

TOWN OF ALLEN, OKLAHOMA

Financial Statements
As of June 30, 2017

With Independent Auditors' Report Thereon

TOWN OF ALLEN, OKLAHOMA

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TOWN OF ALLEN, OKLAHOMA

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Independent Auditor's Report

Town Council
Town of Allen, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Allen, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Unmodified Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for Town of Allen, Oklahoma, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

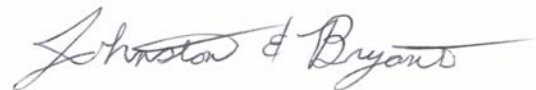
Other Matters

Required Supplementary Information

Management has omitted the 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 Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2017, on our consideration of the Town of Allen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Allen's internal control over financial reporting and compliance.



Ada, Oklahoma
December 20, 2017

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TOWN OF ALLEN, OKLAHOMA
Statement of Net Position
June 30, 2017

	Governmental Activities	Business Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 228,662	\$ 117,979	\$ 346,641
Investments	112,925	91,264	204,189
Receivables:			
Utilities	-	55,492	55,492
Taxes	17,234	-	17,234
Intergovernmental	512	-	512
Total Current Assets	359,333	264,735	624,068
Capital Assets:			
Land	4,500	90,220	94,720
Buildings	404,000	1,411,881	1,815,881
Autos, Trucks and Equipment	252,507	175,139	427,646
Water and Sewer System Equipment	154,372	1,237,270	1,391,642
Accumulated Depreciation	(464,418)	(1,350,664)	(1,815,082)
Capital Assets, Net	350,961	1,563,846	1,914,807
Total Assets	\$ 710,294	\$ 1,828,581	\$ 2,538,875

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

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Current Portion of Long-Term Debt	\$ 38,137	\$ -	\$ 38,137
Accounts Payable	-	-	-
Payroll Taxes Payable	5,519	3,519	9,038
Meter Deposits	-	24,588	24,588
Total Current Liabilities	<u>43,656</u>	<u>28,107</u>	<u>71,763</u>
Long-Term Debt	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>43,656</u>	<u>28,107</u>	<u>71,763</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	350,961	1,563,846	1,914,807
Unrestricted	<u>315,677</u>	<u>236,628</u>	<u>552,305</u>
Total Net Position	<u>\$ 666,638</u>	<u>\$ 1,800,474</u>	<u>\$ 2,467,112</u>

TOWN OF ALLEN, OKLAHOMA
 Statement of Activities
 Year Ended June 30, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 93,584	\$ -	\$ -	\$ -
Public Safety	221,093	-	-	-
Street	15,996	-	-	-
Cultural and Recreational	45,008	-	-	-
Cemetery	2,685	-	-	-
Project Expenditures	-	-	-	-
Depreciation	26,062	-	-	-
Total Governmental Activities	<u>404,428</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities				
Allen Public Works Authority				
Water	107,309	146,869	-	-
Sewer	66,721	66,532	-	-
Garbage	126,361	112,211	-	-
Personal Services	-	-	-	-
Maintenance and Operations	-	-	-	-
Administrative	11,990	-	-	-
Depreciation	22,187	-	-	-
Grant Expenditures	-	-	-	-
Allen Community Development Authority				
Rental Income	-	28,309	-	-
General Government	10,236	-	-	-
Depreciation	35,462	-	-	-
Total Business-type Activities	<u>380,266</u>	<u>353,921</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 784,694</u>	<u>\$ 353,921</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues				
Taxes				
Intergovernmental				
Charge for Services				
Grant Revenue				
Fines				
Investment Earnings				
Miscellaneous				
Donations				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position Beginning				
Net Position Ending				

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

Net Revenues (Expenses)
and Changes in Net Position

Government Activities	Business-type Activities	Total
\$ (93,584)	\$ -	\$ (93,584)
(221,093)	-	(221,093)
(15,996)	-	(15,996)
(45,008)	-	(45,008)
(2,685)	-	(2,685)
-	-	-
(26,062)	-	(26,062)
<u>(404,428)</u>	<u>-</u>	<u>(404,428)</u>
-	39,560	39,560
-	(189)	(189)
-	(14,150)	(14,150)
-	-	-
-	-	-
-	(11,990)	(11,990)
-	(22,187)	(22,187)
-	-	-
-	28,309	28,309
-	(10,236)	(10,236)
-	<u>(35,462)</u>	<u>(35,462)</u>
-	<u>(26,345)</u>	<u>(26,345)</u>
<u>\$ (404,428)</u>	<u>\$ (26,345)</u>	<u>\$ (430,773)</u>
254,155	-	254,155
13,097	-	13,097
4,253	-	4,253
1,909	-	1,909
24,136	-	24,136
668	393	1,061
74,749	77	74,826
1,921	-	1,921
-	-	-
<u>374,888</u>	<u>470</u>	<u>375,358</u>
(29,540)	(25,875)	(55,415)
<u>696,178</u>	<u>1,826,349</u>	<u>2,522,527</u>
<u>\$ 666,638</u>	<u>\$ 1,800,474</u>	<u>\$ 2,467,112</u>

TOWN OF ALLEN, OKLAHOMA
 Balance Sheet
 Governmental Funds
 June 30, 2017

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 266,450	\$ (37,788)	\$ 228,662
Investments	112,925	-	112,925
Receivables:			
Taxes	-	-	-
Intergovernmental	-	-	-
Due from other Funds	-	-	-
Insurance Deposits	-	-	-
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 379,375</u>	<u>\$ (37,788)</u>	<u>\$ 341,587</u>
<u>LIABILITIES</u>			
Current Portion of Lease Payable	-	-	-
Salaries and Taxes Payable	5,519	-	5,519
Vacations Payable	-	-	-
Payable from Restricted Assets			
Due to Depositors	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>5,519</u>	<u>-</u>	<u>5,519</u>
<u>FUND BALANCE</u>			
Reserved	-	-	-
Unreserved	373,856	(37,788)	336,068
	<hr/>	<hr/>	<hr/>
Total Reserves and Fund Equity	<u>373,856</u>	<u>(37,788)</u>	<u>336,068</u>
Total Liabilities, Reserves, and Fund Equity	<u>\$ 379,375</u>	<u>\$ (37,788)</u>	<u>\$ 341,587</u>

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

TOWN OF ALLEN, OKLAHOMA
Reconciliation of Balance Sheet
To the Statement of Net Position
June 30, 2017

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 336,068
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Accounts Receivable Reported on Statement of Net Position	17,746
Capital Assets Used in Governments Activities are not Current Financial Resources and Therefore are not Reported in the Governmental Funds.	350,961
Lease Payable Reported on the Statement of Net Position	<u>(38,137)</u>
Total Net Position - Governmental Assets (Exhibit A)	<u><u>\$ 666,638</u></u>

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

TOWN OF ALLEN, OKLAHOMA
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 268,476	\$ -	\$ 268,476
Intergovernmental	6,701	6,396	13,097
Charges For Service	2,653	1,600	4,253
Grant Revenue	1,909	-	1,909
Fines and Forfeitures	24,136	-	24,136
Miscellaneous	74,749	-	74,749
Investment Income	634	34	668
Donations	500	1,421	1,921
Total Revenues	<u>379,758</u>	<u>9,451</u>	<u>389,209</u>
Expenditures			
Administration	93,584	-	93,584
Municipal Court	38,407	-	38,407
Police	164,011	-	164,011
Fire	12,560	-	12,560
Animal Control	14,980	-	14,980
Park and Recreation	10,024	-	10,024
Library	34,984	-	34,984
Street	-	15,996	15,996
Cemetery	-	2,685	2,685
Project Expenditure	-	-	-
Total Expenditures	<u>368,550</u>	<u>18,681</u>	<u>387,231</u>
Excess of Revenues Over (Under) Expenditures	11,208	(9,230)	1,978
Other Financing Sources (Uses)			
Operating Transfers In	-	1,030	1,030
Operating Transfers (Out)	(1,030)	-	(1,030)
Total Other Financing Sources (Uses)	<u>(1,030)</u>	<u>1,030</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	10,178	(8,200)	1,978
Beginning Fund Balance - July 1	<u>363,678</u>	<u>(29,588)</u>	<u>334,090</u>
Ending Fund Balance - June 30	<u>\$ 373,856</u>	<u>\$ (37,788)</u>	<u>\$ 336,068</u>

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

TOWN OF ALLEN, OKLAHOMA
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 Year Ended June 30, 2017

Net Change in Fund Balance - Total Governmental Funds (Exhibit E)	\$	1,978
<p>Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit B) are Different Because:</p>		
Adjustment Required to Record Tax Accruals		(14,321)
<p>Government funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful estimated lives and reported as depreciation expense. This and the net effect of various transactions involving capital assets increased net position.</p>		-
Depreciation Expense Reported in Statement of Net Position.		(26,062)
Principal payments on notes payable not reported as expenses on Statement of Activities		<u>8,865</u>
Change in Net Position of Governmental Activities (Exhibit B)	\$	<u><u>(29,540)</u></u>

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

TOWN OF ALLEN, OKLAHOMA
Statement of Net Position
Proprietary Fund
June 30, 2017

	Allen Public Works Authority	Allen Community Development Authority	Totals
<u>ASSETS</u>			
Current Assets			
Cash	\$ 62,162	\$ 55,817	\$ 117,979
Investments	77,151	14,113	91,264
Receivables:			
Utilities Receivable	55,492	-	55,492
Insurance Deposits	-	-	-
Total Current Assets	<u>194,805</u>	<u>69,930</u>	<u>264,735</u>
Noncurrent Assets			
Capital Assets (Net)	<u>499,543</u>	<u>1,064,303</u>	<u>1,563,846</u>
Total Noncurrent Assets	<u>499,543</u>	<u>1,064,303</u>	<u>1,563,846</u>
 Total Assets	 <u>694,348</u>	 <u>1,134,233</u>	 <u>1,828,581</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	-	-	-
Payroll Taxes Payable	3,519	-	3,519
Meter Deposits Payable	24,588	-	24,588
Total Current Liabilities	<u>28,107</u>	<u>-</u>	<u>28,107</u>
 Total Liabilities	 <u>28,107</u>	 <u>-</u>	 <u>28,107</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	499,543	1,064,303	1,563,846
Unrestricted	<u>166,698</u>	<u>69,930</u>	<u>236,628</u>
 Total Net Position	 <u>\$ 666,241</u>	 <u>\$ 1,134,233</u>	 <u>\$ 1,800,474</u>

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

TOWN OF ALLEN, OKLAHOMA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2017

	Allen Public Works Authority	Allen Community Development Authority	Totals
Operating Revenue			
Water	\$ 136,947	\$ -	\$ 136,947
Sewer	66,532	-	66,532
Garbage	112,211	-	112,211
Rental Income	-	28,309	28,309
Miscellaneous Income	-	77	77
Late Fees	9,922	-	9,922
Total Operating Revenue	<u>325,612</u>	<u>28,386</u>	<u>353,998</u>
Operating Expenses			
Personal Services	130,040	-	130,040
Maintenance and Operations	182,341	10,236	192,577
Utilities	-	-	-
Insurance	-	-	-
General Government	-	-	-
Depreciation	22,187	35,462	57,649
Total Operating Expenses	<u>334,568</u>	<u>45,698</u>	<u>380,266</u>
Net Operating Income	(8,956)	(17,312)	(26,268)
Non-Operating Revenue (Expense):			
Grant Revenue	-	-	-
Grant Expenditures	-	-	-
Interest Earned	258	135	393
Transfers From General Fund	-	-	-
Net Non-Operating Revenue (expense)	<u>258</u>	<u>135</u>	<u>393</u>
Net Income	(8,698)	(17,177)	(25,875)
Beginning Net Position - July 1	<u>674,939</u>	<u>1,151,410</u>	<u>1,826,349</u>
Beginning Net Position - June 30	<u>\$ 666,241</u>	<u>\$ 1,134,233</u>	<u>\$ 1,800,474</u>

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

TOWN OF ALLEN, OKLAHOMA
Statement of Cash Flows
Business-Type Funds
Year Ended June 30, 2017

	Allen Public Works Authority	Allen Community Development Authority	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 323,873	\$ 28,386	\$ 352,259
Interest Received	258	135	
Payment to Employees	(130,040)	(10,235)	(140,275)
Payment to Suppliers	(179,014)	-	(179,014)
Net Cash Provided by Operating Activities	<u>15,077</u>	<u>18,286</u>	<u>32,970</u>
Cash Flow from Capital and Related Financing Activities:			
Grant Revenue	-	-	-
Grant Expenditures	-	-	-
Net Cash Provided (Used) from Capital and Related Financing Activities:	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Investments	15,077	18,286	32,970
Cash and Investments - Beginning of Year	<u>124,236</u>	<u>51,644</u>	<u>175,880</u>
Cash and Investments - End of Year	<u>\$ 139,313</u>	<u>\$ 69,930</u>	<u>\$ 208,850</u>

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

TOWN OF ALLEN, OKLAHOMA
Statement of Cash Flows
Business-Type Funds
Year Ended June 30, 2017

	Allen Public Works Authority	Allen Community Development Authority	Totals
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ (8,956)	\$ (17,312)	\$ (26,268)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation Expense	22,187	35,463	57,650
Interest Income	258	135	393
Changes in:			
Accounts Receivable	(1,739)	-	(1,739)
Accounts Payable	-	-	-
Accrued Expenses	3,327	-	3,327
Net Cash Provided by Operating Activities	\$ 15,077	\$ 18,286	\$ 33,363

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

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 1. Summary of Accounting Policies

The Town of Allen, Oklahoma is a Statutory Town under Title II, Chapter 12 of the Oklahoma Statutes. The Town is governed by a Board of Trustees who elect among each other a mayor.

The Town provides a full range of services for its citizens. These services include police and fire protection, collection and disposal of refuse, water and sewer services, storm water management, parks and recreation facilities, libraries, and maintenance of streets and highways.

The following is a summary of the significant accounting policies of the Town of Allen, Oklahoma:

A. Financial Reporting Entity

1. Component Units

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

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

Blended Component Unit Reported with Primary Government:

Allen Public Works Authority (the "Authority") – was created October 5, 1965 under provision of the Oklahoma Statutes by a Declaration of the Trust. The Town has beneficial interest and the trustees of the Town serve as Trustees of the Authority. Town employees carry on the activities of the Authority. The Authority provides water, sewer, and trash services to the citizens of Allen. Accounts of the Authority are recorded in business-type activities.

The Allen Community Development Authority- was established on October 22, 2001 to promote and facilitate economic development for the Town of Allen and surrounding area.

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 1. Summary of Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Discretely Presented Component Units:

The Town of Allen does not have any discretely presented component units.

B. Basic of Presentation

Government-Wide-Financial Statements

The government-wide financial statements include the statement of net position and statement of activities which display information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. Individual funds are not displayed by the statements. The statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

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

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The Town has no fiduciary funds.

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 1. Summary of Accounting Policies (continued)

B. Basic Presentation (continued)

Measurement Focus and Basis Accounting

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

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

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

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

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

Restricted Assets

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

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 1. Summary of Accounting Policies (continued)

B. Basic Presentation (continued)

Use of Estimates

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

Interfund Balances

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

Subsequent Events

Subsequent events were evaluated through December 20, 2017 which is the date the financial statements were available to be issued.

C. Fund Types and Major Funds

Major Governmental Funds

General Fund

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

Major Proprietary Funds

Allen Public Works Authority

The Allen Public Works Authority (APWA) accounts for transactions relating to utility services including water, sewer, and sanitation.

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 1. Summary of Accounting Policies (continued)

D. Budgets and Budgetary Accounting

Budget Policy and Practice

The Town's Manager submits an annual budget to the Board of Trustees in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Board of Trustees for review, and public hearings are held to address priorities and the allocation of resources. In June, the Board of Trustees adopts the annual fiscal year budget for Town operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the Town Manager and must be approved by the Board of Trustees. Public trusts submit budgets and other planning documents to their respective governing bodies.

Budgetary Control

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

Budget Basis of Accounting

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

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

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 1. Summary of Accounting Policies (continued)

E. Assets, Liabilities, and Equity

Cash and Investments

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

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

Receivables and Uncollectible Amounts

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. Sales and use tax are considered fully collectable. The Town has established an allowance for uncollectable customer accounts based on management’s prior experience using past due amounts more than 60 to 90 days. For the year ended June 30, 2017, the allowance for uncollectable accounts is \$2,921. Management does not believe there are significant losses in excess of the allowance.

Property Plant and Equipment

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

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Management established a capitalization limit of \$1,500.

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 1. Summary of Accounting Policies (continued)

E. Assets, Liabilities, and Equity (continued)

Government-Wide Statements (continued)

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

- Buildings 25-50 years
- Other Improvements 2-50 years
- Machinery, furniture, and equipment 5-20 years
- Infrastructure 25-50 years

Fund Financial Statement

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

Long Term Debt

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

Equity Classifications

Governmental Fund Balances

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

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

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 1. Summary of Accounting Policies (continued)

E. Assets, Liabilities, and Equity (continued)

Equity Classifications (continued)

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

Net Position

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

Invested in Capital Assets, Net of Related Debt

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 1. Summary of Accounting Policies (continued)

F. Revenues, Expenditures, and Expenses

Revenues

Sales Tax

The Town levied a 3% sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue within the general fund.

Charges for Services

Program Revenues reported with governmental activities include charges for services like permits and fees, swimming pool fees, and fines and forfeitures. Business-type activity charges for services include all operating income and proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

Interfund Transfers

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

Compensated Absences

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. Sick leave accrues to full-time employees to specified maximums. Generally, after one year of service, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current liabilities in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees.

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 2. Stewardship, Compliance, and Accountability

A. Deficit Fund Net Position/Fund Balance

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

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

B. Budget Requirements

For the year ended June 30, 2017, the Town did not materially overspend in any department-level category.

Note 3. Accounts Receivable

Accounts Receivable at June 30, 2017 are as follows:

Primary Government

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Sales & Use Tax	\$ 17,234	\$ -	\$ 17,234
Motor Vehicle Tax	-	-	-
Alcoholic Beverage	512	-	512
Utilities	-	55,492	55,492
	<u>\$ 17,746</u>	<u>\$ 55,492</u>	<u>\$ 73,238</u>

Note 4. Deposits and Investments

Custodial Credit Risk

Exposure to custodial credit risk related to deposits exist when the Town holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Town holds investments that are uninsured or unregistered, with securities held by the counterparty or by its trusts department or agent not in the Town's name.

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 4. Deposits and Investments (continued)

Custodial Credit Risk (continued)

The Town's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct obligations of the state municipalities, counties, and school in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 2 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exist when the Town holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exist when the Town holds investments that are uninsured or unregistered, with securities held by the counterparty or by its trust department or agent not in the town's name.

The town secures cash deposits in excess of \$250,000 with U.S. Government or Federal Agency securities. State law requires all deposits of public funds to be collateralized; however the town does not have a formal policy for collateralizing cash deposits. At June 30, 2017 the carrying amount of the town's deposits was \$550,830 and the bank balance was \$550,119. As of June 30, 2017 none of the Town's bank balance was exposed to custodial credit risk.

At June 30, 2017, the Town held deposits of approximately \$346,641 and investments of \$204,189 at financial institutions. The Town's cash deposits, including interest-bearing accounts, and investments are entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name. Therefore, the Town was not exposed to custodial credit as defined above.

Investment Credit Risk – The town has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. 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 is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 4. Deposits and Investments (continued)

Custodial Credit Risk (continued)

4. Repurchased agreements that have underlying collateral including obligations of the United States Government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school Town debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school Town.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Town has no formal policy limiting investments based on credit rating. Unless there is information to the contrary, obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The Town had no investment credit risk as of June 30, 2017, as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Town. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town places no limit on the amount it may invest in any one issuer.

At June 30, 2017, the Town had 100% concentration of credit risk as defined above.

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 5. Prepaid Insurance Deposits and Contingent Liabilities

The Oklahoma Municipal Assurance Group Worker's Compensation Plan (the Plan) became effective October 1, 1984. The purpose of the plan is to provide worker's 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 arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year. A plan year normally begins at 12:00 am July 1, in any year and ends at Midnight June 30, of the following calendar 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.

A municipality may apply and enter into agreement with the Plan to participate in the coverage and services that the Plan offers as outlined above. Upon acceptance into the Plan, a participant has 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 additions, a participant in the Plan is responsible for complying with all requirements of the Oklahoma Worker's Compensation Act. Participants have a right to the return of any Loss Funds set aside for the claims which have not been paid out as benefits. Also, the participant has a right to receive the interest earnings on funds held by the Plan for the participant subject to bank charges and audit fees.

The Town of Allen has the following balances in the Plan at June 30, 2017:

Escrow Funds	<u>\$ 3,512.92</u>
Reserve Funds	<u>\$ -</u>
Loss Funds	<u>\$ 9,288</u>

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 6. Capital Assets

	Balance 6/30/2016	Increases	Decreases	Balance 6/30/2017
Governmental Activities:				
Land	\$ 4,500	\$ -	\$ -	\$ 4,500
Buildings	404,000	-	-	404,000
Fixed Equipment	154,372	-	-	154,372
Equipment	222,633	29,874	-	252,507
Total Capital Assets	<u>785,505</u>	<u>29,874</u>	<u>-</u>	<u>\$ 815,379</u>
Accumulated Depreciation	<u>(438,356)</u>	<u>(26,062)</u>	<u>-</u>	<u>(464,418)</u>
Capital Assets - Net	<u>\$ 347,149</u>	<u>\$ 3,812</u>	<u>\$ -</u>	<u>\$ 350,961</u>
	Balance 6/30/2016	Increases	Decreases	Balance 6/30/2017
Business Activities:				
Land	\$ 90,220	\$ -	\$ -	\$ 90,220
Building	1,411,881	-	-	1,411,881
Autos, Trucks & Equipment	175,139	-	-	175,139
Water and Sewer System	1,237,270	-	-	1,237,270
Total Capital Assets	<u>2,914,510</u>	<u>-</u>	<u>-</u>	<u>2,914,510</u>
Accumulated Depreciation	<u>(1,293,013)</u>	<u>(57,651)</u>	<u>-</u>	<u>(1,350,664)</u>
Capital Assets - Net	<u>\$ 1,621,497</u>	<u>\$ (57,651)</u>	<u>\$ -</u>	<u>\$ 1,563,846</u>

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2017

Note 7. Long-Term Debt

A summary of long-term debt as of June 30, 2017 is as follows:

	Interest Rate	Maturity Date	2017				
			Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Notes Payable							
*Farmers State Bank-Allen, OK	4.00%	3/10/2017	\$ 17,129	\$ -	\$ 6,139	\$ 10,990	\$ 10,990
*Farmers State Bank-Allen, OK	4.00%	12/20/2017	-	29,874	2,727	27,147	27,147
Totals			<u>\$ 17,129</u>	<u>\$ 29,874</u>	<u>\$ 8,866</u>	<u>\$ 38,137</u>	<u>\$ 38,137</u>

	Interest Rate	Maturity Date	2016				
			Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Notes Payable							
*Farmers State Bank-Allen, OK	3.25%	3/10/2017	\$ 22,973	\$ -	\$ 5,844	\$ 17,129	\$ 17,129
Totals			<u>\$ 22,973</u>	<u>\$ -</u>	<u>\$ 5,844</u>	<u>\$ 17,129</u>	<u>\$ 17,129</u>

*-This note is being amortized over 60 months, however, it is a twelve month note and must be re-approved annually by the Town Council.

Note 8. Retirement Plan

The Town of Allen does not participate in any type of retirement plan for its employees.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF ALLEN, OKLAHOMA
Statement of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes	\$ 216,300	\$ 216,300	\$ 268,476	\$ 52,176
Intergovernmental	6,000	6,000	6,701	701
Charges for Service	4,500	4,500	2,653	(1,847)
Grant Revenue	30,000	30,000	1,909	(28,091)
Fines and Forfeitures	70,500	70,500	24,136	(46,364)
Miscellaneous	10,000	10,000	74,749	64,749
Investment Income	600	600	634	34
Donations	50,000	50,000	500	(49,500)
Total Revenues	<u>387,900</u>	<u>387,900</u>	<u>379,758</u>	<u>(8,142)</u>
Expenditures				
Administration	120,000	120,000	93,584	3,416
Municipal Court	41,000	41,000	38,407	2,593
Police	141,500	141,500	164,011	489
Fire	15,000	15,000	12,560	2,440
Animal Control	27,000	27,000	14,980	8,020
Park and Recreation	14,000	14,000	10,024	3,976
Library	31,500	31,500	34,984	516
Grant Expenditures	-	-	-	-
Total Expenditures	<u>390,000</u>	<u>390,000</u>	<u>368,550</u>	<u>21,450</u>
Excess of Revenue Over (Under) Expenditures	(2,100)	(2,100)	11,208	13,308
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(20,000)	-	(1,030)	-
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>-</u>	<u>(1,030)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	(22,100)	(2,100)	10,178	13,308
Beginning Fund Balance - July 1	<u>-</u>	<u>-</u>	<u>363,678</u>	<u>363,678</u>
Ending Fund Balance - June 30	<u>\$ (22,100)</u>	<u>\$ (2,100)</u>	<u>\$ 373,856</u>	<u>\$ 376,986</u>

SUPPLEMENTAL INFORMATION

TOWN OF ALLEN, OKLAHOMA
Combining Balance Sheet
Other Governmental Funds
June 30, 2017

	Street and Alley	Cemetery	Capital Improvement	Veteran's Memorial	Total
<u>ASSETS</u>					
Cash	\$ (36,549)	\$ (6,136)	\$ 3,407	\$ 1,490	\$ (37,788)
Investments	-	-	-	-	-
Receivables:					
Intergovernmental	-	-	-	-	-
Other	-	-	-	-	-
Other Assets	-	-	-	-	-
 Total Assets	 <u>\$ (36,549)</u>	 <u>\$ (6,136)</u>	 <u>\$ 3,407</u>	 <u>\$ 1,490</u>	 <u>\$ (37,788)</u>
 <u>LIABILITIES</u>					
Accounts Payable	-	-	-	-	-
Total Liabilities	-	-	-	-	-
 <u>RESERVES AND FUND EQUITY</u>					
Fund Balances	(36,549)	(6,136)	3,407	1,490	(37,788)
Total Reserves and Fund Equity	<u>(36,549)</u>	<u>(6,136)</u>	<u>3,407</u>	<u>1,490</u>	<u>(37,788)</u>
 TOTAL LIABILITIES, RESERVES & FUND EQUITY	 <u>\$ (36,549)</u>	 <u>\$ (6,136)</u>	 <u>\$ 3,407</u>	 <u>\$ 1,490</u>	 <u>\$ (37,788)</u>

TOWN OF ALLEN, OKLAHOMA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2017

	Street and Alley	Cemetery	Capital Improvement	Veteran's Memorial	Total
Revenues					
Intergovernmental	\$ 6,396	\$ -	\$ -	\$ -	\$ 6,396
Charges for Service	-	1,600	-	-	1,600
Grant Revenue	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Investment Income	-	34	-	-	34
Donations	-	1,421	-	-	1,421
Total Revenues	6,396	3,055	-	-	9,451
Expenditures					
Personal Services	-	1,201	-	-	1,201
Maintenance & Operation	15,996	1,484	-	-	17,480
Capital Outlays	-	-	-	-	-
Project Expenditures	-	-	-	-	-
Total Expenditures	15,996	2,685	-	-	18,681
Excess of Revenues Over (Under) Expenditures	(9,600)	370	-	-	(9,230)
Other Financing Sources (Uses)					
Operating Transfers In	-	1,030	-	-	1,030
Operating Transfers (Out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	1,030	-	-	1,030
Excess of Revenues and Other Sources Over (Under Expenditures and Other (Uses)	(9,600)	1,400	-	-	(8,200)
Beginning Fund Balance-July 1	(26,949)	(7,536)	3,407	1,490	(29,588)
Ending Fund Balance – June 30	\$ (36,549)	\$ (6,136)	\$ 3,407	\$ 1,490	\$ (37,788)

**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**

Town Council
Town of Allen

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Allen as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Allen’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’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, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

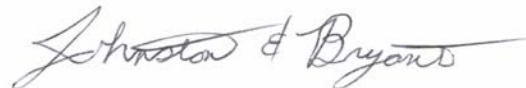
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Allen's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. These findings are listed as Items 2017-001 in the Schedule of Findings and Questioned Costs in this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ada, Oklahoma
December 20, 2017

TOWN OF ALLEN
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2017

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass Through Grantor's Number</u>	<u>Expenditures</u>
<u>Oklahoma State Department of Agriculture</u>			
Rural Fire Department Grant			\$ 1,909
TOTAL OKLAHOMA STATE DEPARTMENT OF AGRICULTURE			<u>1,909</u>
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			<u>\$ 1,909</u>

TOWN OF ALLEN, OKLAHOMA
Schedule of Findings and Questioned Costs
June 30, 2017

2017-001 Deficit Fund Balance

Criteria: Oklahoma statutes prohibits municipalities from expending more funds than are available from revenues collected and beginning fund balances.

Condition: During FYE 06-30-2017 the town's Street & Alley Fund and Cemetery Fund expended funds in excess of revenue collected and beginning fund balance leaving both funds with deficits in their respective fund balances at June 30, 2017.

Cause: Town official recognized the situation but because all funds are held in one bank account and each fund balance is impressed within this account no bank accounts were overdrawn it was not considered a problem.

Effect or Potential Effect: By not properly managing expenditures or transferring amounts to cover deficit spending in these funds from the town's General Fund the town is in violation of state law.

Recommendation: The town should immediately transfer from the General Fund amounts to bring these funds out of deficit balances and either reduce expenditures from these funds or transfer sufficient funds to cover the deficits going forward.

This is a repeat finding from FYE June 30, 2016