REPORT OF AUDIT

TOWN OF RINGWOOD

INCLUDING

RINGWOOD PUBLIC WORKS AUTHORITY

MAJOR COUNTY – OKLAHOMA

JULY 1, 2015 TO JUNE 30, 2016

TOWN OF RINGWOOD
RINGWOOD PUBLIC WORKS AUTHORITY
MAJOR COUNTY – OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

OFFICERS

PHILIP SCHRAHL	MAYOR / CHAIRMAN
SANDRA MCWATERS	MEMBER / TRUSTEE
BARBARA LOOK	MEMBER / TRUSTEE
SHERRY DAVIDSON	SECRETARY / BOOKKEEPER
MAXINE SMITH	CLERK / TREASURER

AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

TOWN OF RINGWOOD
RINGWOOD PUBLIC WORKS AUTHORITY
MAJOR COUNTY – OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

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Chas. W. Carroll, P.A.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Board of Trustees
Town of Ringwood
Major County, Oklahoma

I have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ringwood, Major County, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1D; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2016, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1D.

Other Matters

Required Supplementary Information
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison information and combining schedules information on page 22, which is the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, I have also issued a report dated November 20, 2016 on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my 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's internal control over financial reporting and compliance.

Basis of Accounting
I draw attention to Note 1D of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

Sincerely,

Chas. W. Carroll, P.A.

Chas. W. Carroll, P.A.
November 20, 2016

TOWN OF RINGWOOD
MAJOR COUNTY - OKLAHOMA
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
AS OF JUNE 30, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Asset:			
Pooled Cash and Cash Equivalents	$261,850.20	$299,315.77	$561,165.97
Investments	40,000.00	71,900.00	111,900.00
TOTAL ASSETS	$301,850.20	$371,215.77	$673,065.97
LIABILITIES:			
Current Liabilities:			
Accounts Payable	$11,829.15	$0.00	$11,829.15
Total Current Liabilities	11,829.15	0.00	11,829.15
NET POSITION			
Committed	0.00	0.00	0.00
Restricted	21,382.80	0.00	21,382.80
Unrestricted	268,638.25	371,215.77	639,854.02
Total Net Position	$290,021.05	$371,215.77	$661,236.82

The accompanying notes are an integral part of these financial statements.

TOWN OF RINGWOOD
MAJOR COUNTY - OKLAHOMA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

		PROGRAM REVENUES			NET(EXPENSE)REVENUES AND CHANGES IN NET POSITION PRIMARY GOVERNMENT		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	$89,155.88	$0.00	$0.00	$0.00	($89,155.88)	$0.00	($89,155.88)
Public Safety	61,125.11	0.00	4,289.96	0.00	(56,835.15)	0.00	(56,835.15)
Public Works	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Culture and Recreation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Street Improvement	148,474.02	0.00	0.00	75,417.50	(73,056.52)	0.00	(73,056.52)
TOTAL GOVERNMENT ACTIVITIES	298,755.01	0.00	4,289.96	75,417.50	(219,047.55)	0.00	(219,047.55)
BUSINESS-TYPE ACTIVITIES:							
Administration	55,143.26	0.00	0.00	0.00	0	(55,143.26)	(55,143.26)
Water and Sewer	118,974.07	81,588.45	0.00	0.00	0	(37,385.62)	(37,385.62)
Sanitation	59,951.98	53,858.08	0.00	0.00	0	(6,093.90)	(6,093.90)
Capital Projects	0.00	0.00	0.00	0.00	0	0.00	0.00
Other	360.74	0.00	0.00	0.00	0	(360.74)	(360.74)
TOTAL BUSINESS-TYPE ACTIVITIES	234,430.05	135,446.53	0.00	0.00	0.00	(98,983.52)	(98,983.52)
TOTAL PRIMARY GOVERNMENT	533,185.06	135,446.53	4,289.96	75,417.50	(219,047.55)	(98,983.52)	(318,031.07)
General Revenues:							
Taxes:							
Sales/Use/Bev/Tobacco/MV/Gas					170,443.76	130,847.84	301,291.60
Franchise					15,949.41	0.00	15,949.41
Unrestricted Investment Income					425.93	0.00	425.93
Services					0.00	545.53	545.53
Donations and Other					29,749.38	0.00	29,749.38
Total General Revenues					216,568.48	131,393.37	347,961.85
Change In Net Position					(2,479.07)	32,409.85	29,930.78
Adjustment: Transfer to Prior Year					(69.27)	0.00	(69.27)
Net Position - Beginning					292,569.39	$338,805.92	631,375.31
Net Position - Eniding					$290,021.05	$371,215.77	$661,236.82

The accompanying notes are an integral part of these financial statements.

TOWN OF RINGWOOD
MAJOR COUNTY - OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND	STREET AND ALLEY FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:			
Cash and Cash Equivalents	$240,467.40	$21,382.80	$261,850.20
Investments	40,000.00	0.00	40,000.00
TOTAL ASSETS	$280,467.40	$21,382.80	$301,850.20
LIABILITIES AND FUND BALANCES:			
Liabilities-			
Accounts Payable	$11,829.15	$0.00	$11,829.15
Total Liabilities (Note 2)	11,829.15	0.00	11829.15
Fund Balances-			
Restricted	0.00	21,382.80	21,382.80
Committed	0.00	0.00	0.00
Assigned	0.00	0.00	0.00
Unassigned	268,638.25	0.00	268,638.25
Total Fund Balances	268,638.25	21,382.80	290,021.05
TOTAL LIABILITIES AND FUND BALANCES	$280,467.40	$21,382.80	$301,850.20

TOTAL NET ASSETS	$301,850.20
Amounts reported for governmental activities in the statement of net assets are different because:	
Some expenses reported do not require the use of current financial resources	0.00
Net Assets of Governmental Activities	$301,850.20

The accompanying notes are an integral part of these financial statements.

TOWN OF RINGWOOD
MAJOR COUNTY - OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND	STREET AND ALLEY FUND	TOTAL GOVERNMENTAL FUNDS
CASH RECEIPTS:			
Services	$3,450.00	$0.00	$3,450.00
Taxes	181,685.80	4,707.37	186,393.17
Fines, Penalties & Permits	110.00	0.00	110.00
Interest Earned	406.76	19.17	425.93
Royalties,Rents & Other	26,189.38	0.00	26,189.38
Intergovernmental	79,707.46	0.00	79,707.46
Total Cash Receipts	291,549.40	4,726.54	296,275.94
CASH DISBURSEMENTS:			
Current-			
General Government	89,155.88	0.00	89,155.88
Public Safety	61,125.11	0.00	61,125.11
Public Works	0.00	0.00	0.00
Street Improvement	148,474.02	0.00	148,474.02
Capital Outlay	0.00	0.00	0.00
Total Cash Disbursements	298,755.01	0.00	298,755.01
Net Change in Fund Balances	(7,205.61)	4,726.54	(2,479.07)
Adjustment: Transfer to Prior Year	(69.27)	0.00	(69.27)
Fund Balances - Beginning	275,913.13	16,656.26	292,569.39
Fund Balances - Ending	$268,638.25	$21,382.80	$290,021.05

The accompanying notes are an integral part of these financial statements.

TOWN OF RINGWOOD
MAJOR COUNTY - OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
AS OF JUNE 30, 2016

	BUSINESS - TYPE ACTIVITIES - ENTERPRISE FUNDS
	PUBLIC WORKS AUTHORITY FUND
ASSETS:	
Cash and Cash Equivalents	$299,315.77
Investments	71,900.00
TOTAL ASSETS	$371,215.77
LIABILITIES:	
Current Liabilities:	
Account Payables	$0.00
Total Liabilities	0.00
NET POSITION:	
Restricted	0.00
Unrestricted	371,215.77
Total Fund Balances	$371,215.77

The accompanying notes are an integral part of these financial statements.

TOWN OF RINGWOOD
MAJOR COUNTY - OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	PUBLIC WORKS AUTHORITY FUND
OPERATING REVENUES:	
Charges for services	
Water	$54,470.73
Sewer	23,414.87
Penalties	3,702.85
Sanitation	53,858.08
Total Operating Revenues	135,446.53
OPERATING EXPENDITURES:	
Administrative/Service Salaries	78,301.50
Water and Sewer	96,176.57
Sanitation	59,951.98
Total Operating Expenditures	234,430.05
Operating Income(Loss)	(98,983.52)
NONOPERATING REVENUES(EXPENDITURES):	
Project expenditures	0.00
Sales Tax	130,847.84
Miscellaneous revenues	0.00
Grant income	0.00
Interest income	545.53
Bank Charges	0.00
Total Nonoperating Revenues (Expenditures)	131,393.37
Net Change in Assets	32,409.85
Balance at 7/01/15	338,805.92
Balance at 6/30/16	$371,215.77

The accompanying notes are an integral part of these financial statements.

TOWN OF RINGWOOD
MAJOR COUNTY - OKLAHOMA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS Public Works Authority Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Reciepts from customers	$135,446.53
Payments to suppliers	(179,251.90)
Payments to employees	(55,178.15)
Net Cash Provided(used)by Operating Activities	(98,983.52)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	130,847.84
Operating transfers in/(out)	0.00
Net Cash Provided (used) by noncapital activities	130,847.84
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on long-term debt	0.00
Interest paid and fiscal charges	0.00
Bank charges	0.00
Decrease(increase) in restricted assets	0.00
Net Cash Provided(Used) by Capital and Related Financing Activities	0.00
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	545.53
Net Cash Provided(Used) by Investing Activities	545.53
Net Increase(Decrease) in Cash and Cash Equivalents	32,409.85
Cash and Cash Equivalents, July 1, 2015	338,805.92
Cash and Cash Equivalents, June 30, 2016	$371,215.77
RECONCILIATION OF OPERATING INCOME(LOSS)TO NET CASH PROVIDED(USED) BY OPERATING ACTIVITIES:	
Operating Income(Loss)	($98,983.52)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows reported in other categories:	0.00
Change in assets and liabilities:	0.00
Total Adjustments	0.00
Net Cash Provided by(used in) Operating Activities	($98,983.52)

The accompanying notes are an integral part of these financial statements.

TOWN OF RINGWOOD
MAJOR COUNTY - OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
AS OF JUNE 30, 2016

	AGENCY FUNDS
	WATER DEPOSIT FUND
ASSETS:	
Current Assets -	
Cash and Cash Equivalents	$4,102.75
TOTAL ASSETS	$4,102.75
LIABILITIES:	
Current Liabilities -	
Deposits	$4,102.75
Total Liabilities	$4,102.75

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

As discussed in Note 1 D, these financial statements, for the Town of Ringwood, Major County, Oklahoma are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash-basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. Reporting Entity

The municipality is a corporate body for public purposes created under Title II of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The general operating authority for the municipality is the Oklahoma Municipal Code contained in Title II, Oklahoma Statutes. The governing body of the municipality is the Board of Trustees composed of elected members. The mayor is the executive officer of the municipality.

The Town's financial reporting entity includes two separate legal entities reported as the primary government.

The Town of Ringwood - that operates the public safety, streets, health and welfare, culture and recreation, and administrative activities.

The Ringwood Public Works Authority - that operates the water, sewer, and sanitation services of the Town through a public trust of which the Town is the beneficiary. The Town Council serves as trustees for the Authority and all debt obligations of the Authority must be approved by 2/3rds vote of the Town Council.

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Council Statement No. 14, as amended by Statement No. 61, The Financial Reporting Entity, and includes all component units for which the Town is financially accountable.

The component unit is a Public Trust established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance Town services through issuance of revenue bonds or other non-general obligation debt and to enable the Town Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. The Town, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

Government-Wide Financial Statements:

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted only for certain modifications stated below that have substantial support in generally accepted accounting principles (GAAP). These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- other cash-based receivables/payables utility deposit liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

In addition, due to the use of this modified cash basis of accounting, capital asset and long-term debt transactions are excluded from reporting within the financial statements. Capital assets are expensed when purchased and long-term debts are reported as cash receipts when issued and received.

B. Fund Accounting

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain town functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into two categories; governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

Fund Description

The following funds are utilized by the Town of Ringwood, Oklahoma.

Governmental Fund Types	Proprietary Fund Types	Fiduciary Fund Types
General Fund (Major)	Public Works Authority (Major)	Water Deposit Funds
Special Revenue Funds		

Governmental Funds

The General Fund accounts for all financial transactions not accounted for in any other fund. The revenues include taxes, utility collections, fees, licenses and permits, fines and forfeits, etc. Expenditures are for personal services, maintenance and operations and capital outlay. The primary revenue sources are utility sales and use taxes.

Special Revenue Funds are funds which must be spent in accordance with special regulations and restrictions. There are major classifications to account for operating funds for which the use of revenues is restricted or designated by outside sources.

Special Revenue Funds

Street and Alley Fund – accounts for commercial vehicle tax and gasoline excise tax legally restricted for street and alley repairs and maintenance.

Proprietary Fund

The Town's proprietary fund is comprised of the following:

Ringwood Public Works Authority: • accounts for the operation of the water, sewer, and sanitation activities.

The proprietary fund is reported on a modified cash basis, as defined above, and current financial resources measurement focus.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

Fiduciary Fund

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Town. When these assets are held under the terms of a formal trust agreement, either a permanent fund or an expendable trust fund is used. The terms "permanent" and "expendable" refer to whether or not the Town is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the Town holds on behalf of others as their agent and do not involve measurement of results of operations.

Permanent Fund-
Water Deposit Fund

Fund Balance and Net Position Classifications

Fund Statements

Governmental Funds

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

- Restricted: This classification includes amount for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified Street and Alley revenue as being restricted because the use is restricted by State Statute. Debt service resources are to be used for future servicing of the general obligation bonds and are restricted through debt covenants. Capital project revenue from bond proceeds is restricted by State Statute and is legally segregated for funding of voter approved uses.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Fund Statements (continued)

- Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town has assigned interest earnings to the funds where earned for the purposes defined by the fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other government fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Government-Wide Statements

Memorandum Only - Total Column

The total column on the modified cash basis financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

Net Position:

Net position is displayed in two components:
a. Restricted net position - Consists of net position with constraints placed on the 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.
b. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In addition, the Town has restricted net position for streets.

It is the Town's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position elements are available.

C. Internal and Interfund Balances and Transfers

The Town's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

D. Basis of Presentation

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements, made, regardless of the measurement focus made.

All governmental and fiduciary funds are accounted for using a modified cash basis of accounting. Revenues, except for certain grant revenues, are recognized when they are received rather than earned. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized when the grant expenditure is made. Under this modified cash basis of accounting, expenditures are generally recognized when encumbered/reserved rather that at the time the related fund liability is incurred.

The Town of Ringwood, Oklahoma utilizes an appropriated budget system of accounting. This system has an approved budget appropriation for its General Fund and Street and Alley Fund. All expenditures are recorded against the appropriation on a ledger by classification.

E. Use of Estimates

The preparation of financial statements in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

F. Budgets and Budgetary Accounting

The Town is required by state law to prepare an annual budget. The Town must submit a budget by August 22 of each year according to Oklahoma Statutes, Title 68, Section 3002. The budget amount for the Town is the appropriated balance approved by the County Excise Board. The budget, as set by the governing board, constitutes the maximum funds that may be spent during the fiscal year by any department of the local government required to appropriate funds. The budget includes revenues which are collected by the Town or transfers into a specific fund from another fund. The Town's budget does not include an ad valorem tax levy.

A budget is legally adopted by the Board of Trustees for the General Fund and Street and Alley Fund that includes revenues and expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund - is utilized in all governmental funds of the Town.

The unencumbered balance of current fiscal year appropriations and the unexpended reserve appropriations of the previous fiscal year are lapsed and become a part of the beginning fund balance for the succeeding fiscal year.

G. Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

All monies which are not invested in Certificate of Deposits are maintained in NOW Checking Accounts or Savings Accounts.

Safeguard of Deposits and Investments

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Oklahoma and its agencies that have a market value of not less than the principal amount of the deposits. The Town Treasurer is responsible for maintaining adequate coverage of all funds on deposit through security pledges approved by the Treasurer of the State of Oklahoma.

Deposit Categories of Credit Risk

(A) Insured by Federal Deposit Insurance
(B) Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
(C) Uncollateralized.

	Category			Bank
	(A)	(B)	(C)	Balance
Cash and cash equivalents	$250,000.00	$311,165.97	$ 0.00	$561,165.97
Investments	111,900.00	0.00	0.00	111,900.00
Total	$361,900.00	$311,165.97	$ 0.00	$673,165.97

Fixed Assets and Property, Plant and Equipment

Property and equipment purchases are recorded as capital outlays in the accompanying statements of revenues, expenditures and changes in fund balances. The Town does not maintain complete financial records of capital assets purchased which would include depreciation schedules.

Property Tax

The Town's property tax is levied each October 1, on the assessed value listed as of January 1, of the same year for all real and personal property located in the Town, except certain exempt property. Assessed values are established by the Oklahoma Tax Commission and the State Equalization Board. A revaluation of all property is required once every five (5) years.

The Town does not have a millage levy for the General Fund for the 2015-16 period.

Compensated Absences

The Town does not have a policy which would allow vacation leave or sick pay benefits to accrue to employees past the current year. Therefore, no liability is recorded in the accompanying financial statements for compensated absences.

Operating Leases

The Town had no operating leases during the current fiscal year; therefore, no liability is recorded in the accompanying financial statements.

2. Risk Management

Liability Protection Plan

The Town's Commercial Liability Insurance agreements cover claims against municipalities for all government functions, utilities, and services. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the State tort claims law and federal civil rights laws.

All public officials, employees, services, and municipal functions are covered unless they are specifically listed

The titles to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating

Town pays all cost, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Liability Protection Plan (continued)

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

Surety Bonds

The Town maintains a Public Employee Position Schedule Bond with the CNA Surety Company in the amount of $52,000.00. The bond number 18260296, dated October 26, 2015 to October 26, 2016 and covers each position as listed below.

Treasurer	50,000.00
Secretary / Bookkeeper	2,000.00

3. Consumers and Service Rates

Average Number of Consumers for Audit Period

Residential	205
Commercial	26
Churches	4
Schools	1
Total Consumers	236

Monthly Service Rates:

Water – Inside Residents -	$13.00	Minimum charge up to 2,000 gallons
	2.00	Per 1,000 gallons over minimum
	35.00	Reconnect Fee
Sewer -	11.00	Standard Rate
Trash-	14.00	Standard Rate 9.00 each additional
	42.50	Two Yard Rate
	67.00	Three Yard Rate
New Meter Hook-up-	750.00	Standard Rate – Commercial rate $1,200.00
Meter Deposits -	150.00	Rental Only

Commercial trash rates vary by each customer.

4. Employee Retirement Plans

The Town of Ringwood participated in three pension or retirement plans:

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

OFPRS Description of Plan

Only the Town's volunteer firemen are covered by a pension plan. This noncontributory plan is operated and administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS).

The Oklahoma Firefighters Pension and Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414, or by calling 1-800-525-7461.

Funding Policy

The Town is required to make annual contributions of $60.00 per active volunteer fireman to OFPRS. This contribution covers a portion of the cost of benefits that will be paid to vested volunteer fireman. Additional funding comes from a percentage of all taxes collected on premiums collected by insurance companies and an appropriation by the State of Oklahoma. The annual contribution payment plan was changed from a fiscal year to a calendar year basis in January, 2015, therefore showing an excess contribution during the 2015 Fiscal Year.

The Town's contributions to OFPRS were $960.00 for 2014, $1,020.00 for 2015 and $960.00 for 2016.

Employee Retirement System – Pensions Plans:

1. The Town provides a defined contribution plan and trust known as the Town of Ringwood Plan and Trust (the "OMRF Plan") in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF) available to all full-time employees. OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The Plan is administered by J.P. Morgan Chase as authorized by Town ordinance. The defined contribution plan is mandatory to all full-time employees who are not already participating in another plan. The employee contributes to the Plan an amount up to 4.00% of their gross wages. The Town as employer, contributes a match amount up to 13.26% of the employee contribution. If an employee terminates before becoming fully vested, the employer's contributions that are forfeited may be used to reduce the Town's current-period contribution requirements. The authority to amend the provisions of the plan rests with the Town Council. The Oklahoma Municipal Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Plan and may be obtained from their offices at 525 Central Park Drive, Ste. 320, Oklahoma City, OK 73105 or by calling 1-888-394-6673.

   The Town's OMRF contributions were $2,081.05 for 2014, $5,593.54 for 2015 and $3,005.47 for 2016.

   The accrued liabilities and other information have not been presented on the plans as required by accounting principles generally accepted in the United States of America.

   OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105.

Worker's Compensation Plan

The Town participates in the Oklahoma Municipal Assurance Group (OMAG) Workers' Compensation Plan (the Plan). The Plan became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing and legal defense of any and all claims submitted to it during the Plan year. A plan year normally begins at 12:01 am July 1 in any year and ends at midnight June 30 of the following year. The Plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

Worker's Compensation Plan (continued)

Plan Participants have the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, participants are responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. Participants have the right to the return of any loss funds set aside for claims which have not been paid out as benefits. Losses are limited to amounts set aside by the Plan. Town funds held in escrow with OMAG at year end were $1,616.00.

5. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

6. Subsequent Events

Management has evaluated subsequent events through November 20, 2016, which is the date the financial statements were available to be issued.

7. Municipal Sales Tax

The Town of Ringwood receives revenue from a one cent (.01) municipal sales tax on a monthly basis. The sales tax is distributed equally between the Town General Fund and the Public Works Authority Water and Sewer Operating Fund.

8. Project Grants

A. State of Oklahoma – Rural Economic Action Plan
Northern Oklahoma Development Authority
Contract No. 2016 REAP FUND MA 16-1
Funding Period: December 1, 2015 through November 30, 2016
Amount: $75,417.50

The scope of this project is Infrastructure- Street Resurfacing.

	Original Allocation/ Commitment	Expenditures Claimed during Fiscal Year 2016	Unobligated Allocations/ Commitments
REAP	$ 75,417.50	$ 75,417.50	$ 0.00
LOCAL	16,408.42	16,408.42	0.00
	$ 91,825.92	$ 91,825.92	$ 0.00

Project Grants (continued)

B. U.S. Department of Housing and Urban Development
Oklahoma Department of Commerce
Community Development Block Grant 2014 #15961 CDBG 14
Funding Period: June 30, 2014 through June 30, 2016
Amount: $219,000.00

The scope of this project is for waste water system improvements.

The grant will provide leverage for the Rural Economic Action Plan grant #2014 REAP Fund MA 14-4

	Original Allocation/ Commitment	Expenditures Claimed during Fiscal Year 2014	Expenditures Claimed during Fiscal Year 2015	De-obligated Allocations/ Commitments
CDBG	$219,000.00	$ 0.00	$198,193.94	$ 20,808.86

TOWN OF RINWOOD
MAJOR COUNTY - OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND
FUND BALANCES - BUDGET TO ACTUAL - MODIFIED CASH BASIS
GENERAL FUND ONLY
FOR THE YEAR ENDED JUNE 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE/ (UNFAVORABLE)
REVENUES:				
Taxes	$126,500.00	$126,500.00	$181,685.80	$55,185.80
Interest	0.00	0.00	406.76	406.76
Rentals/Royalties/Other	2,500.00	2,500.00	29,749.38	27,249.38
Intergovernmental	4,484.35	79,901.85	79,707.46	(194.39)
Total	133,484.35	208,901.85	291,549.40	82,647.55
EXPENDITURES:				
General Government-Personal Service	53,500.00	53,500.00	42,755.60	10,744.40
General Government-Operations	205,897.48	187,397.48	46,400.28	140,997.20
Public Safety-Personal Service	8,500.00	4,500.00	3,600.00	900.00
Public Safety-Operations	45,000.00	63,500.00	57,525.11	5,974.89
Street Dept-Personal Service	39,000.00	29,000.00	24,427.07	4,572.93
Street Dept-Operations	50,000.00	139,417.50	124,046.95	15,370.55
Capital Outlay	7,500.00	7,500.00	0.00	7,500.00
Bank Fees	0.00	0.00	0.00	0.00
Total	409,397.48	484,814.98	298,755.01	186,059.97
Excess of Revenue Over/ (Under) Expenditures	(275,913.13)	(275,913.13)	(7,205.61)	268,707.52
Adjustment: Transfer To Prior Year	0.00	0.00	(69.27)	(69.27)
Fund Balance - Beginning	275,913.13	275,913.13	275,913.13	0.00
Fund Balance - Ending	$0.00	$0.00	$268,638.25	$268,638.25

Notes to Required Supplemental Information-Budgetary Comparison Schedule

Budgetary Accounting -

The Town prepares its budget for the General Fund on the modified cash basis of accounting described in Note 1 to Financial Statements. This basis is consistent with the basis of accounting used in presenting the General Fund in the financial statements. The Town utilizes an appropriated budgetary system and all unexpended appropriations lapse at year end.

Chas. W. Carroll, P.A.

Independence Tower – Suite 406
302 N. Independence

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

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

The Honorable Mayor and Board of Trustees
Town of Ringwood
Major County, Oklahoma

I 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-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ringwood, Major County, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the Town's basic financial statements-modified cash basis and have issued my report thereon dated November 20, 2016. As described in Note 1D, the Town has elected to report on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings that I consider to be significant deficiencies in internal control over financial reporting as items 16-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I 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 my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

This report is intended 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 Town's internal control or on compliance. This report is an internal part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal compliance. Accordingly, this communication is not suitable for any purpose.

Sincerely,

Chas. W. Carroll, P.A.

Chas. W. Carroll, P.A.
November 20, 2016

TOWN OF RINGWOOD
RINGWOOD PUBLIC WORKS AUTHORITY
MAJOR COUNTY – OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2016

15-01 Lack of Segregation of Duties

The finding inherent limitations resulting from a small number of employees performing functions, which would normally be divided among a larger number of employees, prevented a proper segregation of accounting functions which is necessary in order to assure adequate internal accounting controls continued in the current fiscal year.

15-02 Collateral Pledge for Safeguard of Deposits

Criteria: It is the responsibility of the official fund custodian to maintain adequate pledged securities for the safeguard of funds on deposit at all times.

Condition: The balances of Town funds on deposit in checking accounts were in excess of the collateral pledged by the depository at June 30, 2015.

Cause: The Town did not maintain sufficient pledged securities to insure or guarantee all funds of the depository were adequately insured as required by Oklahoma Statutes.

Current Condition: Adequate Security Pledges have since been pledged on all Town accounts to safeguard assets at all times. (See page 18 of the Audit Deposit Categories of Credit Risk).

TOWN OF RINGWOOD
RINGWOOD PUBLIC WORKS AUTHORITY
MAJOR COUNTY – OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

SCHEDULE OF AUDIT FINDINGS
JUNE 30, 2016

Section 1 – Findings related to the financial statements required to be reported in accordance with GAGAS.

16-01 Lack of Segregation of Duties

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources.

Condition: Due to its limited population, the Town employs two individuals who are responsible for certain duties that are incompatible with the objectives of effective internal control. The employees work separate shifts and are not interactive with all transactions during the course of the day.

Cause: The Town's limited population and resources result in the inability to provide sufficient staffing to fully segregate incompatible duties.

Effect: Without proper segregation of duties, the risk increases that errors, fraud or illegal acts could occur and not be detected within a timely basis. For example, employees with access to cash and access to the accounting records could misappropriate cash and conceal the misappropriation through improper accounting entries or adjustment.

Recommendation: Efficient segregation of duties is difficult in a small environment; however, this segregation of duties is an important one to seriously consider. We recommend the Town assess the feasibility of segregating the cash collection duties from those of posting and adjusting customer accounts and posting to the accounting ledgers, to the extent reasonably possible.

TOWN OF RINGWOOD
RINGWOOD PUBLIC WORKS AUTHORITY
MAJOR COUNTY – OKLAHOMA
JULY 1, 2015 TO JUNE 30, 2016

SCHEDULE OF OTHER MATTERS
JUNE 30, 2016

No matters were reported.