

TOWN OF ROOSEVELT, OKLAHOMA
Financial Statements
as of and for the twelve months ended
June 30, 2015

David O. Tate
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Mangum, Oklahoma 73554

Town of Roosevelt, Oklahoma
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June 30, 2015

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Independent Auditor's Report

The governing body of the
Town of Roosevelt, Oklahoma

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, Oklahoma as of and for the year ended June 30, 2015, 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, Oklahoma as of June 30, 2015, 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.

Other reporting required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 13, 2016, on the consideration of the Town of Roosevelt, Oklahoma'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, Oklahoma's internal control over financial reporting and compliance.



Certified Public Accountant
Mangum, Oklahoma
January 13, 2016

Town of Roosevelt
Statement of Net Position-Modified Cash Basis
June 30, 2015

	Primary Government		
	Governmental activities	Business-type activities	Total
Assets			
Cash-unrestricted	193,451	94,711	288,162
Cash-restricted		32,046	32,046
Capital assets			
Property and equipment, net of accumulated depreciation	60,941	432,628	493,569
Total assets	254,392	559,385	813,777
Liabilities			
Current liabilities:			
Accounts payable	1,163	1,556	2,719
Notes payable:			
Due in one year		9,942	9,942
Total current liabilities	1,163	11,498	12,661
Long-term liabilities (Note 3)			
Notes payable			
Due in more than one year		47,016	47,016
Refundable deposits		10,848	10,848
Total long term liabilities	-	57,864	57,864
Total liabilities	1,163	69,362	70,525
Net position			
Net investment in capital assets	60,941	375,670	436,611
Restricted for:			
Debt service		21,198	21,198
Other purposes		10,848	10,848
Unrestricted	192,288	82,307	274,595
Total net position	253,229	490,023	743,252
Total liabilities and net position	254,392	559,385	813,777
See the accompanying notes to the basic financial statements			

Town of Roosevelt
 Balance Sheet-Modified Cash Basis
 Governmental Funds
 June 30, 2015

	General fund	Other governmental funds	Total
Assets			
Cash	155,450	38,001	193,451
Total assets	155,450	38,001	193,451
Liabilities and Fund Balances			
Liabilities			
Accounts payable	1,163		1,163
Total liabilities	1,163	-	1,163
Fund balances:			
Unreserved	154,287	38,001	192,288
Total fund balance	154,287	38,001	192,288
Total liabilities and fund balance	155,450	38,001	
Reconciliation to Statement of Net Position:			
Capital assets, net of accumulated depreciation, are not financial resources and, therefore are not reported in the funds			60,941
Net position of governmental activities			253,229
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, 2015						
				General fund	Other governmental funds	Total
Revenues:						
Taxes				41,401	2,510	43,911
Charges for services					38,764	38,764
Investment income				189	46	235
Contributions				6,000	-	6,000
Intergovernmental				16,384	146	16,530
Insurance proceeds				-	-	-
Sales of surplus property				-	-	-
Other				15,440	51	15,491
Total revenues				79,414	41,517	120,931
Expenditures:						
General government						
Personal services				8,819		8,819
Maintenance/operation				60,966	43,150	104,116
Capital outlay				12,832		12,832
Total expenditures				82,617	43,150	125,767
Excess (deficiency) of revenues over expenditures				(3,203)	(1,633)	(4,836)
Other financing sources (uses):						
Transfers in						-
Transfers out						-
Total other financing sources (uses)				-	-	-
Net change in fund balances				(3,203)	(1,633)	(4,836)
Fund balances, July 1, 2014				159,436	37,688	197,124
Fund balances, June 30, 2015				156,233	36,055	192,288
Net change in fund balances-total governmental funds						(4,836)
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:						
Capital assets purchased						12,832
Depreciation expense						(1,430)
Change in Net Position of Governmental Activities						6,566
See the accompanying notes to the basic financial statements						

Town of Roosevelt
Statement of Net Position-Modified Cash Basis
Proprietary Fund
June 30, 2015

	Public Works Authority Enterprise Fund
Assets	
Current assets	
Cash and cash equivalents	105,559
Restricted cash and cash equivalents	21,198
Total current assets	126,757
Noncurrent assets	
Property and equipment net of accumulated depreciation	432,628
Total noncurrent assets	432,628
Total assets	559,385
Liabilities	
Current liabilities	
Accounts payable	1,556
Notes payable, current portion	9,942
Total current liabilities	11,498
Noncurrent liabilities	
Refundable deposits	10,848
Notes payable, long-term portion	47,016
Total noncurrent liabilities	57,864
Total liabilities	69,362
Net Position	
Net investment in capital assets	376,480
Restricted	
Debt service	21,198
Other	10,848
Unrestricted	81,497
Total net position	490,023
Total liabilities and net position	559,385
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, 2015					
					Public Works Authority Enterprise Fund
Operating revenues:					
Utility services					96,773
Other					1,265
Gross revenue from operations					98,038
Operating expenses:					
Repairs/maintenance					
Depreciation					30,217
Salaries/wages/fringe benefits					53,332
Utilities					8,386
Other					39,312
Total operating expenses					131,247
Operating income (loss)					(33,209)
Non-operating revenues (expenses):					
Intergovernmental grants					-
Investment income					225
Interest expense					(2,910)
Total non-operating revenues (expenses)					(2,685)
Total operating income (loss) and non-operating revenues (expenses)					(35,894)
Other financing sources (uses):					
Operating transfers in					-
Operating transfers out					-
Total other financing sources (uses)					-
Change in net position					(35,894)
Net position, July 1, 2014					526,727
Net position, June 30, 2015					490,833
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, 2015						
						Public Works Authority Enterprise Fund
Cash flows from operating activities						
Receipts from customers						98,038
Payments to suppliers						(52,567)
Payments to employees						(53,332)
Receipts (refunds) of customer utility deposits						1,270
Net cash provided by (used in) operating activities						(6,591)
Cash flows from capital and related financing activities						
Transfers in						-
Grants received						-
Principal paid on capital debt						(9,032)
Interest paid on capital debt						(2,910)
Net cash provided by (used in) capital and related financing activities						(11,942)
Cash flows from investing activities:						
Interest earned						225
Net cash flows provided by (used in) investing activities						225
Net increase (decrease) in cash and cash equivalents						(18,308)
Balance, July 1, 2014						145,065
Balance, June 30, 2015						126,757
See the accompanying notes to the basic financial statements						

Town of Roosevelt, Oklahoma, Oklahoma
Notes to the Basic Financial Statements
June 30, 2015

1. The financial reporting entity.

In determining the financial reporting entity, the Town of Roosevelt, Oklahoma 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, Oklahoma is financially accountable.

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

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

The Town of Roosevelt, Oklahoma 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, Oklahoma.

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

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

The component unit (The Roosevelt, Oklahoma 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, Oklahoma, 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, Oklahoma
Notes to the Basic Financial Statements
June 30, 2015

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, Oklahoma's taxpayers. The Town of Roosevelt, Oklahoma 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, Oklahoma.

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

Governmental funds

The Town of Roosevelt, Oklahoma'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, Oklahoma.

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, Oklahoma
Notes to the Basic Financial Statements
June 30, 2015

Proprietary funds

When the Town of Roosevelt, Oklahoma 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, Oklahoma's enterprise funds are the Roosevelt, Oklahoma Public Works Authority.

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

Enterprise fund

Roosevelt, Oklahoma 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, Oklahoma.

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 2015

The Town of Roosevelt, Oklahoma implemented the following accounting standards during or prior to fiscal years ended June 30, 2015:

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, Oklahoma's financial reports.

Town of Roosevelt, Oklahoma, Oklahoma
Notes to the Basic Financial Statements
June 30, 2015

4. New accounting pronouncements adopted in fiscal years prior to 2015 (continued)

Governmental Accounting Standards Board Statement Number 61-The Financial Reporting Entity: Omnibus-This statement had no impact on the Town of Roosevelt, Oklahoma'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, Oklahoma'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, Oklahoma 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, 2015, the Town of Roosevelt, Oklahoma was not exposed to custodial credit risk as defined above.

Town of Roosevelt, Oklahoma, Oklahoma
Notes to the Basic Financial Statements
June 30, 2015

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

Investment credit risk

The Town of Roosevelt, Oklahoma'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 \$21,198. Amounts held as utility deposits of customers are \$10,848.

Town of Roosevelt, Oklahoma, Oklahoma
Notes to the Basic Financial Statements
June 30, 2015

6. Capital assets

Capital assets consist of land, land improvements, 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 July 1, 2014	Additions	Deductions	Balance June 30, 2015
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	(889,354)	(30,217)		(919,571)
Business type activities capital assets	462,845	(30,217)	-	432,628
Governmental activities:				
Buildings		62,370		62,370
Construction in process		49,538	49,538	-
Total governmental activities	-	111,908	49,538	62,370
Less accumulated depreciation		(1,429)		(1,429)
Governmental activities capital assets	-	110,479	49,538	60,941
Total, all activities	462,845	80,262	49,538	493,569

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 charged or allocated to the governmental activities for the year ended June 30, 2015 is \$1,429. Depreciation expense of \$30,217 has been charged to business-type activities for the year ended June 30, 2015.

Town of Roosevelt, Oklahoma, Oklahoma
Notes to the Basic Financial Statements
June 30, 2015

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
	2016	9,942	2,622	12,564
	2017	10,450	2,113	12,563
	2018	10,985	1,579	12,564
	2019	11,547	1,017	12,564
	2020	12,138	426	12,564
	2020-2024	1,895	18	1,912
	Totals	56,957	7,775	64,732

The changes in debt are shown below:

	Balance			Balance	Amount due
Type of debt	July 1, 2014	Additions	Retirements	June 30, 2015	within one year
Business-type activities					
Notes/bonds payable	66,612		9,654	56,958	9,942
Refundable deposits	9,578	1,270	-	10,848	-
Totals	76,190	1,270	9,654	67,806	9,942

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, Oklahoma
Notes to the Basic Financial Statements
June 30, 2015

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, Oklahoma’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, Oklahoma 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, Oklahoma’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 \$21,198. Amounts held as utility deposits of customers are \$10,848.

Town of Roosevelt, Oklahoma, Oklahoma
Notes to the Basic Financial Statements
June 30, 2015

9. Internal balances and transfers between legal entities

The Town of Roosevelt, Oklahoma'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, Oklahoma 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, Oklahoma 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, Oklahoma 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, 2015, the Town of Roosevelt, Oklahoma'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, Oklahoma 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, 2015, and through January 13 2016, 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, 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 of the governmental activities, the business-type activities, each major fund of the Town of Roosevelt, 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 Roosevelt, Oklahoma's basic financial statements, and have issued my report thereon dated January 13, 2016. 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, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for expressing my opinions on the financial statements, but not for expressing an opinion on the effectiveness of the Town of Roosevelt, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Roosevelt, 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.

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, Oklahoma'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 cursive script that reads "David O. Tate". The signature is written in black ink on a light-colored background.

Certified Public Accountant
Mangum, Oklahoma
January 13, 2016