

TOWN OF ALLEN, OKLAHOMA

Financial Statements
As of June 30, 2014

With Independent Auditors' Report Thereon

TOWN OF ALLEN, OKLAHOMA

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TOWN OF ALLEN, OKLAHOMA

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JOHNSTON & BRYANT

Certified Public Accountants

Pete Johnston, C.P.A.
Allen Bryant, Jr., C.P.A.

P.O. Box 1564
Ada, Oklahoma 74821-1564
(580) 332-5549

MEMBER
American Institute of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

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, 2014, 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.

Town Council
Town of Allen, Oklahoma

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, 2014, 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.

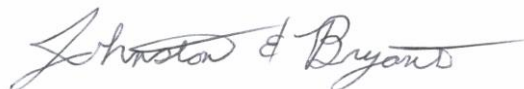
Other Matters

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 February 10, 2015, 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
February 10, 2015

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TOWN OF ALLEN, OKLAHOMA

Statement of Net Position

June 30, 2014

| | <u>Governmental Activities</u> | <u>Business Activities</u> | <u>Total</u> |
|----------------------------------|------------------------------------|--------------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Current Assets: | | | |
| Cash | \$ 170,079 | \$ 71,990 | \$ 242,069 |
| Investments | 111,928 | 52,182 | 164,110 |
| Receivables: | | | |
| Utilities | - | 44,463 | 44,463 |
| Taxes | 20,538 | - | 20,538 |
| Intergovernmental | 1,052 | - | 1,052 |
| Total Current Assets | <u>303,597</u> | <u>168,635</u> | <u>472,232</u> |
| | | | |
| Capital Assets: | | | |
| Land | 4,500 | 90,220 | 94,720 |
| Buildings | 404,000 | 1,411,881 | 1,815,881 |
| Autos, Trucks and Equipment | 222,633 | 175,139 | 397,772 |
| Water and Sewer System Equipment | 154,372 | 1,215,454 | 1,369,826 |
| Accumulated Depreciation | (392,207) | (1,169,954) | (1,562,161) |
| Capital Assets, Net | <u>393,298</u> | <u>1,722,740</u> | <u>2,116,038</u> |
| | | | |
| Total Assets | <u>\$ 696,895</u> | <u>\$ 1,891,375</u> | <u>\$ 2,588,270</u> |

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

| <u>Governmental Activities</u> | <u>Business Activities</u> | <u>Total</u> |
|------------------------------------|--------------------------------|--------------|
|------------------------------------|--------------------------------|--------------|

LIABILITIES

Current Liabilities:

| | | | |
|-----------------------------------|---------------|---------------|---------------|
| Current Portion of Long-Term Debt | \$ 28,618 | \$ - | \$ 28,618 |
| Accounts Payable | - | - | - |
| Payroll Taxes Payable | 5,304 | 2,806 | 8,110 |
| Meter Deposits | - | 23,437 | 23,437 |
| Total Current Liabilities | <u>33,922</u> | <u>26,243</u> | <u>60,165</u> |

| | | | |
|----------------|----------|----------|----------|
| Long-Term Debt | <u>-</u> | <u>-</u> | <u>-</u> |
|----------------|----------|----------|----------|

| | | | |
|-------------------|---------------|---------------|---------------|
| Total Liabilities | <u>33,922</u> | <u>26,243</u> | <u>60,165</u> |
|-------------------|---------------|---------------|---------------|

NET POSITION

| | | | |
|--|----------------|----------------|----------------|
| Invested in Capital Assets, Net of Related Debt | 364,680 | 1,722,740 | 2,087,420 |
| Unrestricted | <u>298,293</u> | <u>142,392</u> | <u>440,685</u> |

| | | | |
|--------------------|-------------------|---------------------|---------------------|
| Total Net Position | <u>\$ 662,973</u> | <u>\$ 1,865,132</u> | <u>\$ 2,528,105</u> |
|--------------------|-------------------|---------------------|---------------------|

TOWN OF ALLEN, OKLAHOMA

Statement of Activities
Year Ended June 30, 2014

| | Expenses | Program Revenues | | |
|---------------------------------------|-------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 78,748 | \$ - | \$ - | \$ - |
| Public Safety | 138,609 | - | - | - |
| Street | 32,285 | - | - | - |
| Cultural and Recreational | 41,209 | - | - | - |
| Cemetery | 57,151 | - | - | - |
| Project Expenditures | - | - | - | - |
| Depreciation | 14,014 | - | - | - |
| Total Governmental Activities | <u>362,016</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Business-type Activities | | | | |
| Allen Public Works Authority | | | | |
| Water | - | 127,635 | - | - |
| Sewer | - | 60,289 | - | - |
| Garbage | - | 109,742 | - | - |
| Personal Services | 159,060 | - | - | - |
| Maintenance and Operations | 167,167 | - | - | - |
| Administrative | - | - | - | - |
| Depreciation | 31,399 | - | - | - |
| Grant Expenditures | - | - | - | - |
| Allen Community Development Authority | | | | |
| Rental Income | - | 21,179 | - | - |
| General Government | 17,341 | - | - | - |
| Depreciation | 35,462 | - | - | - |
| Total Business-type Activities | <u>410,429</u> | <u>318,845</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$ 772,445</u> | <u>\$ 318,845</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

| Governmental Activities | Business-type Activities | Total |
|----------------------------|-----------------------------|---------------------|
| \$ (78,748) | \$ - | \$ (78,748) |
| (138,609) | - | (138,609) |
| (32,285) | - | (32,285) |
| (41,209) | - | (41,209) |
| (57,151) | - | (57,151) |
| - | - | - |
| <u>(14,014)</u> | <u>-</u> | <u>(14,014)</u> |
| <u>(362,016)</u> | <u>-</u> | <u>(362,016)</u> |
| - | 127,623 | 127,635 |
| - | 60,289 | 60,289 |
| - | 109,742 | 109,742 |
| - | (159,060) | (159,060) |
| - | (167,167) | (167,167) |
| - | - | - |
| - | (31,399) | (31,399) |
| - | - | - |
| - | 21,179 | 21,179 |
| - | (17,341) | (17,341) |
| - | (35,462) | (35,462) |
| <u>-</u> | <u>(91,584)</u> | <u>(91,584)</u> |
| <u>\$ (362,016)</u> | <u>\$ (91,584)</u> | <u>\$ (453,600)</u> |
| 228,699 | - | 228,699 |
| 16,346 | - | 16,346 |
| 4,450 | - | 4,450 |
| 66,522 | - | 66,522 |
| 57,576 | - | 57,576 |
| 622 | 320 | 942 |
| 3,685 | 60 | 3,745 |
| 4,288 | - | 4,288 |
| - | - | - |
| <u>382,188</u> | <u>380</u> | <u>382,568</u> |
| 20,172 | (91,204) | (71,032) |
| <u>642,801</u> | <u>1,956,336</u> | <u>2,599,137</u> |
| <u>\$ 662,973</u> | <u>\$ 1,865,132</u> | <u>\$ 2,528,105</u> |

TOWN OF ALLEN, OKLAHOMA

Balance Sheet
Governmental Funds
June 30, 2014

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|---|---|
| <u>ASSETS</u> | | | |
| Cash | \$ 140,584 | \$ 29,495 | \$ 170,079 |
| Investments | 111,928 | - | 111,928 |
| Receivables: | | | |
| Taxes | - | - | - |
| Intergovernmental | - | 577 | 577 |
| Due from other Funds | - | - | - |
| Insurance Deposits | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Total Assets | <u>\$ 252,512</u> | <u>\$ 30,072</u> | <u>\$ 282,584</u> |
| <u>LIABILITIES</u> | | | |
| Current Portion of Lease Payable | \$ - | \$ - | \$ - |
| Salaries and Taxes Payable | 4,725 | 579 | 5,304 |
| Vacations Payable | - | - | - |
| Payable from Restricted Assets | - | - | - |
| Due to Depositors | - | - | - |
| Total Liabilities | <hr/> <u>4,725</u> | <hr/> <u>579</u> | <hr/> <u>5,304</u> |
| <u>FUND BALANCE</u> | | | |
| Reserved | - | - | - |
| Unreserved | <u>247,787</u> | <u>29,493</u> | <u>277,280</u> |
| Total Reserves and Fund Equity | <hr/> <u>247,787</u> | <hr/> <u>29,493</u> | <hr/> <u>277,280</u> |
| Total Liabilities, Reserves, and Fund Equity | <u>\$ 252,512</u> | <u>\$ 30,072</u> | <u>\$ 282,584</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, 2014

| | |
|--|--------------------------|
| Total Fund Balances - Governmental Funds (Exhibit C) | \$ 277,280 |
| Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because: | |
| Accounts Receivable Reported on Statement of Net Position | 21,013 |
| Capital Assets Used in Governments Activities are not Current Financial Resources and Therefore are not Reported in the Governmental Funds. | 393,298 |
| Lease Payable Reported on the Statement of Net Position | <u>(28,618)</u> |
| Total Net Position - Governmental Assets (Exhibit A) | <u><u>\$ 662,973</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, 2014

| | General | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|---|---|
| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
| Revenues | | | |
| Taxes | \$ 230,847 | \$ - | \$ 230,847 |
| Intergovernmental | 6,198 | 10,148 | 16,346 |
| Charges For Service | - | 4,450 | 4,450 |
| Grant Revenue | 66,522 | - | 66,522 |
| Fines and Forfeitures | 57,576 | - | 57,576 |
| Miscellaneous | 3,685 | - | 3,685 |
| Investment Income | 600 | 22 | 622 |
| Donations | 3,018 | 1,270 | 4,288 |
| Total Revenues | <u>368,446</u> | <u>15,890</u> | <u>384,336</u> |
| Expenditures | | | |
| Administration | 92,946 | - | 92,946 |
| Municipal Court | 22,061 | - | 22,061 |
| Police | 86,567 | - | 86,567 |
| Fire | 13,447 | - | 13,447 |
| Animal Control | 16,534 | - | 16,534 |
| Park and Recreation | 19,801 | - | 19,801 |
| Library | 21,408 | - | 21,408 |
| Street | - | 32,285 | 32,285 |
| Cemetery | - | 57,151 | 57,151 |
| Project Expenditure | 61,421 | - | 61,421 |
| Total Expenditures | <u>334,185</u> | <u>89,436</u> | <u>423,621</u> |
| Excess of Revenues Over (Under) Expenditures | 34,261 | (73,546) | (39,285) |
| Other Financing Sources (Uses) | | | |
| Operating Transfers In | 6,424 | - | 6,424 |
| Operating Transfers (Out) | - | (6,424) | (6,424) |
| Total Other Financing Sources (Uses) | <u>6,424</u> | <u>(6,424)</u> | <u>-</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses) | 40,685 | (79,970) | (39,285) |
| Beginning Fund Balance - July 1 | <u>207,102</u> | <u>109,463</u> | <u>316,565</u> |
| Ending Fund Balance - June 30 | <u>\$ 247,787</u> | <u>\$ 29,493</u> | <u>\$ 277,280</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, 2014

| | |
|---|-------------------------|
| Net Change in Fund Balance - Total Governmental Funds (Exhibit E) | \$ (39,285) |
| Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit B) are Different Because: | |
| Adjustment Required to Record Tax Accruals | (2,148) |
| 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. | 74,270 |
| Depreciation Expense Reported in Statement of Net Position. | (14,014) |
| Principal payments on notes payable not reported as expenses on Statement of Activities | <u>1,349</u> |
| Change in Net Position of Governmental Activities (Exhibit B) | <u><u>\$ 20,172</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, 2014

| | Allen Public Works Authority | Allen Community Development Authority | Totals |
|---|------------------------------------|---|-------------------------|
| <u>ASSETS</u> | | | |
| Current Assets | | | |
| Cash | \$ 63,463 | \$ 8,527 | \$ 71,990 |
| Investments | 38,279 | 13,903 | 52,182 |
| Receivables: | | | |
| Utilities Receivable | 44,463 | - | 44,463 |
| Insurance Deposits | - | - | - |
| Total Current Assets | <u>146,205</u> | <u>22,430</u> | <u>168,635</u> |
| Noncurrent Assets | | | |
| Capital Assets (Net) | <u>552,049</u> | <u>1,170,691</u> | <u>1,722,740</u> |
| Total Noncurrent Assets | <u>552,049</u> | <u>1,170,691</u> | <u>1,722,740</u> |
| Total Assets | <u>698,254</u> | <u>1,193,121</u> | <u>1,891,375</u> |
| <u>LIABILITIES</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable | - | - | - |
| Payroll Taxes Payable | 2,806 | - | 2,806 |
| Meter Deposits Payable | 23,437 | - | 23,437 |
| Total Current Liabilities | <u>26,243</u> | <u>-</u> | <u>26,243</u> |
| Total Liabilities | <u>26,243</u> | <u>-</u> | <u>26,243</u> |
| <u>NET POSITION</u> | | | |
| Invested in Capital Assets, Net of Related Debt | 552,049 | 1,170,691 | 1,722,740 |
| Unrestricted | <u>119,962</u> | <u>22,430</u> | <u>142,392</u> |
| Total Net Position | <u>\$ 672,011</u> | <u>\$ 1,193,121</u> | <u>\$ 1,865,132</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, 2014

| | Allen Public Works Authority | Allen Community Development Authority | Totals |
|-------------------------------------|------------------------------------|---|---------------------|
| Operating Revenue | | | |
| Water | \$ 117,239 | \$ - | \$ 117,239 |
| Sewer | 60,289 | - | 60,289 |
| Garbage | 109,742 | - | 109,742 |
| Rental Income | - | 21,179 | 21,179 |
| Miscellaneous Income | - | 60 | 60 |
| Late Fees | 10,396 | - | 10,396 |
| Total Operating Revenue | <u>297,666</u> | <u>21,239</u> | <u>318,905</u> |
| Operating Expenses | | | |
| Personal Services | 159,060 | - | 159,060 |
| Maintenance and Operations | 167,167 | 12,468 | 179,635 |
| Utilities | - | 330 | 330 |
| Insurance | - | 4,543 | 4,543 |
| General Government | - | - | - |
| Depreciation | 31,399 | 35,462 | 66,861 |
| Total Operating Expenses | <u>357,626</u> | <u>52,803</u> | <u>410,429</u> |
| Net Operating Income | (59,960) | (31,564) | (91,524) |
| Non-Operating Revenue (Expense): | | | |
| Grant Revenue | - | - | - |
| Grant Expenditures | - | - | - |
| Interest Earned | 241 | 79 | 320 |
| Transfers From General Fund | - | - | - |
| Net Non-Operating Revenue (expense) | <u>241</u> | <u>79</u> | <u>320</u> |
| Net Income | (59,719) | (31,485) | (91,204) |
| Beginning Net Position - July 1 | <u>731,730</u> | <u>1,224,606</u> | <u>1,956,336</u> |
| Beginning Net Position - June 30 | <u>\$ 672,011</u> | <u>\$ 1,193,121</u> | <u>\$ 1,865,132</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, 2014

| | Allen Public Works Authority | Allen Community Development Authority | Totals |
|--|------------------------------------|---|-------------------|
| Cash Flows from Operating Activities: | | | |
| Receipts from Customers | \$ 295,693 | \$ 21,239 | \$ 316,932 |
| Interest Received | 241 | 79 | 320 |
| Payment to Employees | (159,060) | - | (159,060) |
| Payment to Suppliers | (168,010) | (17,341) | (185,351) |
| Net Cash Provided by Operating Activities | <u>(31,136)</u> | <u>3,977</u> | <u>(27,479)</u> |
| Cash Flow from Capital and Related Financing Activities: | | | |
| Grant Revenue | - | - | - |
| Grant Expenditures - Construction in Progress | - | - | - |
| Net Cash Provided (Used) from Capital and Related Financing Activities: | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Increase (Decrease) in Cash and Investments | (31,136) | 3,977 | (27,479) |
| Cash and Investments - Beginning of Year | <u>132,878</u> | <u>18,453</u> | <u>151,331</u> |
| Cash and Investments - End of Year | <u>\$ 101,742</u> | <u>\$ 22,430</u> | <u>\$ 123,852</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, 2014

| | Allen Public Works Authority | Allen Community Development Authority | Totals |
|--|------------------------------------|---|-------------|
| Cash Flows from Operating Activities: | | | |
| Operating Income (Loss) | \$ (59,960) | \$ (31,564) | \$ (91,524) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities | | | |
| Depreciation Expense | 31,399 | 35,462 | 66,861 |
| Interest Income | 241 | 79 | 320 |
| Changes in: | | | |
| Accounts Receivable | (1,973) | - | (1,973) |
| Accounts Payable | (843) | - | (843) |
| Accrued Expenses | - | - | - |
| Net Cash Provided by Operating Activities | \$ (31,136) | \$ 3,977 | \$ (27,159) |

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

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2014

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.

Discretely Presented Component Units:

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

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2014

Note 1. Summary of Accounting Policies (continued)

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.

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.

TOWN OF ALLEN, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 1. Summary of Accounting Policies (continued)

B. Basic Presentation (continued)

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.

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.

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2014

Note 1. Summary of Accounting Policies (continued)

B. Basic Presentation (continued)

Interfund Balances

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

Date of Management Review

Subsequent events were evaluated through February 10, 2015 which is the date the financial statements were available to be issued.

C. Fund Types and Major Funds

Major Governmental Funds

General Fund

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

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.

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.

TOWN OF ALLEN, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 1. Summary of Accounting Policies (continued)

D. Budgets and Budgetary Accounting

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.

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.

TOWN OF ALLEN, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 1. Summary of Accounting Policies (continued)

E. Assets, Liabilities, and Equity

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, 2014, the allowance for uncollectable accounts is \$2,309. 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.

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 |

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2014

Note 1. Summary of Accounting Policies (continued)

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.

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

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2014

Note 1. Summary of Accounting Policies (continued)

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.

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."

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2014

Note 1. Summary of Accounting Policies (continued)

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.

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, 2014, the Town did not materially overspend in any department-level category.

Note 3. Accounts Receivable

Accounts Receivable at June 30, 2014 are as follows:

Primary Government

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--------------------|------------------------------------|-------------------------------------|------------------|
| Sales & Use Tax | \$ 20,538 | \$ - | \$ 20,538 |
| Motor Vehicle Tax | 577 | - | 577 |
| Alcoholic Beverage | 475 | - | 475 |
| Utilities | - | 44,463 | 44,463 |
| | <u>\$ 21,590</u> | <u>\$ 44,463</u> | <u>\$ 66,053</u> |

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2014

Note 4. Cash and Investments

The Town's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificate of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies; Collateral is required for demand deposits and certificates of deposit for all amounts not covered by Federal Deposit Insurance.

The Town's Deposits and investments are in one financial institution as follows:

| | <u>Bank Balance</u> | <u>Pledged Collateral</u> | <u>FDIC Insurance</u> |
|-------------------------------|--------------------------|-------------------------------|---------------------------|
| Farmers State Bank, Allen, OK | <u>\$ 284,974</u> | <u>\$ 199,910</u> | <u>\$ 250,000</u> |
| Total Deposits | <u><u>\$ 284,974</u></u> | <u><u>\$ 199,910</u></u> | |

Allen Public Works Authority deposits and investments are in one financial institution as follows:

| | <u>Bank Balance</u> | <u>Pledged Collateral</u> | <u>FDIC Insurance</u> |
|-------------------------------|--------------------------|-------------------------------|---------------------------|
| Farmers State Bank, Allen, OK | <u>\$ 102,699</u> | <u>\$ 123,072</u> | <u>\$ 250,000</u> |
| Total Deposits | <u><u>\$ 102,699</u></u> | <u><u>\$ 123,072</u></u> | |

The Allen Community Development Authority deposits and investments are in one financial institution as follows:

| | <u>Bank Balance</u> | <u>Pledged Collateral</u> | <u>FDIC Insurance</u> |
|-------------------------------|-------------------------|-------------------------------|---------------------------|
| Farmers State Bank, Allen, OK | <u>\$ 22,430</u> | <u>\$ -</u> | <u>\$ 250,000</u> |
| Total Deposits | <u><u>\$ 22,430</u></u> | <u><u>\$ -</u></u> | |

TOWN OF ALLEN, OKLAHOMA

Notes to the Financial Statements

June 30, 2014

Note 4. Cash and Investments (continued)

Custodial Credit Risk-Exposure to custodial credit risk related to deposits exist when to 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.

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, 2014 the carrying amount of the town's deposits was \$406,179 and the bank balance was \$410,103. As of June 30, 2014 none of the Town's bank balance was exposed to custodial credit risk.

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, 2014:

| | |
|---------------|-----------------------------------|
| Escrow Funds | \$ <u> -</u> |
| Reserve Funds | \$ <u> -</u> |
| Loss Funds | \$ <u> 4,665</u> |

TOWN OF ALLEN, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 6. Capital Assets

| | Balance 6/30/2013 | Increases | Decreases | Balance 6/30/2014 |
|---------------------------------|----------------------|--------------------|-------------|----------------------|
| Governmental Activities: | | | | |
| Land | \$ 4,500 | \$ - | \$ - | \$ 4,500 |
| Buildings | 404,000 | - | - | 404,000 |
| Fixed Equipment | 92,951 | 61,421 | - | 154,372 |
| Equipment | 179,818 | 42,815 | - | 222,633 |
| Total Capital Assets | <u>681,269</u> | <u>104,236</u> | <u>-</u> | <u>785,505</u> |
| Accumulated Depreciation | <u>(378,193)</u> | <u>(14,014)</u> | <u>-</u> | <u>(392,207)</u> |
| Capital Assets - Net | <u>\$ 303,076</u> | <u>\$ 90,222</u> | <u>\$ -</u> | <u>\$ 393,298</u> |
| | Balance 6/30/2013 | Increases | Decreases | Balance 6/30/2014 |
| 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 | 1,215,455 | - | - | 1,215,455 |
| Total Capital Assets | <u>2,892,695</u> | <u>-</u> | <u>-</u> | <u>2,892,695</u> |
| Accumulated Depreciation | <u>(1,103,094)</u> | <u>(66,860)</u> | <u>-</u> | <u>(1,169,954)</u> |
| Capital Assets - Net | <u>\$ 1,789,601</u> | <u>\$ (66,860)</u> | <u>\$ -</u> | <u>\$ 1,722,741</u> |

Note 7. Long-Term Debt

A summary of long-term debt as of June 30, 2014 is as follows:

| | Interest Rate | Maturity Date | 2014 | | | | |
|-------------------------------|------------------|------------------|----------------------|---------------|------------|-------------------|--------------------|
| | | | Beginning Balance | Additions | Deductions | Ending Balance | Current Portion |
| Notes Payable | | | | | | | |
| *Farmers State Bank-Allen, OK | 3.25% | 3/10/2015 | \$ - | \$ 29,266 | \$ 648 | \$ 28,618 | \$ 28,618 |
| Totals | | | <u>-</u> | <u>29,266</u> | <u>648</u> | <u>28,618</u> | <u>28,618</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, 2014

| | Budget | | Actual | Variance |
|--|-------------------|-------------------|-------------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| Revenues | | | | |
| Taxes | \$ 205,000 | \$ 230,000 | \$ 230,847 | \$ 847 |
| Intergovernmental | 5,000 | 5,000 | 6,198 | 1,198 |
| Charges for Service | - | - | - | - |
| Grant Revenue | 30,000 | 66,000 | 66,522 | 522 |
| Fines and Forfeitures | 45,000 | 55,000 | 57,576 | 2,576 |
| Miscellaneous | 18,700 | 10,000 | 3,685 | (6,315) |
| Investment Income | 1,200 | 1,200 | 600 | (600) |
| Donations | - | - | 3,018 | 3,018 |
| Total Revenues | <u>304,900</u> | <u>367,200</u> | <u>368,446</u> | <u>1,246</u> |
| Expenditures | | | | |
| Administration | 82,000 | 95,000 | 92,946 | 2,054 |
| Municipal Court | 4,900 | 23,000 | 22,061 | 939 |
| Police | 112,000 | 95,000 | 86,567 | 8,433 |
| Fire | 31,000 | 13,500 | 13,447 | 53 |
| Animal Control | 5,500 | 17,000 | 16,534 | 466 |
| Park and Recreation | 17,500 | 20,000 | 19,801 | 199 |
| Library | 24,000 | 22,000 | 21,408 | 592 |
| Grant Expenditures | - | 61,500 | 61,421 | 79 |
| Total Expenditures | <u>276,900</u> | <u>347,000</u> | <u>334,185</u> | <u>12,815</u> |
| Excess of Revenue Over (Under) Expenditures | 28,000 | 20,200 | 34,261 | 14,061 |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In | - | - | 6,424 | 6,424 |
| Operating Transfers (Out) | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>6,424</u> | <u>6,424</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses) | 28,000 | 20,200 | 40,685 | 20,485 |
| Beginning Fund Balance - July 1 | <u>150,000</u> | <u>207,102</u> | <u>207,102</u> | <u>-</u> |
| Ending Fund Balance - June 30 | <u>\$ 178,000</u> | <u>\$ 227,302</u> | <u>\$ 247,787</u> | <u>\$ 20,485</u> |

SUPPLEMENTAL INFORMATION

TOWN OF ALLEN, OKLAHOMA
Combining Balance Sheet
Other Governmental Funds
June 30, 2014

| | <u>Street and Alley</u> | <u>Cemetery</u> | <u>Capital Improvement</u> | <u>Veteran's Memorial</u> | <u>Total</u> |
|--|---------------------------------|--------------------------------|--------------------------------|-------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | |
| Cash | \$ 2,419 | \$ 22,204 | \$ 3,407 | \$ 1,465 | \$ 29,495 |
| Investments | | - | - | - | - |
| Receivables: | | | | | |
| Intergovernmental | 577 | - | - | - | 577 |
| Other | - | - | - | - | - |
| Other Assets | - | - | - | - | - |
| Total Assets | <u><u>\$ 2,996</u></u> | <u><u>\$ 22,204</u></u> | <u><u>\$ 3,407</u></u> | <u><u>\$ 1,465</u></u> | <u><u>\$ 30,072</u></u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 311 | \$ 268 | \$ - | \$ - | \$ 579 |
| Total Liabilities | <u><u>311</u></u> | <u><u>268</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>579</u></u> |
| <u>RESERVES AND FUND EQUITY</u> | | | | | |
| Fund Balances | 2,685 | 21,936 | 3,407 | 1,465 | 29,493 |
| Total Reserves and Fund Equity | <u><u>2,685</u></u> | <u><u>21,936</u></u> | <u><u>3,407</u></u> | <u><u>1,465</u></u> | <u><u>29,493</u></u> |
| TOTAL LIABILITIES, RESERVES & FUND EQUITY | <u><u>\$ 2,996</u></u> | <u><u>\$ 22,204</u></u> | <u><u>\$ 3,407</u></u> | <u><u>\$ 1,465</u></u> | <u><u>\$ 30,072</u></u> |

TOWN OF ALLEN, OKLAHOMA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2014

| | Street and Alley | Cemetery | Capital Improvement | Veteran's Memorial | Total |
|---|------------------------|------------------|------------------------|-----------------------|------------------|
| Revenues | | | | | |
| Intergovernmental | \$ 10,148 | \$ - | \$ - | \$ - | \$ 10,148 |
| Charges for Service | - | 4,450 | - | - | 4,450 |
| Grant Revenue | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Investment Income | - | 22 | - | - | 22 |
| Donations | - | 1,270 | - | - | 1,270 |
| Total Revenues | <u>10,148</u> | <u>5,742</u> | <u>-</u> | <u>-</u> | <u>15,890</u> |
| Expenditures | | | | | |
| Personal Services | 12,541 | 11,800 | - | - | 24,341 |
| Maintenance & Operation | 19,744 | 45,351 | - | - | 65,095 |
| Capital Outlays | - | - | - | - | - |
| Project Expenditures | - | - | - | - | - |
| Total Expenditures | <u>32,285</u> | <u>57,151</u> | <u>-</u> | <u>-</u> | <u>89,436</u> |
| Excess of Revenues Over (Under) Expenditures | (22,137) | (51,409) | - | - | (73,546) |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | - | - |
| Operating Transfers (Out) | - | (6,424) | - | - | (6,424) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(6,424)</u> | <u>-</u> | <u>-</u> | <u>(6,424)</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses) | (22,137) | (57,833) | - | - | (79,970) |
| Beginning Fund Balance-July 1 | <u>24,822</u> | <u>79,769</u> | <u>3,407</u> | <u>1,465</u> | <u>109,463</u> |
| Ending Fund Balance – June 30 | <u>\$ 2,685</u> | <u>\$ 21,936</u> | <u>\$ 3,407</u> | <u>\$ 1,465</u> | <u>\$ 29,493</u> |

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, 2014, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2015.

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.

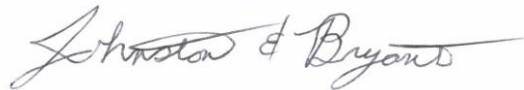
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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



Ada, Oklahoma
February 10, 2015

TOWN OF ALLEN
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2014

| <u>Federal Grantor/Pass Through Grantor/ Program Title</u> | <u>Federal CFDA No.</u> | <u>Pass Through Grantor's Number</u> | <u>Receipts</u> | <u>Expenditures</u> |
|--|-----------------------------|--|------------------|---------------------|
| <u>Passed Through Oklahoma Department of Commerce</u> | | | | |
| Community Development Block Grant | 14.228 | 14780 CDBG11 | \$ 62,048 | \$ 57,048 |
| TOTAL OKLAHOMA DEPARMENT OFCOMMERCE | | | <u>62,048</u> | <u>57,048</u> |
| | | | | |
| TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE | | | <u>\$ 62,048</u> | <u>\$ 57,048</u> |