

TOWN OF ROOSEVELT
Financial Statements
as of and for the twelve months ended
June 30, 2014

David O. Tate
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Town of Roosevelt
Table of Contents
June 30, 2014

Independent Auditor's Report	3
Government-Wide Statements	
Exhibit A-Statement of Net Position-Modified Cash Basis	5
Exhibit B-Statement of Activities and Changes in Net Position- Modified Cash Basis	6
Fund Statements	
Exhibit C-Balance Sheet-Governmental Funds-Modified Cash Basis	7
Exhibit D-Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds-Modified Cash Basis	8
Exhibit E-Statement of Net Position-Proprietary Funds-Modified Cash Basis	9
Exhibit F-Statement of Revenues, Expenditures and Changes in Net Position-Proprietary Fund-Modified Cash Basis	10
Exhibit G-Statement of Cash Flows-Proprietary Funds	11
Notes to the Basic Financial Statements	13
Required supplementary information	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with "Government Auditing Standards"	22

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Independent Auditor's Report

The governing body of the Town of Roosevelt

Report on the financial statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Roosevelt as of and for the year ended June 30, 2014, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting which is a basis of accounting other than 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

My responsibility is to express opinions 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 of 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 of the governmental activities, the business-type activities, each major fund of the Town of Roosevelt as of June 30, 2014, and respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Management has omitted management's discussion and analysis and budgetary comparison information 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. My opinion on the basic financial statements is not affected by this missing information. In accordance with Government Auditing Standards, I have also issued my report dated September 12, 2014, on the consideration of the Town of Roosevelt's reporting internal control over financial reporting based on an audit of the financial statements performed in accordance with Government Auditing Standards. 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 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 Roosevelt, Oklahoma's internal control over financial reporting and compliance.



Certified Public Accountant
Mangum, Oklahoma
September 12, 2014

Town of Roosevelt				
Statement of Net Position-Modified Cash Basis				
June 30, 2014				
Primary Government				
	Governmental activities	Business-type activities	Total	
Assets				
Cash and cash equivalents-unrestricted	197,360	93,543	290,903	
Cash and cash equivalents-restricted		30,445	30,445	
Capital assets				
Property and equipment, net of accumulated depreciation	49,538	462,845	512,383	
Total assets	246,898	586,833	833,731	
Liabilities				
Current liabilities:				
Accounts payable	235	642	877	
Notes payable:				
Due in one year		9,654	9,654	
Total current liabilities	235	10,296	10,531	
Long-term liabilities (Note 3)				
Notes payable				
Due in more than one year		55,526	55,526	
Refundable deposits		9,578	9,578	
Total long term liabilities	-	65,104	65,104	
Total liabilities	235	75,400	75,635	
Net position				
Net investment in capital assets		397,665	397,665	
Restricted for:				
Debt service		21,166	21,166	
Other purposes		9,578	9,578	
Unrestricted	246,663	83,023	329,686	
Total net position	246,663	511,433	758,096	
Total liabilities and net position	246,898	586,833	833,731	
See the accompanying notes to the basic financial statements				

Town of Roosevelt				
Balance Sheet-Modified Cash Basis				
Governmental Funds				
June 30, 2014				
		General	Other	
		fund	governmental	Total
			funds	
Assets				
Cash and cash equivalents		158,103	39,257	197,360
Total assets		158,103	39,257	197,360
Liabilities and Fund Balances				
Liabilities				
Accounts payable		235		235
Total liabilities		235	-	235
Fund balances:				
Unreserved		157,868	39,257	197,125
Total fund balance		157,868	39,257	197,125
Total liabilities and fund balance		158,103	39,257	
Reconciliation to Statement of Net Position:				
Capital assets, net of accumulated depreciation, are not financial resources and, therefore are not reported in the funds				49,538
Net position of governmental activities				246,663
See the accompanying notes to the basic financial statements				

Town of Roosevelt					
Statement of Revenues, Expenditures and Changes in Fund Balance-					
Modified Cash Basis-Governmental Funds					
For the twelve months ended June 30, 2014					
			General	Other	
			fund	governmental	Total
				funds	
Revenues:					
Taxes			41,956	1,883	43,839
Charges for services				37,632	37,632
Investment income			176	50	226
Contributions					-
Intergovernmental			42,024		42,024
Insurance proceeds					-
Sales of surplus property					-
Other			9,772	183	9,955
Total revenues			93,928	39,749	133,677
Expenditures:					
General government					
Personal services			6,201		6,201
Maintenance/operation			67,391	39,117	106,508
Capital outlay			49,538		49,538
Total expenditures			123,130	39,117	162,247
Excess (deficiency) of revenues over expenditures			(29,202)	632	(28,570)
Other financing sources (uses):					
Transfers in					-
Transfers out					-
Total other financing sources (uses)			-	-	-
Net change in fund balances			(29,202)	632	(28,570)
Fund balances, July 1, 2013			188,638	37,056	225,694
Fund balances, June 30, 2014			159,436	37,688	197,124
Net change in fund balances-total governmental funds					(28,570)
Reconciliation to the Statement of Activities					
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these items is allocated over their estimated useful lives and reported as depreciation expense					49,538
Change in Net Position of Governmental Activities					20,968
See the accompanying notes to the basic financial statements					

Town of Roosevelt						
Statement of Net Position-Modified Cash Basis						
Proprietary Fund						
June 30, 2014						
						Public
						Works
						Authority
						Enterprise
						Fund
Assets						
Current assets						
Cash and cash equivalents						93,543
Restricted cash and cash equivalents						30,445
Total current assets						123,988
Noncurrent assets						
Property and equipment net of accumulated depreciation						462,845
Total noncurrent assets						462,845
Total assets						586,833
Liabilities						
Current liabilities						
Accounts payable						642
Notes payable, current portion						9,654
Total current liabilities						10,296
Noncurrent liabilities						
Refundable deposits						9,578
Notes payable, long-term portion						55,526
Total noncurrent liabilities						65,104
Total liabilities						75,400
Net Position						
Net investment in capital assets						397,665
Restricted						
Debt service						21,166
Other						9,578
Unrestricted						83,024
Total net position						511,433
Total liabilities and net position						586,833
See the accompanying notes to the basic financial statements						

Town of Roosevelt					
Statement of Revenues and Expenditures and Changes in Net Position - Modified Cash Basis					
Proprietary Fund					
For the twelve months ended June 30, 2014					
					Public Works Authority Enterprise Fund
Operating revenues:					
Utility services					112,143
Other					926
Gross revenue from operations					113,069
Operating expenses:					
Repairs/maintenance					
Depreciation					31,031
Salaries/wages/fringe benefits					45,839
Utilities					9,269
Other					35,377
Total operating expenses					121,516
Operating income (loss)					(8,447)
Non-operating revenues (expenses):					
Intergovernmental grants					-
Investment income					251
Interest expense					(3,275)
Total non-operating revenues (expenses)					(3,024)
Total operating income (loss) and non-operating revenues (expenses)					(11,471)
Other financing sources (uses):					
Operating transfers in					
Operating transfers out					
Total other financing sources (uses)					-
Change in net position					(11,471)
Net position, July 1, 2013					522,904
Net position, June 30, 2014					511,433
See the accompanying notes to the basic financial statements					

Town of Roosevelt						
Statement of Cash Flows-Modified Cash Basis						
Proprietary Fund						
For the twelve months ended June 30, 2014						
						Public Works Authority Enterprise Fund
Cash flows from operating activities						
Receipts from customers						113,069
Payments to suppliers						(45,185)
Payments to employees						(45,839)
Receipts (refunds) of customer utility deposits						(143)
Net cash provided by (used in) operating activities						21,902
Cash flows from capital and related financing activities						
Transfers in						
Grants received						-
Principal paid on capital debt						(9,289)
Interest paid on capital debt						(3,275)
Net cash provided by (used in) capital and related financing activities						(12,564)
Cash flows from investing activities:						
Interest earned						251
Net cash flows provided by (used in) investing activities						251
Net increase (decrease) in cash and cash equivalents						9,589
Balance, July 1, 2013						114,399
Balance, June 30, 2014						123,988
See the accompanying notes to the basic financial statements						

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2014

1. The financial reporting entity.

In determining the financial reporting entity, the Town of Roosevelt complies with the provisions of Governmental Accounting Standards Board Statement Number 14, "The Financial Reporting Entity" as amended by Governmental Accounting Standards Board Statement 61 and includes all component units for which the Town of Roosevelt is financially accountable.

The Town of Roosevelt's financial reporting entity includes the primary government (Town of Roosevelt) and blended component unit (Roosevelt Public Works Authority).

The Town of Roosevelt operates the public safety, streets and highways, parks and recreation, and administrative activities.

The Town of Roosevelt is located in Kiowa County, Oklahoma with a population (according to the 2010 census conducted by the U. S. Census Bureau) of 248. The Town is governed by a three member board elected by the citizens of the Town of Roosevelt.

Roosevelt Public Works Authority – Accounts for the operation of the water and sewer activities for the Town of Roosevelt.

The Roosevelt Public Works Authority is governed by the same members as the board of the Town of Roosevelt. As such, the Town is able to impose its will on The Roosevelt Public Works Authority through required approval of all debt obligations issued by this unit.

The component unit (The Roosevelt Public Works Authority) is a public trust established pursuant to Title 60 of Oklahoma Statutes. Public Trusts have no taxing power. These trusts are usually created to finance services through the issuance of revenue bonds or other non-general obligation debt. These trusts generally retain title to assets which are acquired or constructed with trust debt or other trust generated resources. The Town of Roosevelt, as beneficiary of the trust, receives title to any residual assets when a public trust is dissolved.

2. Basis of presentation and accounting.

Government-Wide Financial Statements

The statement of net position and activities is reported on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States and the economic resources measurement focus. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recorded when the liability is paid.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2014

2. Basis of presentation and accounting (continued).

Government-Wide Financial Statements (continued)

Program revenues within the statement of activities are derived directly from each activity or from parties outside the Town of Roosevelt's taxpayers. The Town of Roosevelt has the following program revenues in each activity:

General government – Rentals of facilities, operating grants, and capital grants.

Streets and highways – Commercial vehicle tax and gasoline excise tax shared by the State of Oklahoma and the sanitation activities for the Town of Roosevelt.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

For business-type activities, Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied as they apply to accrual basis, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board pronouncements, in which case, Governmental Accounting Standards Board pronouncements prevail. The Town of Roosevelt's reporting entity does not apply Financial Accounting Standard Board pronouncements of Accounting Principles Board opinions issued after November 30, 1989.

Governmental funds

The Town of Roosevelt's governmental funds are comprised of the following:

Major fund

General fund – Accounts for all activities not accounted for in other special-purpose funds.

Non-major fund (reported as other governmental funds)

Street and alley fund – Accounts for amounts shared by the State of Oklahoma of commercial vehicle taxes and gasoline excise taxes restricted for maintenance of streets, highways and alleys and conducts the sanitation activities for the Town of Roosevelt.

The governmental funds are reported on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and current financial resources measurement focus. On the modified cash basis of accounting, revenues are recorded when collected and available to pay current financial obligations, while expenditures are recorded when paid.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the modified cash basis of accounting and economic resources measurement focus at the government-wide level.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2014

Proprietary funds

When the Town of Roosevelt charges customers for the services it provides, revenues and expenses from these services are generally reported in proprietary funds. Proprietary funds include enterprise funds. Enterprise funds are used to account for business-like activities provided to the general public. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The Town of Roosevelt's enterprise funds are the Roosevelt Public Works Authority.

For business-type activities and proprietary funds, Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board pronouncements, in which case, Governmental Accounting Standards Board pronouncements prevail.

The Town of Roosevelt's proprietary funds are comprised of the following:

Major funds

Roosevelt Public Works Authority – Accounts for the operation of the electric, water, sewer, and sanitation activities and collects the public safety fee for the Town of Roosevelt.

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.

3. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and certain assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

4. New accounting pronouncements adopted in fiscal years prior to 2014

The Town of Roosevelt implemented the following accounting standards during fiscal years ended prior to June 30, 2014:

Governmental Accounting Standards Board Statement Number 60-Accounting and Financial Reporting for Service Concession Arrangement-This statement had no impact on the Town of Roosevelt's financial reports.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2014

4. New accounting pronouncements adopted in fiscal years prior to 2014 (continued)

Governmental Accounting Standards Board Statement Number 61-The Financial Reporting Entity: Omnibus-This statement had no impact on the Town of Roosevelt's financial report.

Governmental Accounting Standards Board Statement Number 62-Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board and American Institute of Certified Public Accountants Pronouncements-A few sentences were removed for the section relative to proprietary funds note disclosure to eliminate references to Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989.

Governmental Accounting Standards Board Statement Number 63-Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position-The only change required by implementation of this statement was the removal of the Statement of Net Assets and replacing it with a Statement of Net Position.

Governmental Accounting Standards Board Statement Number 65-Items Previously Reported as Assets and Liabilities-This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. This statement had no impact on the Town of Roosevelt's financial reports.

5. Cash, cash equivalents, deposits, and investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term with an original maturity of three months or less.

Custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The Town of Roosevelt is governed by the State Public Deposit Act which requires that the town obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and if held by a counterparty or a counterparty's trust department or agent, but not in the government's name.

As of June 30, 2014, the Town of Roosevelt was not exposed to custodial credit risk as defined above.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2014

5. Cash, cash equivalents, deposits, and investments (continued)

Investment credit risk

The Town of Roosevelt's investments are limited to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitations, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. County, municipal, or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in paragraphs a, b, c, and d.

Restricted cash and cash equivalents

The amounts reported as restricted cash and cash equivalents on the statement of net position are comprised of amounts required to be held in reserve by debt covenants or deposits held for others.

The amount placed in a reserve account required by a debt covenant is \$21,166. Amounts held as utility deposits of customers are \$9,578.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2014

6. Capital assets

Capital assets consist of land, land improvement, construction in progress, building and building improvements, machinery and equipment and furniture and fixtures. A capitalization threshold of \$2,500 is used to report capital assets. Capital assets are reported at actual or estimated historical cost. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003. Prior to July 1, 2003, governmental funds' infrastructure assets such as streets, bridges, drainage systems and traffic signal systems were not capitalized. Infrastructure assets acquired since that date are recorded at cost. If donated capital assets are received, they are recorded at their fair value at the date of donation.

Property, plant, and equipment of the primary government as well as the component units are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Automotive equipment	10 years
Machinery and equipment	10 years
Infrastructure	50 years
Data processing equipment	7 years

The changes in capital assets are summarized below:

	Balance			Balance
	July 1, 2013	Additions	Deductions	June 30, 2013
Business type activities:				
Land	31,478			31,478
Water plant	937,171			937,171
Equipment	383,550			383,550
Construction in process				-
Total capital assets	1,352,199	-	-	1,352,199
Less accumulated depreciation	(858,323)	(31,031)		(889,354)
Business type activities capital assets	493,876	(31,031)	-	462,845
Governmental activities:				
Construction in process		49,538		49,538
Total governmental activities	-	49,538	-	49,538
Less accumulated depreciation				-
Governmental activities capital assets	-	49,538	-	49,538
Total, all activities	493,876	18,507	-	512,383

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefitting from the use of the specific asset. Depreciation expense of \$31,031 has been charged to business-type activities for the year ended June 30, 2014.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2014

7. Debt service requirements

The note payable to the U. S. Department of Agriculture bears interest at the rate of 5% per annum and is repayable in monthly payments of \$1,047.

Debt service requirements to maturity				
	Year ended			
	June 30	Principal	Interest	Total
	2015	9,654	2,910	12,564
	2016	9,971	2,593	12,564
	2017	10,572	1,992	12,564
	2018	11,004	1,560	12,564
	2019	11,318	1,246	12,564
	2020-2024	12,661	1,981	14,642
	Totals	65,180	12,282	77,462

The changes in debt are shown below:

	Balance			Balance	Amount due
Type of debt	July 1, 2013	Additions	Retirements	June 30, 2014	within one
					year
Business-type activities					
Notes/bonds payable	74,469		9,289	65,180	9,654
Refundable deposits	9,797		219	9,578	-
Totals	84,266	-	9,508	74,758	9,654

8. Net position and fund balances

Net position

Net position is reported in the government-wide and proprietary fund financial statements and is displayed in three components:

Net investment in capital assets-Consists of capital assets and related accounts, 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 improvements of those assets.

Restricted net position-Consists of net position with constraints place on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments or by law through constitutional provisions or enabling legislation.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2014

8. Net position and fund balances (continued)

Net position (continued)

Unrestricted net position-All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

Fund balances

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned and unassigned. These classifications are defined as:

Non-spendable-includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted-consists of fund balance with constraints place on the use of resources either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation.

Committed-includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the town’s highest level of decision-making authority. The town’s highest level of decision-making authority is by ordinance. The Town of Roosevelt currently reports no committed fund balance.

Assigned-includes amounts that are constrained by the town’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by governing body action or management decision when the governing body has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.

Unassigned-represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the Town of Roosevelt’s policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The town’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Proprietary fund equity is classified the same as in the government-wide statements.

In the proprietary funds, restricted net position is the amount placed in a reserve account required by a debt covenant with the U. S. Department of Agriculture of \$21,166. Amounts held as utility deposits of customers are \$9,578.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2014

9. Internal balances and transfers between legal entities

The Town of Roosevelt's policy is to eliminate inter-fund transfers and balances in the statements 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 and then offset in the total column in the government-wide statements. Inter-fund transfers and balances are not eliminated in the fund financial statements.

10. Risk management

The Town of Roosevelt is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The Town of Roosevelt manages these various risks of loss by purchasing insurance. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the town, and such claims have not exceeded the coverage over the past several fiscal years.

11. Commitments and contingencies

The Town of Roosevelt and its component units participate in various federal or state loans and/or grant programs from year to year. For the year ended June 30, 2014, the Town of Roosevelt's involvement in federal and state award programs was immaterial. These programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to insure compliance with the specific conditions of the grant or loan. The Town of Roosevelt has not been notified of any noncompliance with federal or state award requirements.

12. Date of management's evaluation of subsequent events.

Management of the organization has evaluated the effects of events that have occurred subsequent to the fiscal year ended June 30, 2014, and through March 27, 2015, which is the date the organization's basic financial statements are available to be issued.

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with "Government Auditing Standards"

The governing body of the Town of Roosevelt

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 of the governmental activities, the business-type activities, each major fund of the Town of Roosevelt as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Roosevelt's basic financial statements, and have issued my report thereon dated September 12, 2014. These financial statements are presented in accordance with the modified cash basis of accounting which is a comprehensive 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 of Roosevelt's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Roosevelt's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Roosevelt'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Roosevelt'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

The purpose of this report is solely to describe the scope of my 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.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive style with a large initial 'D' and 'T'.

Certified Public Accountant
Mangum, Oklahoma
September 12, 2014