<u>80,965</u>	<u>(1,124,687)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,221,828	192,835	-	1,414,663
Transfers out	(255,774)	(126,206)	(28,731)	(410,711)
Total other financing sources and uses	<u>966,054</u>	<u>66,629</u>	<u>(28,731)</u>	<u>1,003,952</u>
Net change in fund balances	(204,942)	31,973	52,234	(120,735)
Fund balances - beginning, restated	1,479,972	120,074	474,053	2,074,099
Fund balances - ending	<u>\$ 1,275,030</u>	<u>\$ 152,047</u>	<u>\$ 526,287</u>	<u>\$ 1,953,364</u>

City of Mangum, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2015

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

Net change in fund balances - total governmental funds \$ (120,735)
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	185,973	
Depreciation expense	<u>(275,324)</u>	<u>(89,351)</u>

	Change in Fund Balance of Governmental Activities	<u><u>\$ (210,086)</u></u>
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City of Mangum, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2015

	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	\$ 221,152	\$ 12,757	\$ 60,282	\$ 195,966	\$ 60,093	\$ 550,250
Investments	18,483	-	-	62,240	40,960	121,683
Accounts receivable, net	298,661	-	-	-	-	298,661
Inventory	42,965	2,934	-	-	-	45,899
Total current assets	<u>581,261</u>	<u>15,691</u>	<u>60,282</u>	<u>258,206</u>	<u>101,053</u>	<u>1,016,493</u>
Current assets:						
Restricted assets:						
Cash, including time deposits	133,649	-	-	-	-	133,649
Investments	145,857	-	-	-	-	145,857
Total restricted assets	<u>279,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,506</u>
Noncurrent assets:						
Capital assets (net)	1,687,596	182,185	-	-	-	1,869,781
Total noncurrent assets	<u>1,687,596</u>	<u>182,185</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,869,781</u>
Total assets	<u>\$ 2,548,363</u>	<u>\$ 197,876</u>	<u>\$ 60,282</u>	<u>\$ 258,206</u>	<u>\$ 101,053</u>	<u>\$ 3,165,780</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 211,467	\$ 432	\$ 19,231	\$ -	\$ -	\$ 231,130
Payroll liabilities	29,834	671	-	-	-	30,505
Capital lease payable, current	-	17,852	-	-	-	17,852
Notes payable, current	205,855	-	-	-	-	205,855
Bonds payable, current	135,000	-	-	-	-	135,000
Total current liabilities	<u>582,156</u>	<u>18,955</u>	<u>19,231</u>	<u>-</u>	<u>-</u>	<u>620,342</u>
Liabilities payable from restricted assets:						
Accrued interest payable	8,166	-	-	-	-	8,166
Total liabilities payable from restricted assets	<u>8,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,166</u>
Noncurrent liabilities:						
Meter deposit liability	145,582	-	-	-	-	145,582
Capital lease payable, non-current	-	14,168	-	-	-	14,168
Notes payable, non-current	1,240,525	-	-	-	-	1,240,525
Bonds payable, non-current	560,000	-	-	-	-	560,000
Total noncurrent liabilities	<u>1,946,107</u>	<u>14,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,960,275</u>
Total liabilities	<u>2,536,429</u>	<u>33,123</u>	<u>19,231</u>	<u>-</u>	<u>-</u>	<u>2,588,783</u>
NET POSITION						
Invested in capital assets, net of related debt	241,216	182,185	-	-	-	423,401
Restricted	279,506	-	-	-	-	279,506
Unrestricted	(508,788)	(17,432)	41,051	258,206	101,053	(125,910)
Total net position	<u>\$ 11,934</u>	<u>\$ 164,753</u>	<u>\$ 41,051</u>	<u>\$ 258,206</u>	<u>\$ 101,053</u>	<u>\$ 576,997</u>

City of Mangum, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2015

	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	\$ 3,285,153	\$ -	\$ -	\$ -	\$ -	\$ 3,285,153
Water charges	672,179	-	-	-	-	672,179
Sewer charges	200,069	-	-	-	-	200,069
Sanitation charges	407,523	-	-	-	-	407,523
Sale of merchandise	-	13,868	-	-	-	13,868
Penalties	61,764	-	-	-	-	61,764
Total charges for services	4,626,688	13,868	-	-	-	4,640,556
Rental and fee income	216	45,688	-	-	-	45,904
Other fees and charges	1,624	29,855	-	-	-	31,479
Total operating revenues	4,628,528	89,411	-	-	-	4,717,939
Operating expenses:						
Cost of sales	1,865,851	6,092	-	-	-	1,871,943
Personal services	629,338	41,152	-	-	-	670,490
Materials and supplies	197,816	25,130	-	-	-	222,946
Other services and charges	451,330	41,718	-	-	-	493,048
Depreciation and amortization	151,681	26,003	-	-	-	177,684
Total operating expenses	3,296,016	140,095	-	-	-	3,436,111
Net operating income	1,332,512	(50,684)	-	-	-	1,281,828
Nonoperating revenue (expense):						
Investment income	4,938	-	186	1,028	570	6,722
Interest expense	(14,833)	(1,168)	-	-	-	(16,001)
Total nonoperating revenue (expense)	(9,895)	(1,168)	186	1,028	570	(9,279)
Net Income before contributions and transfers	1,322,617	(51,852)	186	1,028	570	1,272,549
Transfers from other funds	189,156	104,938	14,950	48,511	39,461	397,016
Transfers to other funds	(1,338,019)	-	(19,231)	(3,718)	(40,000)	(1,400,968)
Change in net position	173,754	53,086	(4,095)	45,821	31	268,597
Net position-beginning of year	(161,820)	111,667	45,146	212,385	101,022	308,400
Net position-end of year	\$ 11,934	\$ 164,753	\$ 41,051	\$ 258,206	\$ 101,053	\$ 576,997

City of Mangum, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	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	\$ 4,685,536	\$ 89,411	\$ -	\$ -	\$ -	\$ 4,774,947
Payments to suppliers	(2,583,804)	(78,680)	19,231	-	-	(2,643,253)
Payments to employees	(604,130)	(41,370)	-	-	-	(645,500)
Net cash provided (used) by operating activities	1,497,602	(30,639)	19,231	-	-	1,486,194
Cash flows from non-capital financing activities:						
Transfers from other funds	189,156	104,938	14,950	48,511	39,461	397,016
Transfers to other funds	(1,338,019)	-	(19,231)	(3,718)	(40,000)	(1,400,968)
Net cash provided (used) by non-capital financing activities	(1,148,863)	104,938	(4,281)	44,793	(539)	(1,003,952)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(344,925)	(27,249)	-	-	-	(372,174)
Issuance of capital debt	101,261	22,658	-	-	-	123,919
Principal paid on capital debt	(286,966)	(15,428)	-	-	-	(302,394)
Interest paid on capital debt	(6,720)	(1,168)	-	-	-	(7,888)
Net cash provided (used) by capital and related financing activities	(537,350)	(21,187)	-	-	-	(558,537)
Cash flows from investing activities:						
Investment income	4,938	-	186	602	274	6,000
Net cash provided (used) by investing activities	4,938	-	186	602	274	6,000
Net increase (decrease) in cash and cash equivalents	(183,673)	53,112	15,136	45,395	(265)	(70,295)
Cash & cash equivalents, June 30, 2014	538,474	(40,355)	45,146	150,571	60,358	754,194
Cash & cash equivalents, June 30, 2015	<u>\$ 354,801</u>	<u>\$ 12,757</u>	<u>\$ 60,282</u>	<u>\$ 195,966</u>	<u>\$ 60,093</u>	<u>\$ 683,899</u>
Cash, including time deposits	\$ 221,152	\$ 12,757	\$ 60,282	\$ 195,966	\$ 60,093	\$ 550,250
Restricted cash, including time deposits	133,649	-	-	-	-	133,649
Total cash and cash equivalents, end of year	<u>\$ 354,801</u>	<u>\$ 12,757</u>	<u>\$ 60,282</u>	<u>\$ 195,966</u>	<u>\$ 60,093</u>	<u>\$ 683,899</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ 1,332,512	\$ (50,684)	\$ -	\$ -	\$ -	\$ 1,281,828
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	151,681	26,003	-	-	-	177,684
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	57,008	-	-	-	-	57,008
(Increase) decrease in inventory	(9,402)	(17)	-	-	-	(9,419)
Increase (decrease) in accounts payable	(59,405)	(5,723)	19,231	-	-	(45,897)
Increase (decrease) in payroll liabilities	25,208	(218)	-	-	-	24,990
Increase (decrease) in other liabilities	-	-	-	-	-	-
Total adjustments	165,090	20,045	19,231	-	-	204,366
Net cash provided (used) by operating activities	\$ 1,497,602	\$ (30,639)	\$ 19,231	\$ -	\$ -	\$ 1,486,194

City of Mangum, Oklahoma
Statement of Fiduciary Net Position
Cafeteria Plan Trust Fund
June 30, 2015

	<u>Cafeteria Plan</u>
ASSETS	
Cash and cash equivalents	\$ 10,010
Total assets	<u>\$ 10,010</u>
LIABILITIES	
Benefits payable	\$ 10,010
Total liabilities	<u>\$ 10,010</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, 2015. 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, 2015, the City has estimated an allowance of \$228,491 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 position

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.

Unrestricted net position

This consists of net position that does not meeting the criteria of "restricted" or "invested in capital assets, net of related debt".

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

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources

In addition to assets, the statement of net position will sometimes reports a separate section for deferred outflows of resources. This separate financials statement element represents a consumption of net position that applies to a future period(s) therefore will not be recognized as an outflow of resources (expense) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on net pension obligations for the retirement plans of the City. A deferred charge on pension obligations results from the net different between projected and actual earnings on pension plan investments.

Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s); therefore will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred charge on net pension obligations for the retirement plans of the City. A deferred charge on pension obligations results from the net difference between projected and actual earnings on pension plan investments.

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 November 2, 2015, 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. The following is a summary of the investments of primary government.

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings</u>	<u>Weighted Average Months to Maturity</u>
INVESTMENTS:				
Certificates of deposit	\$ 1,376,155	\$ 1,376,155	N/A	6.2
Total investments	<u>1,376,155</u>	<u>1,376,155</u>		
Total primary government investments	<u>\$ 1,376,155</u>	<u>\$ 1,376,155</u>		

RECONCILIATION TO STATEMENT OF NET ASSETS

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Investments, unrestricted	\$ 948,894	\$ 121,683	\$ 1,070,577
Investments, restricted	159,721	145,857	305,578
Total investments	<u>\$ 1,108,615</u>	<u>\$ 267,540</u>	<u>\$ 1,376,155</u>

Capital Assets

Changes in Capital Assets

	<u>Primary Government</u>			
	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2015</u>
<i>Governmental Activities</i>				
Land and construction in process	\$ 143,578	\$ 7,640	\$ -	\$ 151,218
Buildings & structures	3,860,496	25,292	-	3,885,788
Machinery, furniture, & equipment	1,401,052	127,566	-	1,528,618
Infrastructure & improvements	654,278	25,475	-	679,753
Total	6,059,404	185,973	-	6,245,377
Less accumulated depreciation	<u>2,952,055</u>	<u>275,324</u>	<u>-</u>	<u>3,227,379</u>
Governmental fixed assets, net	<u>\$ 3,107,349</u>	<u>\$ (89,351)</u>	<u>\$ -</u>	<u>\$ 3,017,998</u>
<i>Business-type Activities</i>				
Land	\$ 135,573	\$ -	\$ -	\$ 135,573
Buildings & structures	320,421	-	-	320,421
Machinery, furniture, & equipment	1,402,247	179,864	44,900	1,537,211
Infrastructure & improvements	2,458,622	192,309	-	2,650,931
Total	4,316,863	372,173	44,900	4,644,136
Less accumulated depreciation	<u>2,617,999</u>	<u>177,684</u>	<u>21,328</u>	<u>2,774,355</u>
Business-type fixed assets, net	<u>\$ 1,698,864</u>	<u>\$ 194,489</u>	<u>\$ (23,572)</u>	<u>\$ 1,869,781</u>
Total primary government	<u>\$ 4,806,213</u>	<u>\$ 105,138</u>	<u>\$ (23,572)</u>	<u>\$ 4,887,779</u>

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	1,362,488	174,721	1,537,209
Infrastructure & improvements	2,650,932	-	2,650,932
 Total	 4,305,993	 338,142	 4,644,135
Less accumulated depreciation	(2,618,397)	(155,957)	(2,774,354)
 Business-type fixed assets, net	 \$ 1,687,596	 \$ 182,185	 \$ 1,869,781

Depreciation Expense

Governmental Activities		Business-type Activities	
General government	\$ 30,542	Water	\$ 93,942
Public safety & judiciary	52,710	Electric	39,654
Transportation	122,863	Sanitation	17,008
Cultural, parks & recreation	62,314	Wastewater	1,077
Public service	6,895	Golf	26,003
 Total depreciation expense	 \$ 275,324	 Total depreciation expense	 \$ 177,684

B. Liabilities

Long-term liabilities of the City of Mangum as of June 30, 2015 are summarized as follows:

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.	\$ 13,582
Capital lease agreement with Great Plains National Bank dated November 14, 2014 in the original amount \$22,658. Proceeds were used for the purchase of a vehicle for the Golf department. Lease is payable in 36 monthly installments of \$664.31, including interest at 3.49%. Lease matures November 2017.	18,438
Total Capital Lease Obligations	<u>32,020</u>

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.	1,046,163
Note payable to Oklahoma Department of Commerce due and payable in monthly installments of \$417 with no stated interest for sewer improvements.	23,325
Note payable to Stockman's Bank issued in 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.	290,498
Note payable to Great Plains National Bank the original amount \$30,731 due and payable in 36 monthly installments of \$901 beginning October 2014. The note carries as 3.49% fixed interest rate. Proceeds were used for water improvements.	23,342
Note payable to First National Bank for the purchase of a 2015 truck for the electrical department. The original amount of \$70,530 is due and payable in 36 monthly installments of \$2,068 beginning March 2015. The note carries as 3.5% fixed interest rate, maturing February 2018.	63,048
Total Notes Payable	<u>1,446,376</u>

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.	695,000
Total Business-type activities long term debt	<u>\$ 2,173,396</u>

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Changes in Long-Term Debt

<u>Type of Debt</u>	<u>Balance at July 1, 2014</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2015</u>	<u>Due Within One Year</u>
Business-type activities:					
Mangum Utility Authority					
Capital lease	\$ 24,789	\$ 22,658	\$ 15,427	\$ 32,020	\$ 17,852
Notes payable	1,507,082	101,261	161,967	1,446,376	205,855
Bonds payable	<u>815,000</u>	<u>-</u>	<u>120,000</u>	<u>695,000</u>	<u>135,000</u>
Total business-type debt	<u>\$ 2,346,871</u>	<u>\$ 123,919</u>	<u>\$ 297,394</u>	<u>\$ 2,173,396</u>	<u>\$ 358,707</u>

Annual Debt Service Requirements

<u>Year Ending June 30</u>	<u>Capital Lease</u>		<u>Notes Payable</u>		<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 17,852	\$ 1,333	\$ 205,855	\$ 11,368	\$ 135,000	\$ 34,588
2017	10,935	603	188,415	9,317	135,000	28,588
2018	3,233	29	174,542	7,334	140,000	21,973
2019	-	-	156,972	6,194	140,000	14,972
2020	-	-	158,467	5,264	145,000	7,650
2021-2024	-	-	562,125	11,239	-	-
Totals	<u>\$ 32,020</u>	<u>\$ 1,965</u>	<u>\$ 1,446,376</u>	<u>\$ 50,716</u>	<u>\$ 695,000</u>	<u>\$ 107,771</u>

C. Interfund Balances

	Transfer In	Transfer Out
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
MANGUM UTILITY AUTHORITY	\$ 1,193,097	\$ -
HOSPITAL SALES TAX	-	192,835
GOLF COURSE FUND	-	62,939
NON-MAJOR FUNDS	28,731	-
<i>HOSPITAL SALES TAX</i>		
GENERAL FUND	192,835	126,206
<i>NON-MAJOR FUNDS</i>		
GENERAL FUND	-	28,731
 BUSINESS-TYPE ACTIVITIES		
<i>MANGUM UTILITY AUTHORITY</i>		
GENERAL FUND	-	1,193,097
HOSPITAL SALES TAX	126,206	-
MUA CAPITAL IMPROVEMENT	19,231	14,950
POWER PLANT CAPITAL	3,718	48,511
WATER WELL IMPROVEMENT	40,000	39,461
GOLF COURSE FUND		42,000
<i>GOLF COURSE FUND</i>		
GENERAL FUND	62,939	
MANGUM UTILITY AUTHORITY	42,000	
<i>MUA CAPITAL IMPROVEMENT</i>		
MANGUM UTILITY AUTHORITY	14,950	19,231
<i>POWER PLANT CAPITAL</i>		
MANGUM UTILITY AUTHORITY	48,511	3,718
<i>WATER WELL IMPROVEMENT</i>		
MANGUM UTILITY AUTHORITY	39,461	40,000
	\$ 1,811,679	\$ 1,811,679

(3) PENSION AND POST-EMPLOYMENT PLANS

RETIREMENT PLANS

The City participates in three employee pension systems as follows:

Name of Plan	Type of Plan
Oklahoma Public Employees Retirement System (OPERS)	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

A. Oklahoma Public Employees Retirement Fund

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

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

OPERS issues a publically available financial report that can be obtained at www.opers.ok.gov.

For the year ended June 30, 2015, employees were required to contribute 6.5% of annual compensation. The City contributed 13.5%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPERS

At June 30, 2015, the City reported a liability of \$81,760 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2015, the City's proportion was 0.0445 percent.

Changes to the actuarial valuation between the measurement date of the net pension liability and the City's reporting dates are not expected to have a significant effect on the net pension liability.

For the year ended June 30, 2015, the City recognized pension expense of \$5,567. At June 30, 2015, the City 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
Difference between expected and actual experience	\$ -	\$ (27,068)
Changes of assumptions	4,679	-
Net difference between projected and actual earnings on pension plan investments	-	(273,238)
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	-	-
Total	\$ 4,679	\$ (300,306)

Other amounts reported deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$	59,125
2017		59,125
2018		59,125
2019		59,125
Thereafter		59,125

Actuarial assumptions: The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3 percent
Salary increases	5.54 percent, average
Investment rate of return	7.5 percent of net investment expenses per annum, compounded annually

Mortality rates were based on the RP-2000 Combined Active/Retiree Health Mortality Table projected to 2010 using Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the three year period ended June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which the 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. The

target allocation and best estimates of geometric real rates of return for each major asset class as of July 1, 2014 are summarized in the following table:

	Target Allocation	Long Term Expected Rate of Return
US Large Cap Equity	38%	5.30%
US Small Cap Equity	6%	5.60%
US Fixed income	25%	0.70%
International stock	18%	5.60%
Emerging market stock	6%	6.40%
TIPS	4%	0.70%
Rate anticipation	4%	1.50%
	100%	

Discount rate:

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in State statute. Based on those assumptions, the pension plan's fiduciary net position was projected through 2113 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the employer calculated using the discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Town's proportionate share of the net pension liability/(asset)	508,558	81,760	(281,216)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

B. Oklahoma Police Pension and Retirement System

Plan description – The City of Mangum, as the employer, participates in the Oklahoma Police Pension and Retirement Plan – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

Benefits provided – OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$23,470. The State of Oklahoma also made on behalf contributions to OPPRS in an amount during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$0. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

– At June 30, 2015, the City reported an asset of \$21,728 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension asset was based on the City'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 City's proportion was 0.000645%.

For the year ended June 30, 2015, the City recognized pension expense of \$7,964. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,762
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	76,369
Changes in proportion and differences between Town contributions and proportionate share of contributions	-
Town contributions subsequent to the measurement date	-
	\$ 86,131

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:

Year ended June 30:	
2016	\$ 17,226
2017	17,226
2018	17,226
2019	17,226
2020	17,266

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:	4.5% to 17.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational Improvement using scale AA.
	Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

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:

<u>Long-Term Expected Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real Estate	5.50%
Private Equity	5.96%
Other assets	3.08%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

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 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-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 (asset)	\$129,276	(\$21,728)	(\$148,990)

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 OPPRS; which can be located at www.ok.gov/OPPRS.

C. Oklahoma Firefighters Pension and Retirement System

Plan Description – The City of Mangum, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$960 (fiscal year contributions). The State of Oklahoma also made on-behalf contributions to FPRS in an amount during the calendar year and this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$0. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the City reported a liability of \$608,728 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City'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 City's proportion was 0.0592%.

For the year ended June 30, 2015, the City recognized pension expense of \$54,672. 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>
Difference between expected and actual experience	\$ 14,504	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	92,145
Changes in proportion and differences between Town contributions and proportionate share of contributions date	-	-
	-	-
Total	\$ 14,504	\$ 92,145

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 15,528
2017	15,528
2018	15,528
2019	15,528
2020	15,528

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:

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability (asset)	\$794,941	\$608,728	\$452,708

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.

(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.

(5) OTHER MATTERS

A. New Accounting Pronouncement

Effective July 1, 2014, the City implemented GASB No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27. GASB No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. The Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plans and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost sharing plans, and recognition and disclosure requirements are addressed for each classification.

CITY OF MANGUM, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Implementation of GASB No. 68 resulted in the restatement of beginning year net position to recognize the net pension obligation of the City. The changes were as follows:

	Governmental
	Activities
Beginning Net Position	\$ 5,040,235
Net pension obligations	(668,760)
Net deferred inflows on pension charges	141,213
Restated Beginning Net Position	\$ 4,512,688

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, 2015

	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES			
Sales tax	\$ 610,000	\$ 581,337	\$ (28,663)
Use tax	46,000	87,435	41,435
Franchise tax	28,000	35,434	7,434
Other taxes	57,800	-	(57,800)
Licenses and permits	2,500	18,754	16,254
Fines and forfeitures	18,050	18,185	135
Charges for services	58,982	44,123	(14,859)
Intergovernmental revenues	-	104,351	104,351
Other revenues	20,000	61,012	41,012
Interest	6,500	8,091	1,591
Budgeted fund balance	-	146,686	146,686
Total revenues	<u>847,832</u>	<u>1,105,408</u>	<u>257,576</u>
EXPENDITURES			
<u>General government:</u>			
Administration	545,666	318,558	227,108
City commission	49,010	24,775	24,235
General government	84,984	198,594	(112,045)
<u>Public safety and judiciary:</u>			
Police	572,228	537,088	35,140
Animal Control	47,140	38,042	9,098
Fire	349,459	293,090	56,369
Judiciary	36,757	21,801	14,956
<u>Transportation</u>			
Street	196,782	160,102	36,680
Airport	36,980	13,703	23,277
<u>Culture and recreation:</u>			
Library	103,920	98,263	5,657
Park	132,677	108,066	24,611
Swimming Pool	68,703	46,244	22,459
<u>Public services</u>			
Cemetery	8,303	2,698	5,605
Inspection	44,698	18,631	26,067
Community service	135,184	64,090	71,094
Total expenditures	<u>2,412,491</u>	<u>1,943,745</u>	<u>470,311</u>
Revenue over (under) expenditures	(1,564,659)	(838,337)	(212,735)
OTHER FINANCING SOURCES (USES)			
Operating transfers in/(out)	1,564,659	966,054	(598,605)
Net other financing sources (uses)	<u>1,564,659</u>	<u>966,054</u>	<u>(598,605)</u>
Revenues and other financing sources over (under) expenditures and other uses	-	127,717	(811,340)
Fund balance at beginning of year (Non-GAAP budgetary basis)		<u>1,470,611</u>	
Fund balance at end of year (Non-GAAP budgetary basis)		<u>\$ 1,598,328</u>	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Revenue and transfer accruals		(323,298)	
Fund balance at end of year (GAAP basis)		<u>\$ 1,275,030</u>	

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Police Pension Retirement Plan
Year Ended June 30, 2015

	<u>2015*</u>
Town's portion of the net pension liability (asset)	0.0645%
Town's proportionate share of the net pension liability (asset)	\$ (21,728)
Town's covered-employee payroll	\$ 183,524
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12%
Plan fiduciary net position as a percentage of the total pension liability	109.04%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previ

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

	<u>2015*</u>
Contractually required contribution	\$ 23,858
Contributions in relation to the contractually required contribution	<u>(23,858)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	\$ 183,524
Contributions as a percentage of covered-employee payroll	13.00%

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Fire Pension Retirement Plan
Year Ended June 30, 2015**

	<u>2015*</u>
Town's portion of the net pension liability (asset)	0.0592%
Town's proportionate share of the net pension liability (asset)	\$ 608,728
Town's covered-employee payroll	\$ 149,274
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	408%
Plan fiduciary net position as a percentage of the total pension liability	-371.80%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previ

**SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan**

	<u>2015*</u>
Contractually required contribution	\$ 20,898
Contributions in relation to the contractually required contribution	<u>(20,898)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	\$ 149,274
Contributions as a percentage of covered-employee payroll	14.00%

Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Public Employees Retirement System**

	<u>2015*</u>
Town's portion of the net pension liability (asset)	0.0445%
Town's proportionate share of the net pension liability (asset)	\$ 81,760
Town's covered-employee payroll	\$ 955,103
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.56%
Plan fiduciary net position as a percentage of the total pension liability	99.96%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

Schedules of Required Supplementary Information

**SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Public Employees Retirement System**

	<u>2015*</u>
Actuarially determined contribution	\$ 128,939
Contributions in relation to the actuarially determined contribution	<u>(128,939)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	\$ 955,103
Contributions as a percentage of covered-employee payroll	13.50%

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	\$ 443	\$5,630	\$ 63,882	\$13,181	\$ 47,054	\$ 18,990	\$ 9,793	\$ (11,130)	\$ 107,294	\$ -	\$ 28,295	\$ 16,294	\$ 6,051	\$ 305,777
Investments	40,055	-	61,593	-	102,290	-	-	-	-	-	17,376	-	-	221,314
Due from other governments	-	-	-	-	6,000	-	-	-	-	-	-	-	-	6,000
Taxes receivable	-	-	4,715	-	-	-	-	-	-	-	-	-	-	4,715
Other receivable	-	-	-	-	-	-	-	6,032	-	-	-	-	-	6,032
Total assets	<u>\$ 40,498</u>	<u>\$5,630</u>	<u>\$ 130,190</u>	<u>\$13,181</u>	<u>\$155,344</u>	<u>\$ 18,990</u>	<u>\$ 9,793</u>	<u>\$ (5,098)</u>	<u>\$ 107,294</u>	<u>\$ -</u>	<u>\$ 45,671</u>	<u>\$ 16,294</u>	<u>\$ 6,051</u>	<u>\$ 543,838</u>
LIABILITIES														
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,612
Due to other funds	-	-	1,439	-	-	-	-	-	-	-	-	12,500	-	13,939
Total liabilities	<u>-</u>	<u>-</u>	<u>1,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>17,551</u>
FUND BALANCES														
Nonspendable	-	-	-	-	-	-	-	-	107,294	-	-	-	-	107,294
Restricted	-	-	-	-	155,344	-	-	(8,710)	-	-	45,671	-	-	192,305
Committed	40,498	5,630	128,751	-	-	-	-	-	-	-	-	-	-	174,879
Assigned	-	-	-	13,181	-	18,990	9,793	-	-	-	-	3,794	6,051	51,809
Total fund balance	<u>40,498</u>	<u>5,630</u>	<u>128,751</u>	<u>13,181</u>	<u>155,344</u>	<u>18,990</u>	<u>9,793</u>	<u>(8,710)</u>	<u>107,294</u>	<u>-</u>	<u>45,671</u>	<u>3,794</u>	<u>6,051</u>	<u>526,287</u>
Total liabilities and fund balance	<u>\$ 40,498</u>	<u>\$5,630</u>	<u>\$ 130,190</u>	<u>\$13,181</u>	<u>\$155,344</u>	<u>\$ 18,990</u>	<u>\$ 9,793</u>	<u>\$ (5,098)</u>	<u>\$ 107,294</u>	<u>\$ -</u>	<u>\$ 45,671</u>	<u>\$ 16,294</u>	<u>\$ 6,051</u>	<u>\$ 543,838</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	\$ -	\$ 6,896	\$ 27,918	\$ 4,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,298
Charges for services	-	-	-	-	-	6,082	480	-	-	-	4,848	-	-	11,410
Rental income	-	-	-	-	-	-	-	-	-	300,000	-	-	-	300,000
Other income	-	-	-	-	-	-	-	74,228	-	-	-	206	-	74,434
Donations	-	330	-	500	25,000	-	-	-	-	-	11,200	-	-	37,030
Interest income	277	-	444	-	925	-	-	-	-	-	128	57	15	1,846
Total revenues	277	7,226	28,362	4,984	25,925	6,082	480	74,228	-	300,000	16,176	263	15	464,018
EXPENDITURES														
General government:														
General government	-	-	-	-	94	-	-	-	-	300,000	-	-	-	300,094
Total general government	-	-	-	-	94	-	-	-	-	300,000	-	-	-	300,094
Public safety and judiciary:														
Fire	-	-	-	1,959	-	-	-	-	-	-	-	-	-	1,959
Judiciary	-	-	-	-	-	-	-	74,108	-	-	-	-	-	74,108
Total public safety and judiciary	-	-	-	1,959	-	-	-	74,108	-	-	-	-	-	76,067
Cultural, parks and recreation:														
Library	-	6,892	-	-	-	-	-	-	-	-	-	-	-	6,892
Total cultural, parks and recreation	-	6,892	-	-	-	-	-	-	-	-	-	-	-	6,892
Capital outlay														
Total expenditures	-	6,892	-	1,959	94	-	-	74,108	-	300,000	-	-	-	383,053
Excess (deficiency) of revenues over expenditures	277	334	28,362	3,025	25,831	6,082	480	120	-	-	16,176	263	15	80,965
OTHER FINANCING SOURCES (USES)														
Transfers in/(out)	-	-	(20,000)	(2,580)	(6,000)	(151)	-	-	-	-	-	-	-	(28,731)
Total other financing sources and uses	-	-	(20,000)	(2,580)	(6,000)	(151)	-	-	-	-	-	-	-	(28,731)
Net change in fund balances	277	334	8,362	445	19,831	5,931	480	120	-	-	16,176	263	15	52,234
Fund balance - beginning	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
Fund balance - ending	\$ 40,498	\$ 5,630	\$ 128,751	\$ 13,181	\$ 155,344	\$ 18,990	\$ 9,793	\$ (8,710)	\$ 107,294	\$ -	\$ 45,671	\$ 3,794	\$ 6,051	\$ 526,287



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
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, each major fund, and the aggregate remaining fund information of the City of Mangum, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Mangum, Oklahoma's basic financial statements, and have issued our report thereon dated November 2, 2015.

Internal Control over Financial Reporting

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

FSW&B CPAs-PLLC
Woodward, Oklahoma
November 2, 2015