

**TOWN OF OKEENE, OKLAHOMA
OKEENE, OKLAHOMA**

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

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

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TOWN OF OKEENE, OKLAHOMA

List of Principal Officials

Town Council

Wayne Carter, Mayor

Mary Dungan, Vice Mayor

Buster Aldrich

Robert Jones

Ron Pittman

Town Manager

Gerald Haury

Town Treasurer and Town Clerk

Susan Rauh



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Okeene, OK

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Okeene, OK, 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. We did not audit the financial statements of the Okeene Municipal Hospital and Schallmo Authority, which is the only discretely presented component unit of the Town.

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 did not audit the financial statements of Okeene Municipal Hospital and Schallmo Authority. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Okeene Municipal Hospital and Schallmo Authority is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Town of Okeene, OK, 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 Town's proportionate share of the net pension liability on pages 3–10, 41–42 and 43–46 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2015, on our consideration of the Town of Okeene, OK'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 Town of Okeene, OK's internal control over financial reporting and compliance.

FSW&B CPAs-PLLC

FSW&B CPAs-PLLC
Woodward, OK
October 30, 2015

Our discussion and analysis of the Town of Okeene's ("Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. The Town's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. This discussion focuses on the Town's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$6,994,553 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$6,632,664.
- Total liabilities of the Town decreased by \$119,495 from \$1,651,724 to \$1,532,229 during the fiscal year. This 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 offset by payments made on outstanding debt held by the City.
- Total net position are comprised of the following:
 - 1) Invested in capital assets, net of related debt, of \$4,807,820 includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets. This compares to \$34,456,663 in prior year.
 - 2) Unrestricted net position of \$1,726,268 represent the portion available to maintain the Town's continuing obligations to citizens and creditors compared to \$1,756,452, last year.
 - 3) Reserve for restricted purposes of \$460,465 is restricted for debt and other obligations, which is a decrease from the prior year amount \$419,549.
- The Town's governmental funds reported total ending fund balance of \$641,582 this year. This compared to the prior year ending fund balance of \$669,307, as restated for the implementation of GASB 68.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Both government-wide financial statements distinctively report governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type

activities that are intended to recover all 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 provided by the Town. Fiduciary activities such as the Okeene Municipal Charitable Trust are not included in the government-wide statements since these assets are not available to fund Town programs.

The Town's financial reporting entity includes the funds of the Town (primary government) and organization for which the Town is accountable (component units). The Okeene Municipal Hospital and Schallmo Authority is a separate legal entity which operates independently and provides services directly to the citizens though the Town remains accountable for their actions. As such, the Okeene Municipal Hospital is reported separately from the primary government though included in the Town's overall reporting entity. Management's Discussion and Analysis will focus on the Town's primary government. More comprehensive information about the Town's component units can be found in footnotes.

Fund Financial Statements

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

The Town has 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 the General Fund. This statement demonstrates compliance with the Town's adopted and final revised budget.

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

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

Fiduciary funds such as the Okeene Municipal Charitable Trust are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund the Town's programs. Fiduciary fund statements report similarly to proprietary funds.

Notes to the financial statements

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

Other information

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

A FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Changes in net position may be observed and used to discuss the changing financial position of the Town as a whole. The Town's net position at fiscal year-end was \$6,994,553. This is a \$348,254 increase over last year's net position of \$6,646,299, restated for GASB 68. The following table provides a summary of the Town's net position at June 30 after the adjustment to fund balance:

	Governmental Activities		Business-Type Activities		Totals		Change	
	2015	2014	2015	2014	2015	2014	\$	%
Current assets	\$ 587,166	\$ 619,790	\$ 1,742,519	\$ 1,721,712	\$ 2,329,685	\$ 2,341,502	\$ (11,817)	-1%
Noncurrent assets	3,667	-	-	-	3,667	-	3,667	100%
Capital assets, net	2,752,541	2,571,238	3,372,997	3,371,648	6,125,538	5,942,886	182,652	3%
Total assets	\$ 3,343,374	\$ 3,191,028	\$ 5,115,516	\$ 5,093,360	\$ 8,458,890	\$ 8,284,388	\$ 174,502	2%
Deferred outflows	74,139	-	-	-	74,139	-	74,139	100%
Current liabilities	\$ 13,476	\$ 33,691	\$ 306,422	\$ 280,837	\$ 319,898	\$ 314,528	\$ 5,370	2%
Non-current liabilities	61,362	11,840	1,150,969	1,325,356	1,212,331	1,337,196	(124,865)	-9%
Total liabilities	74,838	45,531	1,457,391	1,606,193	1,532,229	1,651,724	(119,495)	-7%
Deferred inflows	6,247	-	-	-	6,247	-	6,247	100%
Net position								
Invested in capital assets, net of related debt	2,756,208	2,571,238	2,051,612	1,885,425	4,807,820	4,456,663	351,157	8%
Restricted	307,084	266,168	153,381	153,381	460,465	419,549	40,916	100%
Unrestricted	273,136	308,091	1,453,132	1,448,361	1,726,268	1,756,452	(30,184)	-2%
Total net position	\$ 3,336,428	\$ 3,145,497	\$ 3,658,125	\$ 3,487,167	\$ 6,994,553	\$ 6,632,664	\$ 293,997	4%

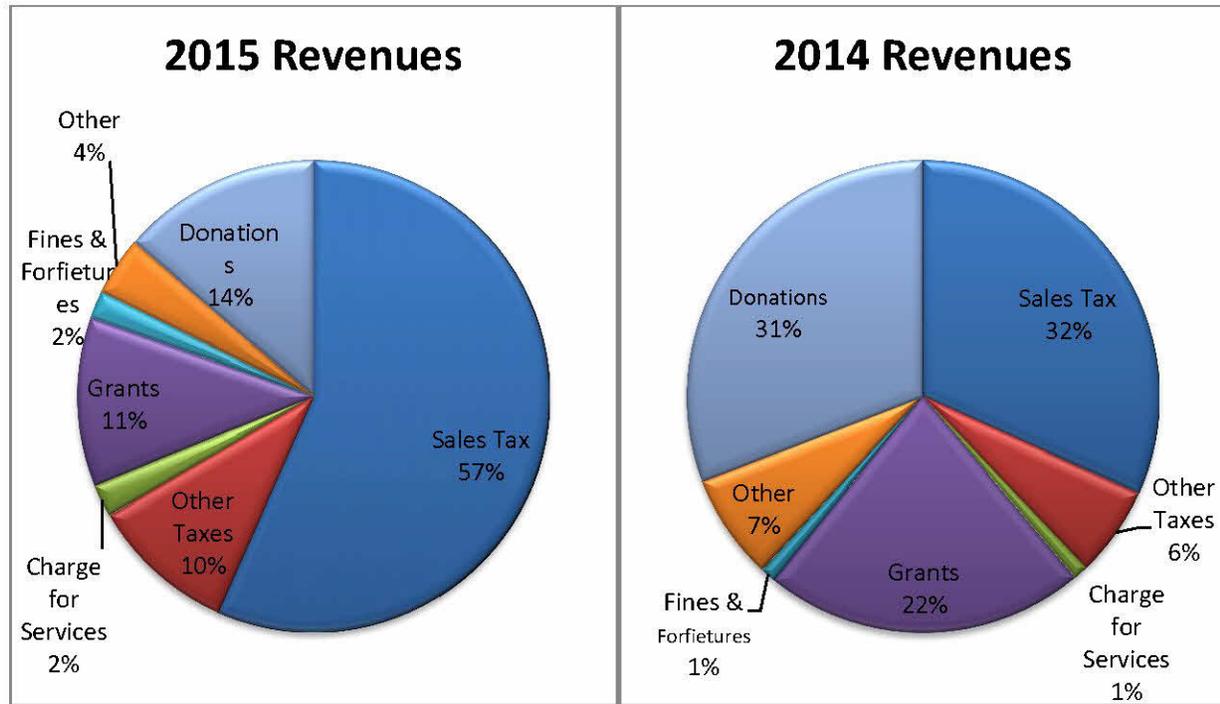
The Town reported positive balances in net position for both governmental and business-type activities. Net position increased \$177,296 or 6% for governmental activities and \$170,958 or 5% for business-type activities. The Town's overall financial position improved 5% during fiscal year.

	Governmental Activities		Business-type Activities		Totals		Change	
	2015	2014	2015	2014	2015	2014	\$	%
Revenues								
Program revenues	\$ 266,542	\$ 767,903	\$ 2,743,275	\$ 2,763,636	\$ 3,009,817	\$ 3,531,539	\$ (521,722)	-15%
Taxes and other general revenues	573,003	583,649	5,383	5,829	578,386	589,478	(11,092)	-2%
Total revenues	839,545	1,351,552	2,748,658	2,769,465	3,588,203	4,121,017	(532,814)	-13%
Expenses								
General government	227,920	222,105	-	-	227,920	222,105	5,815	3%
Public safety and judiciary	268,012	289,988	-	-	268,012	289,988	(21,976)	-8%
Transportation	107,411	96,494	-	-	107,411	96,494	10,917	11%
Cultural, parks, and recreation	185,372	169,823	-	-	185,372	169,823	15,549	9%
Electric	-	-	1,657,815	1,673,570	1,657,815	1,673,570	(15,755)	-1%
Water	-	-	153,393	166,884	153,393	166,884	(13,491)	-8%
Sewer	-	-	155,596	148,738	155,596	148,738	6,858	5%
Sanitation	-	-	85,031	84,986	85,031	84,986	45	0%
Customer service	-	-	287,865	221,756	287,865	221,756	66,109	30%
Total expenses	788,715	778,410	2,339,700	2,295,934	3,128,415	3,074,344	54,071	2%
Excess (deficiency) before transfers	50,830	573,142	408,958	473,531	459,788	1,046,673	(586,885)	-56%
Transfers	238,000	258,905	(238,000)	(258,905)	-	-	-	0%
Transfers to component units	(111,534)	(99,143)	-	-	(111,534)	(99,143)	(12,391)	12%
Increase (decrease) in net position	\$ 177,296	\$ 732,904	\$ 170,958	\$ 214,626	\$ 348,254	\$ 947,530	\$ (599,276)	-63%

Revenues noted a decrease of 13% year over year. Governmental activities saw the largest decrease in program revenues resulting from decreasing donations for the Park playground equipment, Library capital improvement donations, and FAA grant funding for the airport. Business-type activities noted a moderate change in program revenues due to increasing utility rates and utility usage within the Town. Taxes and general revenues decreased 2% when compared to prior year. Governmental tax collections began declining in the latter half of the fiscal period.

Operating expenses remained consistent with prior year, noting a 2% change year over year. The allocation of expenses between departments shifted between departments based upon allocation of salaries and supplies. Overall expenses are considered consistent.

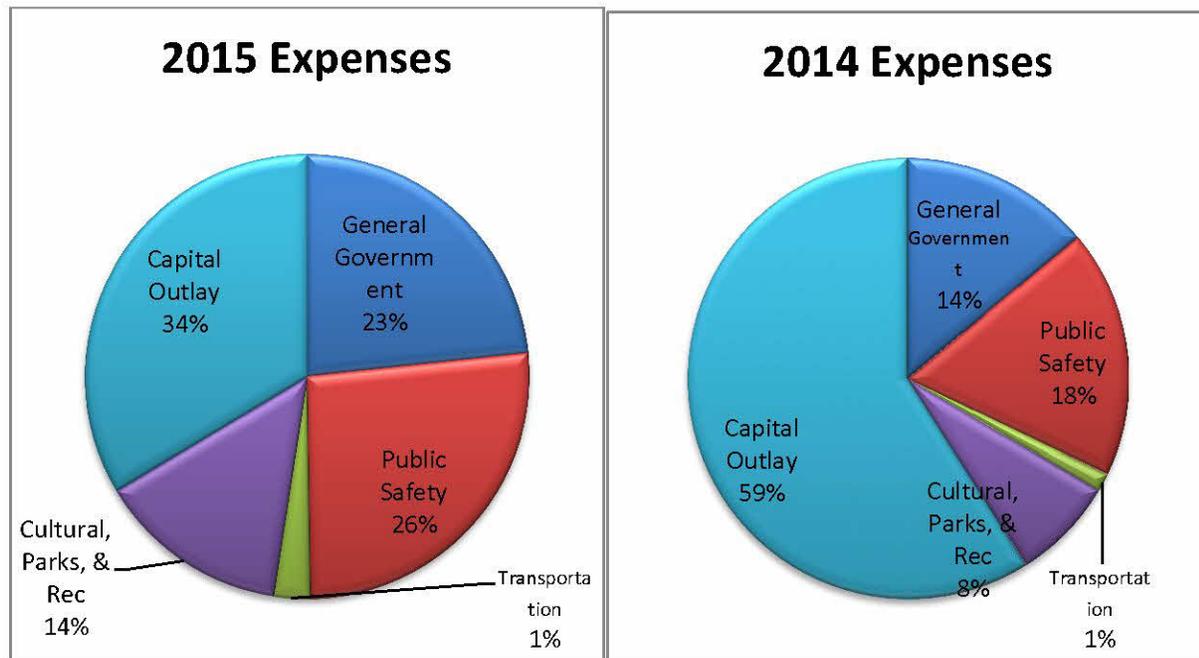
Graphic presentations of selected data from the summary table follow to assist in the analysis of the Town's activities for fiscal year 2015.



TOTAL - \$827,250

TOTAL - \$1,351,552

Sales tax provided for 57% of the Town's governmental revenues in fiscal year 2015 as compared to 32% in 2014. This shift is due to the amount of donations received by the City for use in the Park and Library, which represented 31% of funds available in the prior fiscal year. Accordingly, all revenue sources shifted in contribution percentage.



TOTAL - \$981,441

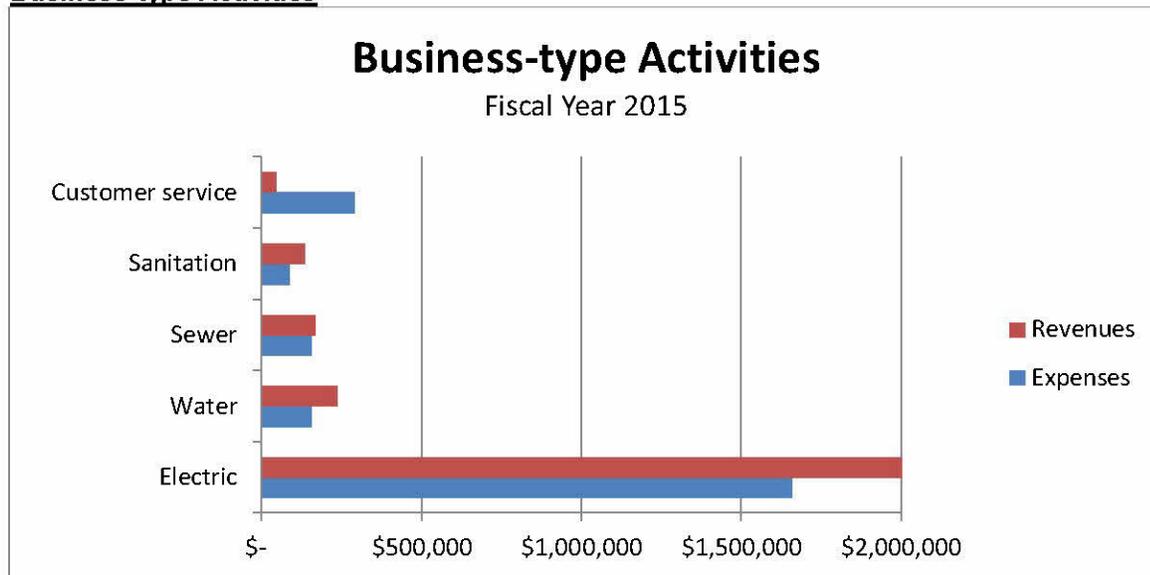
TOTAL - \$1,504,888

This graph shows the total governmental activities cost of \$98,441 for 2015. Of this amount, capital outlay at \$364,893, was the largest operating service cost. This represents funds paid for capital

improvements in the Streets, Library, and Airport. These costs, as well as all governmental activities expense, were primarily funded by donations and grants as noted above.

It should be noted that governmental expenses were significantly adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. For the government-wide full accrual statements, capital outlay expenses are eliminated and capital assets reported.

Business-type Activities



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

General Fund Budgetary Highlights

The original adopted General Fund budget for fiscal year 2015 was \$599,124. Council approved budget amendments during the fiscal year increasing the budget by \$306,648, for a final amended budget of \$905,772, prior to transfers. The prior year amended budget was \$905,049 or a change of less than 1% year over year. The General Fund budget complied with financial policies approved by the Town.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2015, the Town had \$4,751,305 invested in capital assets, net of depreciation, including vehicles and equipment for police and fire operations, park facilities, and street activities in governmental activities and electric lines, water lines and sewer lines in business-type activities. See table below.

Primary Government Capital Assets (net of accumulated depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 2,100	\$ 2,100	\$ 267,250	\$ 267,250	\$ 269,350	\$ 269,350
Construction in process	365,615	222,613	98,031	91,566	463,646.00	314,179
Buildings	26,010	28,858	37,331	39,527	63,341	68,385
Other improvements	1,724,523	1,686,491	-	-	1,724,523	1,686,491
Machinery & equipment	581,449	631,175	194,606	87,847	776,055	719,022
Utility property & improvements	-	-	2,775,778	2,885,458	2,775,778	2,885,458
Totals	\$ 2,699,697	\$ 2,571,237	\$ 3,372,996	\$ 3,371,648	\$ 6,072,693	\$ 5,942,885

- In Governmental Activities, the most significant additions included playground equipment, street repairs, Airport improvements, and continued work on the library expansion.
- In Business-type Activities, capital additions included a new bucket truck and infrastructure improvements.

Long-Term Debt

At year-end, the Town had \$1,154,407 in long-term debt outstanding. The Town's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenue bonds	\$ -	\$ -	\$ 1,165,000	\$ 1,295,000	\$ 1,165,000	\$ 1,295,000
Notes payable	13,634	27,156	156,385	191,223	170,019	218,379
subtotal	13,634	27,156	1,321,385	1,486,223	1,335,019	1,513,379
less current portion	(10,196)	(15,316)	(170,416)	(160,867)	(180,612)	(176,183)
Totals	\$ 3,438	\$ 11,840	\$ 1,150,969	\$ 1,325,356	\$ 1,154,407	\$ 1,337,196

ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

The budget includes 3% rate increases for utility services provided by the City, generating an estimated \$83,407. Governmental revenues are budgeted at 90% of prior year collections. This conservative approach for governmental revenues and the flat customer base for the Town is expected to mimic the economic uncertainty noted throughout the state, as the oil and gas industry is going through changes.

Pay increases of 3% has been included for all full time employees. Raises will be allocated by the City Administrator. The cost of the raise is estimated at \$2,074 and \$4,300 for the General Fund and OPWA, respectively.

Governmental funds budgeted \$72,086 in capital outlay for fiscal year 2016, including fire department equipment, additional work at the Parks and Library, and repairs to the community building.

Business-type activities include \$304,600 in capital outlay projects, including sewer and electrical line work.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's Office at PO Box 800, Okeene, Oklahoma, 73763 or phone at (580) 822-3035.

Town of Okeene, Oklahoma
Statement of Net Position
June 30, 2015

ASSETS	Governmental Activities	Business-type Activities	Total	Component Unit
Current Assets:				
Cash and cash equivalents	\$ 25,212	\$ 1,042,052	\$ 1,067,264	\$ 1,701,977
Investments, including time deposits	28,017	269,842	297,859	399,062
Accounts receivable, net	42,298	238,707	281,005	1,392,011
Due from other funds	36,288	(36,288)	-	-
Due from other governments	-	2,030	2,030	-
Inventory	-	-	-	165,844
Prepaid expenses	-	-	-	72,639
Total current assets	131,815	1,516,343	1,648,158	3,731,533
Restricted assets:				
Cash and cash equivalents	338,712	105,121	443,833	-
Investments, including time deposits	116,639	121,055	237,694	699,000
Total restricted assets	455,351	226,176	681,527	699,000
Noncurrent Assets:				
Pension asset	3,667	-	3,667	-
Land and construction in progress	420,563	374,171	794,734	160,101
Other capital assets (net of accumulated depreciation)	2,331,978	2,998,826	5,330,804	5,360,968
Total noncurrent assets	2,756,208	3,372,997	6,129,205	5,521,069
Total assets	3,343,374	5,115,516	8,458,890	9,951,602
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on pension obligations	\$ 74,139	\$ -	\$ 74,139	\$ -
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 3,280	\$ 15,279	\$ 18,559	\$ 345,756
Accrued expenses payable	-	-	-	282,019
Notes payable, current	10,196	35,416	45,612	-
Bonds payable, current	-	135,000	135,000	189,241
Estimated amounts due to third-party payers	-	-	-	-
Total current liabilities	13,476	185,695	199,171	817,016
Liabilities payable from restricted assets:				
Accrued interest payable	-	-	-	241,000
Customer deposits payable	-	120,727	120,727	-
Total liabilities payable from restricted assets	-	120,727	120,727	241,000
Noncurrent liabilities:				
Pension liability	57,924	-	57,924	-
Notes payable, non-current	3,438	120,969	124,407	-
Bonds payable, non-current	-	1,030,000	1,030,000	6,495,587
Total noncurrent liabilities	61,362	1,150,969	1,212,331	6,495,587
Total liabilities	74,838	1,457,391	1,532,229	7,553,603
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pension obligations	6,247	-	6,247	-
NET POSITION				
Net investment in capital assets	2,756,208	2,051,612	4,807,820	(464,759)
Restricted	307,084	153,381	460,465	158,062
Unrestricted	273,136	1,453,132	1,726,268	2,704,696
Total net position	\$ 3,336,428	\$ 3,658,125	\$ 6,994,553	\$ 2,397,999

Town of Okeene, 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:					
General government	\$ 181,431	\$ 10,556	\$ -	\$ -	\$ (170,875)
Library	46,489	-	3,190	89,841	46,542
Total general government	<u>227,920</u>	<u>10,556</u>	<u>3,190</u>	<u>89,841</u>	<u>(124,333)</u>
Public safety and judiciary:					
Police	196,963	15,559	-	-	(181,404)
Fire	71,049	1,103	4,484	4,070	(61,392)
Total public safety and judiciary	<u>268,012</u>	<u>16,662</u>	<u>4,484</u>	<u>4,070</u>	<u>(242,796)</u>
Transportation:					
Street	23,655	-	11,202	-	(12,453)
Airport	83,756	13,052	-	76,784	6,080
Total transportation	<u>107,411</u>	<u>13,052</u>	<u>11,202</u>	<u>76,784</u>	<u>(6,373)</u>
Cultural, parks and recreation:					
Park	88,036	-	-	19,358	(68,678)
Golf Course	36,771	6,323	-	-	(30,448)
Cemetery	12,571	600	-	-	(11,971)
Community building	7,955	-	-	-	(7,955)
Swimming Pool	40,039	10,420	-	-	(29,619)
Total cultural, parks and recreation	<u>185,372</u>	<u>17,343</u>	<u>-</u>	<u>19,358</u>	<u>(148,671)</u>
Total governmental activities	<u>788,715</u>	<u>57,613</u>	<u>18,876</u>	<u>190,053</u>	<u>(522,173)</u>
Business-type activities:					
Utility services:					
Electric	1,657,815	2,164,197	-	-	506,382
Water	153,393	236,309	-	-	82,916
Sewer	155,596	166,319	-	-	10,723
Sanitation	85,031	132,902	-	-	47,871
Customer service	287,865	43,548	-	-	(244,317)
Total business-type activities	<u>2,339,700</u>	<u>2,743,275</u>	<u>-</u>	<u>-</u>	<u>403,575</u>
Total primary government	<u>\$ 3,128,415</u>	<u>\$ 2,800,888</u>	<u>\$ 18,876</u>	<u>\$ 190,053</u>	<u>\$ (118,598)</u>
Component unit					
Hospital:					
Patient services	6,395,248	6,095,580	14,956	-	(284,712)
Total component unit	<u>\$ 6,395,248</u>	<u>\$ 6,095,580</u>	<u>\$ 14,956</u>	<u>\$ -</u>	<u>\$ (284,712)</u>

Town of Okeene, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2015

Changes in Net Position:	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Net (expense)/revenue	\$ (522,173)	\$ 403,575	\$ (118,598)	\$ (284,712)
General revenues:				
Taxes:				
Sales taxes	468,586	-	468,586	-
Use taxes	40,670	-	40,670	-
Franchise taxes	21,370	-	21,370	-
Alcoholic beverage tax	14,834	-	14,834	-
Cigarette tax	5,574	-	5,574	-
Investment income	1,982	5,383	7,365	11,326
Miscellaneous	19,987	-	19,987	-
Transfers - Other governments, net	(111,534)	-	(111,534)	111,534
Transfers - Internal activity, net	238,000	(238,000)	-	-
Total general revenues and transfers	699,469	(232,617)	466,852	122,860
Change in net position	177,296	170,958	348,254	(161,852)
Net position - beginning, restated	3,159,132	3,487,167	6,646,299	2,559,851
Net position - ending	\$ 3,336,428	\$ 3,658,125	\$ 6,994,553	\$ 2,397,999

Town of Okeene, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Street & Alley Fund	Industrial Park Fund	Library Fund	Airport Fund	Cemetery Fund	Total Governmental Funds
ASSETS							
Cash	\$ 25,212	\$ 83,143	\$ 13,932	\$ 121,422	\$ 112,479	\$ 7,736	\$ 363,924
Investments, including time deposits	28,017	-	-	49,190	-	67,449	144,656
Due from other funds	518,897	-	-	-	296,327	200	815,424
Taxes receivable	42,298	-	-	-	-	-	42,298
Total assets	<u>614,424</u>	<u>83,143</u>	<u>13,932</u>	<u>170,612</u>	<u>408,806</u>	<u>75,385</u>	<u>1,366,302</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charges on pension obligations	74,139	-	-	-	-	-	74,139
Total assets and deferred outflows of resources	<u>\$ 688,563</u>	<u>\$ 83,143</u>	<u>\$ 13,932</u>	<u>\$ 170,612</u>	<u>\$ 408,806</u>	<u>\$ 75,385</u>	<u>\$ 1,440,441</u>
LIABILITIES							
Accounts payable	\$ 3,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,280
Current portion of long-term debt	10,196	-	-	-	-	-	10,196
Due to other funds	328,583	-	-	-	375,179	75,374	779,136
Total liabilities	<u>342,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,179</u>	<u>75,374</u>	<u>792,612</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows on pension obligations	6,247	-	-	-	-	-	6,247
FUND BALANCES							
Nonspendable	190,314	-	-	-	-	-	190,314
Restricted	-	83,143	-	-	33,627	-	116,770
Committed	28,017	-	-	170,612	-	-	198,629
Assigned	-	-	13,932	-	-	11	13,943
Unassigned	121,926	-	-	-	-	-	121,926
Total fund balances	<u>340,257</u>	<u>83,143</u>	<u>13,932</u>	<u>170,612</u>	<u>33,627</u>	<u>11</u>	<u>641,582</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 688,563</u>	<u>\$ 83,143</u>	<u>\$ 13,932</u>	<u>\$ 170,612</u>	<u>\$ 408,806</u>	<u>\$ 75,385</u>	<u>\$ 1,440,441</u>
Total fund balance- total governmental funds							\$ 641,582
Amounts reported for governmental activities in the Statement of Net assets are different because:							
Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.							
				Capital assets			\$ 4,099,229
				Less: Accumulated depreciation			<u>(1,346,688)</u>
							2,752,541
Long-term liabilities are not due and payable in the current period and are not reported in the funds.							
				Long term portion of fire truck debt			(3,438)
				OMRF pension liability			(16,652)
				OPPRF pension asset			3,667
				OFPRF pension asset			<u>(41,272)</u>
							<u>(57,695)</u>
Net assets of governmental activities							<u>\$ 3,336,428</u>

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

	General Fund	Street & Alley Fund	Industrial Park Fund	Library Fund	Airport Fund	Cemetery Fund	Total Governmental Funds
REVENUES							
Sales tax	\$ 468,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 468,586
Use tax	40,670	-	-	-	-	-	40,670
Beverage tax	14,834	-	-	-	-	-	14,834
Franchise taxes	21,370	-	-	-	-	-	21,370
Cigarette tax	5,574	-	-	-	-	-	5,574
Licenses and permits	758	-	-	-	-	-	758
Fines and forfeitures	15,559	-	-	-	-	-	15,559
Investment income	58	-	251	1,265	159	249	1,982
Charges for services	17,846	-	-	-	-	600	18,446
Rental income	9,098	-	700	-	13,052	-	22,850
Intergovernmental	4,484	11,202	-	3,190	76,784	-	95,660
Donations	23,428	-	-	89,841	-	-	113,269
Miscellaneous	6,712	-	-	980	-	-	7,692
Total revenues	<u>628,977</u>	<u>11,202</u>	<u>951</u>	<u>95,276</u>	<u>89,995</u>	<u>849</u>	<u>827,250</u>
EXPENDITURES							
General government:							
General government	171,701	-	-	-	-	-	171,701
Library	-	-	-	44,743	-	-	44,743
Total general government	<u>171,701</u>	<u>-</u>	<u>-</u>	<u>44,743</u>	<u>-</u>	<u>-</u>	<u>216,444</u>
Public safety and judiciary:							
Police	187,915	-	-	-	-	-	187,915
Fire	57,609	-	-	-	-	-	57,609
Total public safety and judiciary	<u>245,524</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,524</u>
Transportation:							
Street	-	20,807	-	-	-	-	20,807
Airport	-	-	-	-	4,256	-	4,256
Total transportation	<u>-</u>	<u>20,807</u>	<u>-</u>	<u>-</u>	<u>4,256</u>	<u>-</u>	<u>25,063</u>
Cultural, parks and recreation:							
Park	40,162	-	-	-	-	-	40,162
Golf Course	35,711	-	-	-	-	-	35,711
Cemetery	-	-	-	-	-	6,948	6,948
Community Building	6,657	-	-	-	-	-	6,657
Swimming Pool	40,039	-	-	-	-	-	40,039
Total cultural, parks and recreation	<u>122,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,948</u>	<u>129,517</u>
Capital outlay	34,665	49,062	-	195,850	85,316	-	364,893
Total expenditures	<u>574,459</u>	<u>69,869</u>	<u>-</u>	<u>240,593</u>	<u>89,572</u>	<u>6,948</u>	<u>961,441</u>
Excess (deficiency) of revenues over expenditures	54,518	(58,667)	951	(145,317)	423	(6,099)	(154,191)
OTHER FINANCING SOURCES (USES)							
Transfers out to other governments	(111,534)	-	-	-	-	-	(111,534)
Transfers in	185,990	86,482	-	93,334	-	50	365,856
Transfers out	(126,866)	-	(990)	-	-	-	(127,856)
Total other financing sources and uses	<u>(52,410)</u>	<u>86,482</u>	<u>(990)</u>	<u>93,334</u>	<u>-</u>	<u>50</u>	<u>126,466</u>
Net change in fund balances	2,108	27,815	(39)	(51,983)	423	(6,049)	(27,725)
Fund balances - beginning, restated	338,149	55,328	13,971	222,595	33,204	6,060	669,307
Fund balances - ending	<u>\$ 340,257</u>	<u>\$ 83,143</u>	<u>\$ 13,932</u>	<u>\$ 170,612</u>	<u>\$ 33,627</u>	<u>\$ 11</u>	<u>\$ 641,582</u>

Town of Okeene, 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 \$ (27,725)

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	364,893
Depreciation expense	(185,689)

The proceeds of debt issuance provides current financial resources to governmental
funds, but issuing debt increases long-term liabilities in the statement of net position.
Repayment of debt principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net position.

Principal paid on outstanding debt	25,817
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Change in Fund Balance of Governmental Activities	\$ 177,296
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Town of Okeene, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2015

	<u>Business-Type Activities</u>	<u>Component Unit</u>
	<u>Public Works Authority</u>	<u>Municipal Hospital and Schallmo Authority</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,042,052	\$ 1,701,977
Investments	269,842	399,062
Due from other funds	38,712	-
Due from other governments	2,030	-
Accounts receivable (net)	238,707	1,392,011
Supplies	-	165,844
Prepaid expenses and other current assets	-	72,639
Total current assets	<u>1,591,343</u>	<u>3,731,533</u>
Restricted assets:		
Cash and cash equivalents	105,121	-
Investments	121,055	699,000
Total restricted assets	<u>226,176</u>	<u>699,000</u>
Noncurrent assets:		
Capital assets (net)	3,372,997	5,521,069
Total noncurrent assets	<u>3,372,997</u>	<u>5,521,069</u>
Total assets	<u>\$ 5,190,516</u>	<u>\$ 9,951,602</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 15,279	\$ 345,756
Accrued payables	-	282,019
Due to other funds	75,000	-
Notes payable, current	35,416	-
Bonds payable, current	135,000	189,241
Total current liabilities	<u>260,695</u>	<u>817,016</u>
Liabilities payable from restricted assets:		
Accrued interest payable	-	241,000
Customer deposits payable	120,727	-
Total liabilities payable from restricted assets	<u>120,727</u>	<u>241,000</u>
Noncurrent liabilities:		
Notes payable, non-current	120,969	-
Bonds payable, noncurrent	1,030,000	6,495,587
Total noncurrent liabilities	<u>1,150,969</u>	<u>6,495,587</u>
Total liabilities	<u>1,532,391</u>	<u>7,553,603</u>
NET POSITION		
Net investemnt in capital assets	2,051,612	(464,759)
Restricted	226,176	158,062
Unrestricted	1,380,337	2,704,696
Total net position	<u>\$ 3,658,125</u>	<u>\$ 2,397,999</u>

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

	<u>Business-Type Activities</u>	<u>Component Unit</u>
	<u>Total Enterprise Funds</u>	<u>Municipal Hospital and Schallmo Authority</u>
<u>Operating revenues:</u>		
Charges for services:		
Electric charges	\$ 2,164,197	\$ -
Water charges	236,309	-
Sewer charges	166,319	-
Sanitation charges	132,902	-
Penalties	21,890	-
Net patient and service charges	-	5,633,727
Total charges for services	<u>2,721,617</u>	<u>5,633,727</u>
Miscellaneous	21,658	461,853
Total operating revenues	<u>2,743,275</u>	<u>6,095,580</u>
<u>Operating expenses:</u>		
Cost of goods sold	1,464,504	-
Personal services	278,865	3,091,932
Materials and supplies	294,779	1,710,460
Other services and charges	81,108	560,046
Depreciation and amortization	166,832	536,746
Total operating expenses	<u>2,286,088</u>	<u>5,899,184</u>
Net operating income	\$ 457,187	196,396
<u>Nonoperating revenue (expense):</u>		
Investment income	5,383	11,326
Interest expense	(53,612)	(496,064)
Noncapital contributions	-	14,956
Total nonoperating revenue (expense)	<u>(48,229)</u>	<u>(469,782)</u>
Net income before contributions and transfers	408,958	(273,386)
Transfers to other funds, net	<u>(238,000)</u>	<u>111,534</u>
Change in net position	170,958	(161,852)
Net position - beginning of year	3,487,167	2,559,851
Net position-end of year	<u>\$ 3,658,125</u>	<u>\$ 2,397,999</u>

Town of Okeene, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

	<u>Business-type Activities</u>	<u>Component Unit</u>
	<u>Public Works Authority</u>	<u>Municipal Hospital and Schallmo Authority</u>
Cash flows from operating activities:		
Receipts from customers/patients	\$ 2,723,652	\$ 5,777,618
Payments to suppliers	(1,825,355)	(2,861,969)
Payments to employees	(278,865)	(3,068,495)
Other operating revenues	21,658	461,990
Net cash provided (used) by operating activities	<u>641,090</u>	<u>309,144</u>
Cash flows from non-capital financing activities:		
Noncapital contributions	-	14,956
Transfers to other funds	(238,000)	111,534
Net cash provided (used) by non-capital financing activities	<u>(238,000)</u>	<u>126,490</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(168,181)	(18,513)
Principal paid on capital debt	(164,838)	(200,000)
Interest paid on capital debt	(53,885)	(496,999)
Net cash provided (used) by capital and related financing activities	<u>(386,904)</u>	<u>(715,512)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	-
Investment income	5,383	13,417
Net cash provided (used) by investing activities	<u>5,383</u>	<u>13,417</u>
Net increase (decrease) in cash and cash equivalents	21,569	(266,461)
Cash and cash equivalents, July 1, 2014	1,246,659	2,367,500
Cash & cash equivalents, June 30, 2015	<u>\$ 1,268,228</u>	<u>\$ 2,101,039</u>
Cash, including time deposits	\$ 1,042,052	\$ 1,701,977
Restricted cash, including time deposits	226,176	399,062
Total cash and cash equivalents, end of year	<u>\$ 1,268,228</u>	<u>\$ 2,101,039</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 457,187	\$ 196,396
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	166,832	536,746
Non-operating revenue (expense)		402,481
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	8,625	(384,672)
(Increase) decrease in supplies	-	87,877
(Increase) decrease in due from other funds	(6,590)	-
Increase (decrease) in accounts payable	7,446	(529,684)
Increase (decrease) in deposits subject to refund	7,590	-
Total adjustments	<u>183,903</u>	<u>112,748.00</u>
Net cash provided (used) by operating activities	<u>\$ 641,090</u>	<u>\$ 309,144</u>

Town of Okeene, Oklahoma
Statement of Net Position
Fiduciary Fund
June 30, 2015

	<u>Charitable Trust Fund</u>
ASSETS	
Cash, including time deposits	\$ 13,212
Investments	<u>188,095</u>
Total assets	<u><u>201,307</u></u>
LIABILITIES	
Due to other governments	<u>\$ 2,030</u>
Total liabilities	<u>2,030</u>
NET POSITION	
Net assets, held in trust	<u>199,277</u>
Total net position	<u>199,277</u>
Total liabilities and net position	<u><u>\$ 201,307</u></u>

Town of Okeene, Oklahoma
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
June 30, 2015

	<u>Charitable Trust Fund</u>
<u>REVENUES</u>	
Investment income	\$ 2,931
Unrealized gains on investments	507
Total revenues	<u>3,438</u>
<u>EXPENDITURES</u>	
Charitable trust	<u>7,556</u>
Total charitable trust	<u>7,556</u>
Net change in net position	(4,118)
Net position - beginning	203,395
Net position - ending	<u>\$ 199,277</u>

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

A. Organization

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

The Reporting Entity

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

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

Blended Component Units Reported with Primary Government

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

Okeene Industrial Trust Authority (ITA) – was established to promote industrial development within the Town. The trustees of the ITA are the same that govern the Town. ITA is inactive in the current year, and therefore; not included in the report for the period ended.

Discretely Presented Component Unit:

Okeene Municipal Hospital and Schallmo Authority (MHSA) – MHSA has a separate board of trustees who are appointed by the trustees of the Town. The Authority provides hospital, medical and residential care of the citizens of the Town. MHSA issues separately audited financial statements that can be obtained at Town Hall. For purposes of this report, MHSA is reported as a discretely presented component unit. Audited financial statements for MHSA are available at the business location.

Fiduciary Component Unit

Okeene Municipal Charitable Trust (MCT) – its trustees are the same trustees that govern the Town. MCT provides supporting for the library and other educational and recreational facilities of the Town. MCT is reported as a Fiduciary Fund in the financial statements.

B. Basis of Presentation

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 Town as a whole excluding fiduciary activities, which consists of the Okeene Municipal Charitable Trust. The statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

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

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

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

Measurement Focus and Basis of Accounting

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

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the Town's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

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

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

Restricted Assets

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

Use of Estimates

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

Interfund Balances

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

Date of Management's Review

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

C. Fund Types and Major Funds

Major Governmental Funds

General Fund

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

Special Revenue Funds

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

FUND	BRIEF DESCRIPTION
Street and Alley	Accounts for commercial vehicle tax and gasoline excise tax legally restricted for street and alley repairs and maintenance.
Industrial Park	Accounts for the operations, includes grants, of the Town's Industrial Park
Library Fund	Accounts for the investments and operations of the Town's Library
Airport	Accounts for the operations of the Airport
Cemetery	Accounts for 12 1/2% of cemetery revenue restricted by State law for cemetery capital improvements.

Major Proprietary Funds

FUND	BRIEF DESCRIPTION
<u>Okeene Public Works Authority</u>	Accounts for the activities of the Authority in providing electric, water, sewer, and solid waste services to the public.
<u>Okeene Industrial Trust Authority</u>	Accounts for the industrial development within the town of Okeene, which was inactive during the year

Fiduciary Fund

FUND	BRIEF DESCRIPTION
<u>Okeene Charitable Trust Fund</u>	Accounts for the activities of the trust in providing support for the library and other education and recreational facilities of the Town.

D. Budgets and Budgetary Accounting

Budget Policy and Practice

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

Budgetary Control

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

Budget Basis of Accounting

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

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

E. Assets, Liabilities and Equity

Cash and Investments

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

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

Allowance for Uncollectible Accounts

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

Property, Plant and Equipment

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

Government-Wide Statements:

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

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

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

Fund Financial Statements:

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

Long-Term Debt

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's pension plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Equity Classifications

Governmental Fund Balances

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

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

Net Position

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

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 different between projected and actual earnings on pension plan investments.

F. Revenues, Expenditures and Expenses

Sales Tax

The Town levied a 4.25% sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue within the general fund.

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.

Interfund Transfers

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

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

A. Deficit Fund Net Position/Fund Balance

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

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

B. Budget Requirements

For the year ended June 30, 2015, the Town did not materially overspend in any department-level category.

C. Revenue Restrictions

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

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

(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. Cash and Investments

Deposits

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

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

Investments

The Town invests primarily in certificates of deposit.

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Governmental Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 144,656	\$ 144,656	N/A	160
Total investments	144,656	144,656		
Total governmental investments	\$ 144,656	\$ 144,656		
<u>RECONCILIATION TO STATEMENT OF NET ASSETS</u>				
Investments, unrestricted	\$ 28,017			
Investments, restricted	116,639			
Total governmental investments	\$ 144,656			
 Business-type Activities				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 390,897	\$ 390,897	N/A	237
Total investments	390,897	390,897		
Total business-type investments	\$ 390,897	\$ 390,897		
<u>RECONCILIATION TO STATEMENT OF NET ASSETS</u>				
Investments, unrestricted	\$ 269,842			
Investments, restricted	121,055			
Total governmental investments	\$ 390,897			

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

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

TOWN OF OKEENE, OKLAHOMA
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JUNE 30, 2015

B. PROPERTY, PLANT AND EQUIPMENT

Governmental Activities:

A summary of the changes in the governmental activities fixed assets at June 30, 2015 follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Land	\$ 2,100	\$ -	\$ -	\$ 2,100
Construction in process	224,713	195,850	-	420,563
Buildings & structures	55,748	85,316	-	141,064
Machinery, furniture, & equipment	926,550	30,882	-	957,432
Improvements other than land	<u>2,525,225</u>	<u>52,845</u>	<u>-</u>	<u>2,578,070</u>
Total	3,734,336	364,893	-	4,099,229
Less accumulated depreciation	<u>1,160,999</u>	<u>185,689</u>	<u>-</u>	<u>1,346,688</u>
Fixed assets, net	<u>\$ 2,573,337</u>	<u>\$ 179,204</u>	<u>\$ -</u>	<u>\$ 2,752,541</u>

Business-Type Activities:

A summary of the proprietary fund types fixed assets at June 30, 2015 follows:

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
Okeene Public Works Authority				
Land	\$ 267,250	\$ -	\$ -	\$ 267,250
Machinery, furniture, & equipment	283,839	133,630	-	417,469
Electric system	1,433,188	-	-	1,433,188
Sewer system	1,343,408	17,740	-	1,361,148
Water system	1,255,385	10,346	-	1,265,731
Construction in process	<u>91,565</u>	<u>6,465</u>	<u>-</u>	<u>98,030</u>
Total	4,726,405	168,181	-	4,842,816
Less accumulated depreciation	<u>1,302,987</u>	<u>166,832</u>	<u>-</u>	<u>1,469,819</u>
Fixed assets, net	<u>\$ 3,423,418</u>	<u>\$ 1,349</u>	<u>\$ -</u>	<u>\$ 3,372,997</u>

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

TOWN OF OKEENE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charges to governmental activities:

General government	\$	11,032
Public safety & judiciary		36,010
Transportation		79,500
Cultural, parks & recreation		59,147
Total governmental activities depreciation expense	\$	185,689

Depreciation expense charges to business-type activities:

Electric	\$	86,347
Water		23,240
Customer service		2,196
Sewer		55,049
Total business-type activities depreciation expense	\$	166,832

C. NOTES RECEIVABLE

The Okeene Municipal Charitable Trust (MCT) entered into an agreement with the Okeene Emergency Medical Service (EMS) in which the EMS agreed to pay MCT \$250 annually for the rental of office space, office equipment, parking space, and electricity. The EMS assumed the debt service of the ambulance and the Myron Andrews Estate Funds previously expended for ambulance service and agreed to reimburse the Town a total of \$37,000 with \$31,000 due May 15, 2005 and the remaining balance of \$6,000 due May 15, 2006. Based upon an amended agreement between the parties, monthly payments were suspended during FY06. The note receivable was issued at 0% interest. During the year ended June 30, 2015, the City booked an allowance for the full amount of the receivable.

D. LONG-TERM DEBT

The following is a summary of enterprise fund long-term debt for the year ended June 30, 2015:

NOTE PAYABLE

Governmental Activities:

Note payable to First National Bank, original amount of \$25,000 for the purchase of a 2010 police vehicle. Note is paid monthly at an interest rate of 2% over the prime rate applied to the Town's certificate of deposit, which was 0.6% at June 30, 2015. The loan is secured by the police vehicle. \$ 1,834

Note payable to State Guaranty Bank, original amount of \$40,000 for the purchase of a fire truck bed. Note is paid monthly at an interest rate of 2% over the prime rate applied to the Town's certificate of deposit #16705, which was 0.6% at June 30, 2015. The loan is secured by certificate of deposit. 11,800

\$ 13,634

Business-Type Activities:

Loan payable dated 1/24/2002 to the Oklahoma Water Resources Board in the amount of \$343,400 at an interest rate of 2.55%, along with an administrative fee of 0.5%, maturing March 2022. Proceeds were used for water system improvements. 138,182

Note payable to State Guaranty Bank in the original amount of \$62,000 for the purchase of a backhoe in the water department. Note is paid monthly at an interest rate of 2% over the prime rate applied to the Town's certificate of deposit, which was 0.6% at June 30, 2015. 18,203

TOWN OF OKEENE, OKLAHOMA
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OPWA Utility System Revenue Notes, Series 2007 for \$1,990,000 were issued December 18, 2007, maturing December 1, 2022 with an average interest rate (coupon) of 4.052%. Underwriting fees and issuance costs were approximately \$105,000. The bonds refunded prior debt owed by OPWA. Payments are made monthly to a debt service fund. Funds were used for the wastewater project and water transmission lines.

1,165,000

\$ 1,321,385

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

<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>
Governmental activities:					
Fire Truck Bed - SGB	\$ 19,968	\$ -	\$ 8,168	\$ 11,800	\$ 8,362
Police Vehicle #2 - FNB	7,188	-	5,354	1,834	1,834
Total governmental activities	<u>\$ 27,156</u>	<u>\$ -</u>	<u>\$ 13,522</u>	<u>\$ 13,634</u>	<u>\$ 10,196</u>
Business-type activities:					
<i>Notes Payable</i>					
OWRB #2 note payable	\$ 160,495	\$ -	\$ 22,314	\$ 138,181	\$ 22,405
Backhoe - SGB	30,728	-	12,524	18,204	13,012
Total notes payable	191,223	-	34,838	156,385	35,417
<i>Bonds Payable</i>					
2007 Series Revenue Bonds	1,295,000	-	130,000	1,165,000	135,000
Total business-type activities	<u>\$ 1,486,223</u>	<u>\$ -</u>	<u>\$ 164,838</u>	<u>\$ 1,321,385</u>	<u>\$ 170,417</u>
Total primary government debt	<u>\$ 1,513,379</u>	<u>\$ -</u>	<u>\$ 178,360</u>	<u>\$ 1,335,019</u>	<u>\$ 180,613</u>

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2015 follow:

<u>Year Ending June 30</u>	<u>Governmental Notes Payable</u>		<u>Business-Type 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	\$ 10,196	\$ 231	\$ 35,417	\$ 3,970	\$ 135,000	\$ 45,889
2017	3,438	25	23,809	3,149	140,000	40,317
2018	-	-	22,602	2,617	145,000	44,645
2019	-	-	22,704	2,098	150,000	28,668
2020	-	-	22,808	2,283	160,000	22,489
2021-2022	-	-	29,045	3,015	435,000	26,740
Totals	<u>\$ 13,634</u>	<u>\$ 256</u>	<u>\$ 156,385</u>	<u>\$ 17,132</u>	<u>\$ 1,165,000</u>	<u>\$ 208,748</u>

E. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers for the year ended June 30, 2015 were as follows:

Receivable from/Payable to	Due From	Due To
GENERAL FUND:		
Okeene Airport Fund	\$ 368,523	\$ 296,327
Cemetery Fund	75,374	200
Okeene Public Works Authority	75,000	32,056
OKEENE AIRPORT FUND:		
General Fund	296,327	368,523
Okeene Public Works Authority	-	6,656
CEMETARY FUND:		
General Fund	200	75,374
ENTERPRISE FUND: Public Works		
General Fund	32,056	75,000
Okeene Airport Fund	6,656	-
Municipal Charitable Trust (fiduciary fund)	2,030	-
FIDUCIARY FUND: Municipal Charitable		
Okeene Public Works Authority	-	2,030
Grand Total	\$ 856,166	\$ 856,166

Operating Transfers	Transfers In	Transfers Out
GENERAL FUND:		
Street & Alley	\$ -	\$ 86,482
Industrial Park	990	-
Library	-	40,334
Cemetery	-	50
Okeene Public Works Authority	185,000	-
STREET & ALLEY FUND:		
General Fund	86,482	-
INDUSTRIAL PARK FUND:		
General Fund	-	990
LIBRARY FUND:		
General Fund	40,334	-
Okeene Public Works Authority	53,000	-
INDUSTRIAL PARK FUND:		
General Fund	50	-
ENTERPRISE FUND: Public Works		
General Fund	-	185,000
Library Fund	-	53,000
Grand Total	\$ 365,856	\$ 365,856

(4) RETIREMENT PLANS

The Town participates in three employee pension systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Municipal Retirement Fund	Agent 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 Municipal Retirement Fund

Plan Description

Substantially all of the Town's full-time employees, except police and firefighters, participate in a defined benefit pension plan adopted by the Town and administered by the Oklahoma Municipal Retirement System (OMRF), which was established to administer pension plans for municipal employees. OMRF issues a publically available financial report that can be obtained at www.okmrf.org.

Benefits Provided

OMRF provides retirement, disability, and death benefits. Retirement benefits are determined as 3 percent of the employee's final average compensation multiplied by the employee's years of service; final average compensation is the average of the 5 highest consecutive years of salaries out of the last 10 years of service. Vesting requires 7 years of service. Members are eligible for normal retirement at age 65 with 7 years of vested service. The benefit is payable immediately. Early retirement is available after age 55 with 7 years of vested service. Early retirement benefits are paid at the normal retirement age, or reduced 5% per year for commencement prior to the normal retirement age.

Disability retirement is provided for member's total and permanent disability after 7 or more years of service. The accrued benefit is payable upon disablement without reduction for early payment.

In-service death benefits are payable after vesting at 50% of the accrued benefit until the death of the spouse or remarriage. If the member was not vested at the time of in-service death, member contributions are returned, if any, with interest.

Contributions

Required contribution rates are actuarially measured each year and authorized through Town Ordinance. Employees are required to contribute 3.6% of paid salary. For the year ended June 30, 2015, the Town's contribution was 10.08%. Contributions to the pension plan from the Town were \$14,175 for the year ended June 30, 2015.

Membership

Membership in the plan is as follows:

	<u>As of January 1, 2014</u>
Inactive employees receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	0
Active participants	8
Total	11

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

At June 30, 2015, the Town reported a liability of \$16,652 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 Town's proportion of the net pension liability was based on a projection of the Town'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 Town's proportion was 0.1792 percent, which was an increase of 0.0046 percent from its proportion measured as of June 30, 2013.

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

For the year ended June 30, 2015, the Town recognized pension expense of \$14,377. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF OKEENE, OKLAHOMA
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JUNE 30, 2015

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	58,623
Changes in proportion and differences between Town contributions and proportionate share of contributions	-
Town contributions subsequent to the measurement date	-
Total	\$ 58,623

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

Year ended June 30:

2016	\$	(11,725)
2017		(11,725)
2018		(11,725)
2019		(11,725)
Thereafter		-

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	5.07 percent, average	
Investment rate of return	7.55 percent, net of pension plan investment expense and inflation	

Mortality rates were based on the UP 1994 with projected mortality improvement. Valuation rates are projected for mortality improvement by the Society of Actuaries' table AA based upon the employee's year of birth.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period ended July 1, 2007 through June 30, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2014 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks - S&P 500	25%	5.40%	1.35%
Small/mid cap stocks - Russell 2500	10%	7.50%	0.75%
Long/short equity - MSCI ACWI	10%	6.10%	0.61%
International stocks - MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds - Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate - NCREIF	5%	4.80%	0.24%
Cash equivalents - 3 month Treasury	0%	0.00%	0.00%
	100%		
	Average Real Return		4.75%
	Inflation		3.00%
	Long term expected return		7.75%

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent, as the plan's net fiduciary position is projected to be sufficient to make projected benefit payments. The Town has adopted a funding method that is designed to fund all benefits payable to participants over the course of the member's working career. Any differences between actual and expected

TOWN OF OKEENE, OKLAHOMA
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experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Therefore, no separate cash flow projection is required to determine the sufficiency of the plan assets. The 20 year tax free bond yield of 3.29% was used in the analysis.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	781,326	709,160	72,166
Changes for the year:			
Service cost	32,261	-	32,261
Interest	62,712	-	62,712
Differences between expected and actual experience	-	-	-
Contributions - employer	-	22,992	(22,992)
Contributions - employee	-	11,051	(11,051)
Net investment income	-	118,197	(118,197)
Benefit payments, including refunds of employee contributions	(8,971)	(8,971)	-
Administrative expense	-	(1,753)	1,753
Other changes	-	-	-
Net changes	<u>86,002</u>	<u>141,516</u>	<u>(55,514)</u>
Balances at June 30, 2014	<u>\$ 867,328</u>	<u>\$ 850,676</u>	<u>\$ 16,652</u>

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town's proportionate share of the net pension liability/(asset)	124,474	16,652	(75,040)

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

B. Oklahoma Police Pension and Retirement System

Plan Description

All full-time officers, not less than 21 years of age or more than 45 years of age when hired by the Town, are provided with pensions through the Oklahoma Police Pension and Retirement System (OPPRS), a statewide, cost-sharing, multiple-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System, which is part of the State of Oklahoma financial reporting entity. OPPRS issues a publically available financial report that can be obtained at www.ok.gov/OPPRS.

Benefits Provided

OPPRS provides retirement, disability, and death benefits. Retirement benefits are determined as 2.5 percent of the employee's final average salary multiplied by the employee's years of service, maximum of 30 years. Vesting requires 10 years of service with accrued benefits beginning at age 50 or 20 years of credited service, whichever is later. Deferred retirement options are available.

Employees are eligible for duty-related disability benefits regardless of length of service. Ten years of service is required for non-duty related disability eligibility.

TOWN OF OKEENE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Death benefits duty related require no minimum service whereby the beneficiary receives normal 20 year retirement benefit and one-time \$5,000 death benefit. Non-duty death benefits are provided for members with a minimum of 10 years of service. The beneficiary receives accrued retirement benefits and a one-time \$5,000 death benefit.

Contributions

The State of Oklahoma has the authority to establish contribution obligations and benefits per state statute 11 O.S. Section 550-101 et seq. Employees are required to contribute 8% of paid base salary; the Town contributes 13% of the employee's paid base salary. Contributions to the pension plan from the Town were \$3,960 for the year ended June 30, 2015.

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

At June 30, 2015, the Town reported an asset of \$3,666 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town'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 Town's proportion was 0.0109 percent.

For the year ended June 30, 2015, the Town recognized pension expense of \$1,344. At June 30, 2015, the Town 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	\$ 1,647
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	12,886
Changes in proportion and differences between Town contributions and proportionate share of contributions	-
Town contributions subsequent to the measurement date	-
Total	\$ 14,533

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

Year ended June 30:

2016	\$ (4,224)
2017	(2,577)
2018	(2,577)
2019	(2,577)
Thereafter	(2,578)

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	5.31 percent, average
Investment rate of return	7.55 percent, net of pension plan investment expense, per annum, compound annually

Mortality rates were based on the RP-2000 Blue Collar Healthy Combined (fully generational using Scale AA) with age set back four years.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period ended July 1, 2007 through June 30, 2012. There have been no changes to actuarial assumptions since the prior valuation.

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent, which is the long-term expected rate of return on plan investments. The Plan has used this assumption since 1984. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from municipalities will be made at contractually required rates, actuarially determined. Based on those assumptions, OPPRS net position was projected to be available make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments determine the total pension liability.

TOWN OF OKEENE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	232,170	215,347	16,822
Changes for the year:			
Service cost	5,782	-	5,782
Interest	17,359	-	17,359
Differences between expected and actual experience	(1,990)	-	(1,990)
Contributions - employer	-	3,875	(3,875)
Contributions - employee	-	2,412	(2,412)
Contributions - State of Oklahoma (non-employer)		3,415	(3,415)
Net investment income	-	32,144	(32,144)
Benefit payments, including refunds of employee contributions	(12,997)	(12,997)	-
Administrative expense	-	(206)	206
Other changes	-	-	-
Net changes	<u>8,153</u>	<u>28,642</u>	<u>(20,489)</u>
Balances at June 30, 2014	<u>\$ 240,323</u>	<u>\$ 243,990</u>	<u>\$ (3,667)</u>

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 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)	21,812	(3,666)	(25,139)

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

C. Oklahoma Firefighters Pension and Retirement System

Plan Description

Town of Okeene is supported by a voluntary force of firefighters all of whom are provided with pensions through the Oklahoma Firefighters Pension and Retirement System (OFPRS), a statewide, cost-sharing, multiple-employer defined benefit plan administered by the Oklahoma Firefighters Pension and Retirement System, which is part of the State of Oklahoma financial reporting entity. OFPRS issues a publically available financial report that can be obtained at www.ok.gov/OFPRS.

Benefits Provided

OFPRS provides retirement, disability, and death benefits. Normal retirement benefits are \$150.60 per month per year of service for members hired before November 1, 2013 with 20 years of completed service regardless of age. For members hired on or after November 1, 2013, the member must complete 20 years of service and reach 50 years of age for eligibility. Late retirement benefits continue to accrue for service up to 30 years at \$7.53 per month per year of service.

Members are eligible for duty-related disability benefits with a minimum of 20 years of service. The benefit is paid at \$7.53 per month per year of service with a maximum of 30 years.

Contributions

The State of Oklahoma has the authority to establish contribution obligations and benefits per state statute 11 O.S. Section 49.100 thru 49.143 et seq. Volunteer members have no contribution requirements; the Town contributes \$60 per year for each volunteer. Contributions to the pension plan from the Town were \$1,500 for the year ended June 30, 2015.

TOWN OF OKEENE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

At June 30, 2015, the Town reported a liability of \$41,272 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town'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 Town's proportion was 0.004 percent.

For the year ended June 30, 2015, the Town recognized pension expense of \$3,707. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 983	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	6,247
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	-	-
Total	\$ 983	\$ 6,247

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

Year ended June 30:

2016	\$ (266)
2017	(1,249)
2018	(1,249)
2019	(1,249)
Thereafter	(1,249)

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	None for volunteer members
Salary increases	None for volunteer members
Investment rate of return	7.5 percent, net of investment expense, per annum, compound annually

Mortality rates were based on the RP-2000 Blue Collar Healthy Combined with generational mortality 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 ended July 1, 2007 through June 30, 2012. There have been no changes to actuarial assumptions since the prior valuation.

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent, which is the long-term expected rate of return on plan investments. 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.

TOWN OF OKEENE, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	123,280	75,964	47,316
Changes for the year:			
Service cost	2,351	-	2,351
Interest	9,162	-	9,162
Differences between expected and actual experience	1,163	-	1,163
Contributions - employer	-	1,444	(1,444)
Contributions - employee	-	882	(882)
Contributions - State of Oklahoma (non-employer)		3,182	(3,182)
Net investment income	-	13,424	(13,424)
Benefit payments, including refunds of employee contributions	(6,934)	(6,934)	-
Administrative expense	-	(213)	213
Other changes	-	-	-
Net changes	<u>5,742</u>	<u>11,785</u>	<u>(6,043)</u>
Balances at June 30, 2014	<u>\$ 129,022</u>	<u>\$ 87,749</u>	<u>\$ 41,272</u>

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 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	53,893	41,272	30,588

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

D. MHSA Pension Plan

Refer to the Okeene Municipal Hospital and Schallmo Authority d/b/a Okeene Municipal Hospital audit report for June 30, 2015 for discussion of the MHSA pension plan.

(5) COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Grant Program Involvement

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

C. Water Rights Contract

In August 2010, the Town settled litigation with North Blaine Water Corporation (NBWC) regarding water rights. A payment of \$165,867.46 was made to NBWC in accordance with the settlement agreement. The parties agreed to the termination of contractual obligations effective March 19, 2011. The Town retained 44% ownership of their water flowage rights.

D. Conduit Debt

The Town has entered into a memorandum of understanding with Mountain Country Pet Care, LLC and Oklahoma Municipal Power Authority (OMPA) effective July 21, 2014 to purchase a backup generator and uninterrupted power source for use at the Mountain Country Pet Care facility. The Town solicited bids pursuant to the Oklahoma competitive bidding act, and awarded the bid to Warren CAT in the amount of \$611,433. Upon the completion of specified terms in the memorandum, the Town will borrow the funds from OMPA for the purchase of the generator to be installed at the facility. Mountain Country Pet Care, LLC will lease the equipment from the City for a 7 year period at 3.5% interest until the equipment is paid in full. As of the date of the report, no financial transactions have commenced.

(6) 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.

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
Beginnng Net Position	\$ 3,145,497
Net pension obligations	(54,257)
Net deferred inflows on pension charges	67,892
Restated Begining Net Position	\$ 3,159,132

Town of Okeene, 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

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Sales tax	\$ 367,171	\$ 100,000	\$ 467,171	\$ 468,586	\$ 1,415
Use tax	44,491	(1,000)	43,491	40,670	(2,821)
Beverage tax	14,741	7,000	21,741	14,834	(6,907)
Franchise taxes	13,232	1,000	14,232	21,370	7,138
Fines and forfeitures	20,000	(5,000)	15,000	15,559	559
Investment income	150	110	260	58	(202)
Charges for services	30,500	(5,000)	25,500	27,702	2,202
Intergovernmental	4,140	1,000	5,140	4,484	(656)
Miscellaneous	6,000	300,648	306,648	30,140	(276,508)
Total revenues before carryover	<u>500,426</u>	<u>398,758</u>	<u>899,184</u>	<u>623,403</u>	<u>(275,781)</u>
Budgeted carryover (1)	-	-	-	-	-
Total revenues and budgeted carryover	<u>500,426</u>	<u>398,758</u>	<u>899,184</u>	<u>623,403</u>	<u>(275,781)</u>
EXPENDITURES					
General government:					
General government					
Personal services	88,000	-	88,000	68,477	19,523
Materials & supplies	12,500	(2,500)	10,000	9,399	601
Other services & charges	75,000	-	75,000	69,056	5,944
Capital outlay	4,908	-	4,908	-	4,908
Total general government	<u>180,408</u>	<u>(2,500)</u>	<u>177,908</u>	<u>146,932</u>	<u>30,976</u>
Public safety and judiciary:					
Police					
Personal services	135,000	7,000	142,000	140,847	1,153
Materials & supplies	16,600	(10,000)	6,600	2,712	3,888
Other services & charges	42,000	2,000	44,000	44,225	(225)
Capital outlay	2,880	-	2,880	-	2,880
Debt service	5,484	-	5,484	5,414	70
Fire					
Personal services	19,000	-	19,000	15,750	3,250
Materials & supplies	10,000	-	10,000	8,805	1,195
Other services & charges	25,000	5,000	30,000	28,978	1,022
Capital outlay	40,650	268,000	308,650	3,640	305,010
Debt service	8,602	7,398	16,000	8,602	7,398
Total public safety and judiciary	<u>305,216</u>	<u>279,398</u>	<u>584,614</u>	<u>258,973</u>	<u>325,641</u>
Cultural, parks and recreation:					
Park					
Personal services	8,000	2,000	10,000	8,006	1,994
Materials & supplies	3,000	-	3,000	2,595	405
Other services & charges	-	5,000	5,000	2,318	2,682
Capital outlay	8,500	14,250	22,750	27,242	(4,492)
Golf Course					
Personal services	23,800	-	23,800	16,004	7,796
Materials & supplies	11,500	-	11,500	3,941	7,559
Other services & charges	15,500	-	15,500	15,766	(266)
Community Building					
Personal services	3,000	-	3,000	2,433	567
Materials & supplies	350	-	350	220	130
Other services & charges	2,750	500	3,250	4,003	(753)
Swimming Pool					
Personal services	21,000	-	21,000	17,104	3,896
Materials & supplies	8,600	2,000	10,600	11,265	(665)
Other services & charges	3,000	6,000	9,000	7,887	1,113
Capital outlay	-	-	-	3,783	(3,783)
Industrial Park and Economic Development					
Other services & charges	4,500	-	4,500	-	4,500
Total cultural, parks and recreation	<u>113,500</u>	<u>29,750</u>	<u>143,250</u>	<u>122,567</u>	<u>20,683</u>
Total expenditures	<u>599,124</u>	<u>306,648</u>	<u>905,772</u>	<u>528,472</u>	<u>377,300</u>

Town of Okeene, 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

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Revenue over (under) expenditures	(98,698)	92,110	(6,588)	94,931	101,519
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in/(out)	99,118	(30,880)	68,238	(52,410)	(120,648)
Net other financing sources (uses)	99,118	(30,880)	68,238	(52,410)	(120,648)
Revenues and other financing sources over (under) expenditures and other uses	420	61,230	61,650	42,521	(19,129)
Fund balance at beginning of year (Non-GAAP budgetary basis)				352,943	352,943
Less budgeted carryover (1)	-				
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 395,464	\$ 333,814
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				(6,565)	
Expenditure and transfer accruals				(48,642)	
Fund balance at end of year (GAAP basis)				\$ 340,257	

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

Schedules of Required Supplementary Information

SCHEDULE OF THE TOWN'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)	0.0109%
Town's proportionate share of the net pension liability (asset)	\$ (3,667)
Town's covered-employee payroll	\$ 93,340
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4%
Plan fiduciary net position as a percentage of the total pension liability	101.53%

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

SCHEDULE OF TOWN CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

	<u>2015*</u>
Contractually required contribution	\$ 3,960
Contributions in relation to the contractually required contribution	<u>(3,960)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	\$ 93,340
Contributions as a percentage of covered-employee payroll	4.24%

Schedules of Required Supplementary Information

SCHEDULE OF THE TOWN'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)	0.0040%
Town's proportionate share of the net pension liability (asset)	\$ 41,272
Town's covered-employee payroll	\$ 14,958
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	276%
Plan fiduciary net position as a percentage of the total pension liability	68.01%

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

SCHEDULE OF TOWN CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>
Contractually required contribution	\$ 1,500
Contributions in relation to the contractually required contribution	<u>(1,500)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	\$ 14,958
Contributions as a percentage of covered-employee payroll	10.03%

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS
Oklahoma Municipal Retirement Plan
 SINCE INITIAL APPLICATION

	<u>2015*</u>
Total pension liability	
Service cost	\$ 32,261
Interest	62,712
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(8,971)</u>
Net change in total pension liability	\$ 86,002
Total pension liability - beginning	781,326
Total pension liability - ending (a)	<u><u>\$ 867,328</u></u>
Plan fiduciary net position	
Contributions - employer	22,992
Contributions - employee	11,051
Net investment income	118,197
Benefit payments, including refunds of employee contributions	(8,971)
Administrative expense	(1,753)
Other	-
Net change in plan fiduciary net position	<u>141,516</u>
Plan fiduciary net position - beginning	709,160
Plan fiduciary net position - ending (b)	<u><u>\$ 850,676</u></u>
Town's net pension liability - ending (a) - (b)	<u><u>\$ 16,652</u></u>
Plan fiduciary net position as a percentage of the total pension liability	98.08%
Covered-employee payroll	\$ 306,970
Town's net pension liability as a percentage of covered-employee payroll	5.42%

Schedules of Required Supplementary Information

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Municipal Retirement Plan
 Year Ended June 30, 2015

	<u>2015*</u>
Town's portion of the net pension liability (asset)	0.1792%
Town's proportionate share of the net pension liability (asset)	\$ 16,652
Town's covered-employee payroll	\$ 306,970
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-emp	5.42%
Plan fiduciary net position as a percentage of the total pension liability	98.04%

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

SCHEDULE OF TOWN CONTRIBUTIONS
Oklahoma Municipal Retirement Plan

	<u>2015*</u>
Actuarially determined contribution	\$ 14,175
Contributions in relation to the actuarially determined contribution	<u>(14,175)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	\$ 306,970
Contributions as a percentage of covered-employee payroll	4.62%



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 Trustees
Town of Okeene, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Okeene, Oklahoma as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Okeene, Oklahoma's basic financial statements, and have issued our report thereon dated October 30, 2015. Our report includes a reference to other auditors who audited the financial statements of Okeene Municipal Hospital and Schallmo Authority (the Hospital), as described in our report on the Town of Okeene, Oklahoma's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Okeene, 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 Town of Okeene, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Okeene, 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 Town of Okeene, 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 CPA's-PLLC
Woodward, OK
October 30, 2015