

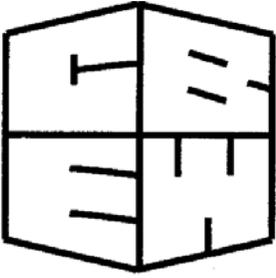


**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR
ENDED JUNE 30, 2015**

TABLE OF CONTENTS

	Page Number
Independent Auditor’s Report	2-3
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Assets	4
Statement of Activities and Changes in Net Assets	5
<i>Fund Financial Statements:</i>	
Balance Sheet -- Governmental Funds	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7
Statement of Net Assets – Proprietary Funds	8
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	9
 Notes to Basic Financial Statements	 10-21
 Required Supplemental Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget (GAAP Budgetary Basis) and Actual- Governmental Funds	22-23
Notes to Required Supplemental Information	24
 Other Information:	
Combining Balance Sheet- Non-Major Governmental Funds	25
Combining Statement of Revenues, Expenditures and Changes in Fund Balances- Non-Major Governmental Funds	26
 Report Required by <i>Governmental Auditing Standards:</i>	
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 <i>Government Auditing Standards</i>	27-28
 Schedule of Findings and Responses	 29



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INDEPENDENT AUDITOR'S REPORT

March 15, 2016

The Honorable Town Council
Town of Hinton, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Town of Hinton, Oklahoma, (Town) as of and for the year ended June 30, 2015, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud

Auditor's Responsibility

Our responsibility is to express an opinion 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 opinions.

Town of Hinton
March 15, 2016

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hinton, Oklahoma as of June 30, 2015, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hinton, Oklahoma's basic financial statements. The budgetary comparison information on pages 28–30 and notes on page 31, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016, on our consideration of the Town'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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants
Cushing, Oklahoma

TOWN OF HINTON, OKLAHOMA
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,229,901	\$ 689,313	\$ 1,919,214
Restricted cash	-	37,999	37,999
Internal balances	(86,876)	86,876	-
Total assets	<u>1,143,025</u>	<u>814,188</u>	<u>1,957,213</u>
LIABILITIES			
Due to depositors	-	37,999	37,999
Deposits subject to payment	6,374	-	6,374
Total liabilities	<u>6,374</u>	<u>37,999</u>	<u>44,373</u>
NET ASSETS			
Restricted	208,840	-	208,840
Committed	-	-	-
Assigned	818,149	-	818,149
Unassigned	109,662	776,189	885,851
Total net assets	<u>\$ 1,136,651</u>	<u>\$ 776,189</u>	<u>\$ 1,912,840</u>

TOWN OF HINTON, OKLAHOMA
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2015

	Program Revenues				Net Revenue (Expense) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	\$ 653,214	\$ 6,988	\$ -	\$ -	\$ (646,226)	\$ -	\$ (646,226)
Public safety							
Police	347,022	8,560	-	-	(338,462)	-	(338,462)
Municipal court	7,752	-	-	-	(7,752)	-	(7,752)
Fire	169,115	-	-	-	(169,115)	-	(169,115)
Public services	147,421	-	-	-	(147,421)	-	(147,421)
Cultural and recreation:	469,873	-	214,058	-	(255,815)	-	(255,815)
Interest on long term debt	-	-	-	-	-	-	-
Total Governmental activities	<u>1,794,397</u>	<u>15,548</u>	<u>214,058</u>	<u>-</u>	<u>(1,564,791)</u>	<u>-</u>	<u>(1,564,791)</u>
Business-type activities:							
Water and sewer	475,308	515,295	-	-	-	39,988	39,988
Sanitation	263,164	253,757	-	-	-	(9,407)	(9,407)
Golf course	239,067	221,189	-	-	-	(17,878)	(17,878)
Airport	66,615	52,191	-	-	-	(14,424)	(14,424)
Economic development	933,157	418,334	-	-	-	(514,823)	(514,823)
Educational facilities	-	-	-	-	-	-	-
Total Business-type activities	<u>1,977,310</u>	<u>1,460,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(516,544)</u>	<u>(516,544)</u>
Total Primary Government	<u>\$ 3,771,707</u>	<u>\$ 1,476,314</u>	<u>\$ 214,058</u>	<u>\$ -</u>	<u>\$ (1,564,791)</u>	<u>\$ (516,544)</u>	<u>\$ (2,081,335)</u>

General revenues:		
Taxes:		
Sales and use taxes	996,411	996,411
Franchise and public service taxes	128,366	128,366
Investment income	2,493	2,511
Miscellaneous	159,441	195,146
Transfers	196,573	-
Total general revenues and transfers	<u>1,483,284</u>	<u>1,322,434</u>
Change in net assets	(81,507)	(758,901)
Net assets, beginning	1,218,158	2,671,741
Net assets, ending	<u>\$ 1,136,651</u>	<u>\$ 1,912,840</u>

**TOWN OF HINTON, OKLAHOMA
BALANCE SHEET (MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 533,716	\$ 666,509	\$ 29,676	\$ 1,229,901
Due from other funds	-	121,972	4,767	126,739
Total assets	<u>\$ 533,716</u>	<u>\$ 788,481</u>	<u>\$ 34,443</u>	<u>\$ 1,356,640</u>
LIABILITIES				
Due to other funds	\$ 208,840	-	\$ 4,775	\$ 213,615
Deposits subject to payment	6,374	-	-	6,374
Total liabilities	<u>215,214</u>	<u>-</u>	<u>4,775</u>	<u>219,989</u>
FUND BALANCES				
Restricted	208,840	-	-	208,840
Committed	-	-	-	-
Assigned	-	788,481	29,668	818,149
Unassigned	109,662	-	-	109,662
Total fund balances	<u>318,502</u>	<u>788,481</u>	<u>29,668</u>	<u>1,136,651</u>
Total liabilities and fund balances	<u>\$ 533,716</u>	<u>\$ 788,481</u>	<u>\$ 34,443</u>	<u>\$ 1,356,640</u>

TOWN OF HINTON, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (MODIFIED CASH
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Other Governmental Fund	Total Governmental Funds
REVENUES				
Taxes	\$ 814,027	\$ 310,750	\$ -	\$ 1,124,777
Intergovernmental	209,904	4,154	-	214,058
Fines and forfeitures	8,560	-	-	8,560
Licenses and permits	6,988	-	-	6,988
Investment income	2,440	-	53	2,493
Miscellaneous	157,241	-	2,200	159,441
Total revenues	<u>1,199,160</u>	<u>314,904</u>	<u>2,253</u>	<u>1,516,317</u>
EXPENDITURES				
Current:				
General Government	444,867	-	-	444,867
Public Safety				
Police	347,022	-	-	347,022
Municipal court	7,752	-	-	7,752
Fire	169,115	-	-	169,115
Public Services	79,310	68,111	-	147,421
Cultural and Recreation	208,570	163,964	97,339	469,873
Debt Service	-	-	-	-
Capital Outlay	208,347	-	-	208,347
Total Expenditures	<u>1,464,983</u>	<u>232,075</u>	<u>97,339</u>	<u>1,794,397</u>
Excess (deficiency) of revenues over expenditures	<u>(265,823)</u>	<u>82,829</u>	<u>(95,086)</u>	<u>(278,080)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	239,293	-	60,550	299,843
Transfers out	<u>(57,300)</u>	<u>(45,970)</u>	<u>-</u>	<u>(103,270)</u>
Total other financing sources and uses	<u>181,993</u>	<u>(45,970)</u>	<u>60,550</u>	<u>196,573</u>
Net change in fund balances	<u>(83,830)</u>	<u>36,859</u>	<u>(34,536)</u>	<u>(81,507)</u>
Fund balances, July 1, 2014	402,332	751,622	64,204	1,218,158
Fund balances, June 30, 2015	<u>\$ 318,502</u>	<u>\$ 788,481</u>	<u>\$ 29,668</u>	<u>\$ 1,136,651</u>

TOWN OF HINTON, OKLAHOMA
STATEMENT OF NET ASSETS (MODIFIED CASH BASIS)
PROPRIETARY FUNDS
JUNE 30, 2015

	Public Works Authority	Education Facilities Authority	Airport Authority	Economic Development Authority	Sugar Creek Canyon Golf Course Trust Authority	Total
Assets						
Current Assets:						
Cash	\$ 131,365	\$ 11,999	\$ 21,769	\$ 516,063	\$ 8,117	\$ 689,313
Restricted cash	37,999	-	-	-	-	37,999
Due from other funds	223,246	-	-	13,690	-	236,936
	<u>392,610</u>	<u>11,999</u>	<u>21,769</u>	<u>529,753</u>	<u>8,117</u>	<u>964,248</u>
Total Assets	392,610	11,999	21,769	529,753	8,117	964,248
Current Liabilities:						
Due to other funds	-	-	150,060	-	-	150,060
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>150,060</u>	<u>-</u>	<u>-</u>	<u>150,060</u>
Noncurrent Liabilities:						
Deposits subject to refund	37,999	-	-	-	-	37,999
Gift certificates payable	-	-	-	-	-	-
Total current liabilities	<u>37,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,999</u>
Total Liabilities	37,999	-	150,060	-	-	188,059
Net Assets						
Restricted	-	-	-	-	-	-
Unrestricted	354,611	11,999	(128,291)	529,753	8,117	776,189
Total Net Assets	<u>\$ 354,611</u>	<u>\$ 11,999</u>	<u>\$ (128,291)</u>	<u>\$ 529,753</u>	<u>\$ 8,117</u>	<u>\$ 776,189</u>

TOWN OF HINTON, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS (MODIFIED CASH BASIS)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Public Works Authority	Education Facilities Authority	Airport Authority	Economic Development Authority	Sugar Creek Canyon Golf Course Trust Authority	Total
Operating revenues						
Water	\$ 319,872	\$ -	\$ -	\$ -	\$ -	\$ 319,872
Sewer	162,944	-	-	-	-	162,944
Sanitation	253,757	-	-	-	-	253,757
Fuel sales	-	-	52,191	-	-	52,191
Golf course fees	-	-	-	-	170,536	170,536
Other	32,479	-	-	418,334	50,653	501,466
Total operating revenue	769,052	-	52,191	418,334	221,189	1,460,766
Operating expenses						
General and administrative	332,274	-	-	-	-	332,274
Water and sewer	226,102	-	-	-	-	226,102
Sanitation	180,095	-	-	-	-	180,095
Airport	-	-	66,615	-	-	66,615
Golf course	-	-	-	-	239,067	239,067
Economic development	-	-	-	933,157	-	933,157
Total operating expenses	738,471	-	66,615	933,157	239,067	1,977,310
Operating income (loss)	30,581	-	(14,424)	(514,823)	(17,878)	(516,544)
Nonoperating revenues (expenses)						
Miscellaneous	-	-	-	-	45,000	45,000
Rental income	-	-	13,893	-	-	13,893
Interest income	-	18	-	-	-	18
Capital outlay	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-
Principal retirement	-	-	-	-	(21,397)	(21,397)
Interest expense and fees	-	-	-	-	(1,791)	(1,791)
Total nonoperating revenues (expenses)	-	18	13,893	-	21,812	35,723
Transfers and other financing sources						
Transfers in	-	-	-	-	-	-
Transfers out	(196,573)	-	-	-	-	(196,573)
Changes in net assets	(165,992)	18	(531)	(514,823)	3,934	(677,394)
Net assets, beginning	520,603	11,981	(127,760)	1,044,576	4,183	1,453,583
Net assets, ending	<u>\$ 354,611</u>	<u>\$ 11,999</u>	<u>\$ (128,291)</u>	<u>\$ 529,753</u>	<u>\$ 8,117</u>	<u>\$ 776,189</u>

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity” that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The Town’s financial reporting entity includes two separate legal entities reported as the primary government

The Town of Hinton – an incorporated Town that operates under a council-mayor form of government under *Title 11, of the Oklahoma Statutes*. The Town provides the following services public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the Town – *reported as part of the primary government.*

Blended Component Unit/Trusts:

The Hinton Public Works Authority (“HPWA”) - public trust created on April 5, 1988 pursuant to 60 Oklahoma Statutes 1991, § 176 et seq. to operate the water, wastewater, and sanitation services of the Town, with the Town Council serving as the governing body of the trust – *considered part of the primary government presentation for reporting purposes.*

For the above public trust, the Town of Hinton is the beneficiary of the trust and the Town Council either serve as the governing body of the trust. In addition, as required by state law, all debt obligations incurred by the trust must be approved by two-thirds vote of the Town Council. This is considered sufficient imposition of will to include the trust within the Town’s financial reporting entity. The HPWA is presented as a proprietary fund type. Separate financial statements have not been prepared for this component unit.

The Hinton Airport Authority (“HAA”) was created March 1, 1993 designating the Town as the beneficiary, to plan establish, develop, construct, enlarge, improve, maintain, equip, operate, regulate, protect, and police airports or other navigational facilities. Trustees of HAA are appointed by the Town Council and may be removed at will by the Town Council. The HAA is reported as a proprietary fund type. Separate financial statements have not been prepared for this component unit.

The Hinton Educational Facilities Authority (“HEFA”) was created on June 13, 2005 designating the Town as beneficiary, to plan, develop and construct a multi-purpose facility at the existing school site in Hinton. The Town Council serves as trustees of HEFA. The HEFA is reported as a proprietary fund type. Separate financial statements have not been prepared for this component unit.

The Hinton Economic Development Authority (“HEDA” or the “Authority”) was created June 29, 1987, to finance, develop and promote economic development activities of the Town. Trustees are appointed by the Mayor and confirmed by the Town Council and may be removed for cause by the Council. The Town assumes no responsibility for the day to day operations. The Town has no obligation for the debt of the Authority. HEDA owns a medium security correctional facility which it has leased to Cornell Corrections of Oklahoma, Inc. In addition, the Authority owns and operates the Sugar Creek Canyon Golf Club. Separate financial statement of HEDA may be obtained by contacting their office.

1. Summary of Significant Accounting Policies (Continued)

The Sugarcreek Canyon Golf Course Trust Authority (“Sugarcreek”) was created May 6, 2013, to finance, develop and promote economic development activities of the Town. Trustees are appointed by the Mayor and confirmed by the Town Council and may be removed for cause by the Council. The Town assumes no responsibility for the day to day operations. The Town has no obligation for the debt of Sugarcreek. Separate financial statement of Sugarcreek may be obtained by contacting their office.

B. Basis of Accounting and Presentation

Government-Wide Financial Statements:

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles.

These modifications include adjustments for the following balances arising from cash transactions:

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

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

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

- General government: License and permits
- Public safety: Fine revenue and operating grants
- Public services: Gas excise and commercial vehicle taxes
- Culture and recreation: Rental income, recreation charges

The business-type activities are reported on a modified cash basis and the current financial resources measurement focus, as defined above. This has been applied as applicable, unless the modified cash basis conflicts with or contradicts GASB pronouncements, in which case, GASB prevails.

1. Summary of Significant Accounting Policies (Continued)

Governmental Funds:

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

Major Funds:

- General Fund - accounts for all activities not accounted for in other special-purpose funds.
- Special Revenue Fund – account for the dedicated 1% sales tax to be used for capital improvements, in Recreation, Library and Park Facilities, health services programs and improvements and infrastructure programs.

Non-Major Funds (Reported as Other Governmental Funds):

- Hinton Recreation and Tourism Trust –accounts for activities as set forth in the trust indentures and other operations as assigned by trustee members.

The governmental funds are reported on a modified cash basis of accounting and current financial resources measurement focus. Only current financial assets and liabilities are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period. The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the economic resources measurement focus at the government-wide level.

Proprietary Funds:

Major Funds:

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

- Hinton Public Works Authority (HPWA) – accounts for activities as set forth in the trust indentures and other operations as assigned by trustee members.
- Hinton Airport Authority (HAA) –accounts for activities as set forth in the trust indentures and other operations as assigned by trustee members.
- Hinton Educational Facilities Authority (HEFA) – accounts for multi-purpose facility at existing school site.
- Hinton Economic Development Authority (HEDA) – accounts for rental income and the operations of golf course.
- Sugarcreek Canyon Golf Course Trust Authority – accounts for the operation of golf course.

The proprietary funds are reported on a modified cash basis and the current financial resources measurement focus, as defined above. This has been applied as applicable, unless the modified cash basis conflicts with or contradicts GASB pronouncements, in which case, GASB prevails.

1. Summary of Significant Accounting Policies (Continued)

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

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less, and money market accounts.

Investments consist of long-term certificates of deposits, reported at cost, and shares of a government obligation mutual fund reported at the current fund share price, which also represents its fair value.

D. Capital Assets and Depreciation

Due to the use of the modified cash basis accounting, capital assets and related depreciation are not reported in the financial statements.

E. Long-Term Debt

Due to the use of the modified cash basis accounting, long term debt obligations are not reported in the financial statements. However, the amount of long term debt issued and outstanding at the end of the fiscal year is reported as a commitment in Note 8.

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 8. The city pays vacation leave with no limit to carry overs, but does not pay accrued sick leave.

G. Fund Balances and Net Assets

Government-Wide Statements:

Equity is classified as net position and displayed in two components:

- a) *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- b) *Unrestricted net position* - All other net position that do not meet the definition of "restricted."

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

1. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The classifications are defined as:

- a) Nonspendable – includes amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.
- b) Restricted – consists of fund balance with constraints placed on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c) Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. The Town’s highest level of decision-making authority is made by ordinance.
- d) Assigned – includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Town council action or management decision when the Town commission has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e) Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

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

H. Internal and Interfund Balances and Transfers

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

**TOWN OF HINTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

2. Deposits and Investments

For the year ended June 30, 2015, the Town recognized \$2,510 of investment income. At June 30, 2015, the primary government held the following deposits and investments:

Type	<u>Carrying</u> <u>Value</u>
Deposits:	
Demand deposits	\$ 1,032,168
Time deposit	263,719
 Investments:	
Money market	AAAm 628,011
Money market - FHMA	AAAm 33,315
 Total deposits and investments	 <u><u>\$1,957,213</u></u>
 Reconciliation to Statement of Net Assets:	
Cash and cash equivalents	\$ 1,912,840
Restricted cash	44,373
	<u><u>\$ 1,957,213</u></u>

Custodial Credit Risk

Exposure to custodial credit related to deposits exists 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 and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Town's name.

The Town's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 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. At June 30, 2015, the Town had collateral to cover all bank balances.

2. Deposits and Investments (Continued)

Investment Credit Risk

The Town limits its investments to those allowed in state law applicable to municipalities. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. 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’s only marketable investments at June 30, 2015 consisted of \$661,326 in money market funds invested in U.S. Treasury securities with a credit rating of AAAM by Standard and Poors.

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’s has no investment policy that limits based on maturity. The Town discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. As noted in the schedule of deposits and investments above, at June 30, 2015, the investments were limited to a time deposits and shares of money market funds invested in U.S. Treasury securities not exposed to interest rate risk.

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 (any over 5% are disclosed). 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 has no investment policy regarding concentration of credit risk. At June 30, 2015, the Town had no concentration of credit risk as defined above.

Restricted cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts for utility deposits.

3. Sales Tax Revenue

Sales tax revenue represents a 3 cent local tax on each dollar of taxable sales within the Town, of which 1 cent is restricted. One third of the 1 cent is for library, recreation, and park facilities programs and improvements, one third of the 1 cent is for health services programs and improvements, and one third of the one cent is for infrastructure programs and improvements. This sales tax as written in Section 1-86 of Article 5, Chapter 1 of the Code of Ordinances, Town of Hinton, Oklahoma was extended by ordinance 2012-01.

4. Property Tax Levy

The Town presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the Town.

5. Internal and Interfund Balances and Transfers

Interfund receivable and payables at June 30, 2015 were comprised of the following:

Due from	Amount	Due to
General Fund	117,197	Special Revenue
General Fund	73,186	PWA
General Fund	4,767	HRTT
HEDA	13,690	General Fund
HRTT	4,775	Special Revenue
Airport	150,060	PWA

Transfers are comprised of the following:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	HRTT	57,300	Operational purposes
HPWA	General Fund	196,573	Operational purposes
Special Revenue	General Fund	42,720	Operational purposes
Special Revenue	HRTT	3,250	Operational purposes

6. Risk Management

The Town and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

7. Employee Retirement Plan Participation

The Town of Hinton participates in four pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Public Employees Retirement System (OPERS) – an agent multiple-employer defined benefit plan

Firefighter Pension System:

Plan Summary Information. The Town of Hinton, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the Town must participate in the plan if they employ full-time or volunteer firefighters.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Funding Policy. OFPRS plan members are required to contribute 8% to the plan. The Town is required by state law to contribute 13% per year of covered payroll per paid firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2013	\$1,853	\$1,853
2014	\$1,080	\$1,080
2015	\$1,140	\$1,140

7. Employee Retirement Plan Participation (Continued)

Police Pension System:

Plan Summary Information. The Town of Hinton, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the Town must participate in the plan if they employ a certain number of full-time police officers.

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPPRS, 1001 N.W. 63rd St., Suite 605, Oklahoma City, OK 73116-7335.

Funding Policy. OPPRS plan members are required to contribute 8% to the plan. The Town is required by state law to contribute 13% per year of covered payroll for each police officer. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2013	\$26,114	\$26,114
2014	\$23,857	\$23,857
2015	\$19,687	\$19,687

Oklahoma Public Employees Retirement System (OPERS)

Plan Description- The OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to state legislature. The OPERS issues a publicly available financial report that includes financial statements and required supplementary information for the non-firefighting employees of the Town. That report may be obtained by writing to the Oklahoma Public Employees Retirement System, P.O. Box 53007, Oklahoma City, Oklahoma 73152, or by calling 1-405-858-6737.

Funding Policy- Plan members (including eligible employees of the Hinton Economic Development Authority) are required to contribute 3.5% of their annual covered salary and the Town of Hinton contributes 16.5% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by the state legislature. Contributions to the OPERS for the year ended June 30, 2015, for employees and employer were \$14,335 and \$67,579, respectively, on covered payroll of \$409,572.

8. Commitments and Contingencies

Notes payable:

\$45,000 Sugar Creek Canyon Golf Course Trust Promissory Note. Note dated July 25, 2014 due in quarterly installments of \$1,908 through August 1, 2021, with interest at 5.00%, secured by equipment of Sugar Creek Canyon Golf Course. The principal balance paid in 2015 was \$4,105 and the balance as of June 30, 2015 was \$40,895.

\$19,000 Sugar Creek Canyon Golf Course Trust Promissory Note. Note dated July 26, 2013 due in monthly installments of \$232 through August 30, 2021, with interest at 4.00%, secured by equipment of Sugar Creek Canyon Golf Course. The principal balance paid in 2015 was \$17,292 and the balance was paid in full as of June 30, 2015.

Compensated Absences:

As a result of the Town’s use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2015, is summarized as follows:

Public Works Authority – accrued compensated	\$27,211
General Fund – accrued compensated absences	<u>32,555</u>
Total	<u>\$59,766</u>

Litigation:

The Town is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a Town “Sinking Fund” for the payment of any court assessed judgment rendered against the Town. These statutory provisions do not apply to the Town’s public trust Authorities. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the Town and the State statute relating to judgments, the Town feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Town.

9. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

UNAUDITED
TOWN OF HINTON, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 727,547	\$ 727,547	\$ 709,421	\$ (18,126)
Intergovernmental	125,500	125,500	103,730	(21,770)
Charges for Services	1,500	1,500	18,965	17,465
Fines & Forfeitures	8,000	8,000	9,718	1,718
Interest	3,000	3,000	1,400	(1,600)
Other	84,200	84,200	80,549	(3,651)
Total Revenues	<u>949,747</u>	<u>949,747</u>	<u>923,783</u>	<u>(25,964)</u>
EXPENDITURES				
Administration				
Personal Services	208,324	208,324	158,145	50,179
Materials & Supplies	5,000	5,000	8,283	(3,283)
Other Services & Charges	17,900	17,900	31,432	(13,532)
Capital Outlays	1,000	1,000	1,600	(600)
Fire				
Personal Services	363,909	363,909	28,320	335,589
Materials & Supplies	5,000	5,000	10,466	(5,466)
Other Services & Charges	46,500	46,500	83,407	(36,907)
Capital Outlays	43,400	43,400	32,693	10,707
Police				
Personal Services	357,309	357,309	373,498	(16,189)
Materials & Supplies	5,000	5,000	5,200	(200)
Other Services & Charges	49,500	49,500	60,015	(10,515)
Capital Outlays	43,400	43,400	40,204	3,196
Court				
Personal Services	3,600	3,600	3,600	-
Other Services & Charges	1,100	1,100	936	164
Streets				
Personal Services	20,000	20,000	17,796	2,204
Materials & Supplies	29,000	29,000	15,632	13,368
Other Services & Charges	5,300	5,300	9,253	(3,953)
Capital Outlays	-	-	-	-
Library				
Personal Services	48,319	48,319	46,025	2,294
Materials & Supplies	16,500	16,500	16,371	129
Other Services & Charges	2,300	2,300	3,184	(884)
Capital Outlays	-	-	-	-
Code Enforcement				
Personal Services	13,000	13,000	13,000	-
Capital Outlays	-	-	-	-
General Government				
Other Services & Charges	159,600	159,600	140,803	18,797
Capital Outlays	10,000	10,000	1,600	8,400
Total Expenditures	<u>1,454,961</u>	<u>1,454,961</u>	<u>1,101,463</u>	<u>353,498</u>
Excess (deficiency) of revenues over expenditures	(505,214)	(505,214)	(177,680)	(379,462)
Other Financing Sources (Uses)				
Transfers in	167,087	167,087	239,293	-
Transfers out	(181,300)	(181,300)	(57,300)	-
Total other financing sources and uses	<u>(14,213)</u>	<u>(14,213)</u>	<u>181,993</u>	<u>-</u>
Net change in fund balances	(519,427)	(519,427)	4,313	-
Fund balance, July 1, 2014	-	-	402,332	-
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,645</u>	<u>\$ -</u>

**UNAUDITED
TOWN OF HINTON, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)
SPECIAL REVENUE
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 307,000	\$ 307,000	\$ 310,750	\$ 3,750
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines & Forfeitures	-	-	-	-
Interest	-	-	-	-
Other	-	-	4,154	(4,154)
Total Revenues	<u>307,000</u>	<u>307,000</u>	<u>314,904</u>	<u>(404)</u>
EXPENDITURES				
Public Health/ Ambulance				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services & Charges	24,000	24,000	62,140	(38,140)
Capital Outlays	-	-	-	-
Recreation				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services & Charges	107,300	107,300	142,544	(35,244)
Capital Outlays	-	-	-	-
Library				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services & Charges	52,000	52,000	5,551	46,449
Capital Outlays	-	-	-	-
Infrastructure				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services & Charges	25,000	25,000	25,000	-
Capital Outlays	-	-	-	-
Total Expenditures	<u>208,300</u>	<u>208,300</u>	<u>235,235</u>	<u>(26,935)</u>
Excess (deficiency) of revenues over expenditures	98,700	98,700	79,669	26,531
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(42,720)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(42,720)</u>	<u>-</u>
Net change in fund balances	98,700	98,700	36,949	-
Fund balance, July 1, 2014	-	-	751,622	-
Fund balance, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788,571</u>	<u>\$ -</u>

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

BUDGETARY INFORMATION

Budget Law

The City prepares its annual operating budget under Titles 11 of the Oklahoma Statutes. Under the provisions of these statutes, the City uses the following process when adopting their budget:

- Prior to June 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- Public hearing are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- The adopted budget is filed with the Office of State Auditor and Inspector.

The legal level of control at which expenditures may not legally exceed appropriations is object category level by department within a fund. The Budget Act recognizes the following object categories as the minimum legal level of control by department within a fund:

- Personal services
- Materials and supplies
- Other services and charges
- Capital outlay
- Debt service
- Interfund transfers

All transfers of appropriations between departments and supplemental appropriations require City Council approval. The Mayor may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

Basis of Accounting

The budget is prepared on the modified cash basis of accounting. Revenues and expenditures are reported when they result from cash transactions except for certain expenditures which are recorded when a commitment to purchase goods or services is made (encumbered).

OTHER INFORMATION

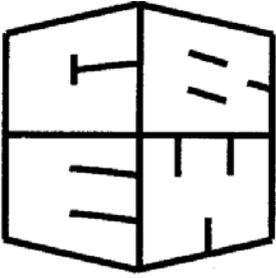
JUNE 30, 2015

**TOWN OF HINTON, OKLAHOMA
BALANCE SHEET (MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Hinton Recreation and Tourism Trust	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 29,676	\$ 29,676
Due from other funds	4,767	4,767
Total assets	\$ 34,443	\$ 34,443
LIABILITIES		
Due to other funds	\$ 4,775	\$ 4,775
Total liabilities	4,775	4,775
FUND BALANCES		
Restricted	-	-
Committed	-	-
Assigned	29,668	29,668
Unassigned	-	-
Total fund balances	29,668	29,668
Total liabilities and fund balances	\$ 34,443	\$ 34,443

TOWN OF HINTON, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES (MODIFIED CASH BASIS)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	Hinton Recreation and Tourism Trust	Total Governmental Funds
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Fines and forfeitures	-	-
Licenses and permits	-	-
Investment income	53	53
Miscellaneous	2,200	2,200
Total revenues	<u>2,253</u>	<u>2,253</u>
EXPENDITURES		
Current:		
General Government	-	-
Public Safety		
Police	-	-
Municipal court	-	-
Fire	-	-
Public Services	-	-
Cultural and Recreation	97,339	97,339
Debt Service	-	-
Capital Outlay	-	-
Total Expenditures	<u>97,339</u>	<u>97,339</u>
Excess (deficiency) of revenues over expenditures	<u>(95,086)</u>	<u>(95,086)</u>
OTHER FINANCING SOURCES (USE)		
Transfers in	60,550	60,550
Transfers out	-	-
Total other financing sources and uses	<u>60,550</u>	<u>60,550</u>
Net change in fund balances	(34,536)	(34,536)
Fund balances, July 1, 2014	64,204	64,204
Fund balances, June 30, 2015	<u>\$ 29,668</u>	<u>\$ 29,668</u>



CBEW Professional Group, LLP

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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

March 15, 2016

Honorable Board of Town Commissioners
Town of Hinton
Hinton, Oklahoma

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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hinton, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Hinton, Oklahoma's basic financial statements, and have issued our report thereon dated March 15, 2016. The Town's financial statements are presented on a modified cash basis of accounting. Additionally, the Town did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

Town of Hinton
March 15, 2016

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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* and which are described in the accompanying schedule of findings and responses as items 2015-001.

Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 report is not suitable for any other purpose.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants
Cushing, Oklahoma

**TOWN OF HINTON
Hinton, Oklahoma**

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2015**

2015-001. Compliance – Oklahoma Budget Laws

Condition: Oklahoma Budget Law requires local government entities to amend the original budget to the Excise Board when actual expenditures exceed budgeted expenditures in the Special Revenue Fund.

Criteria: A schedule should be kept monthly comparing total expenditures to budgeted expenditures to evaluate whether an amendment needs to be made to the Excise Board. This finding was also noted in 2014.

Effect: Without a monthly schedule to compare budget to actual expenses, the Town would not know when non-compliance exists.

Recommendation: We recommend that management implement a monthly schedule of budget to actual for expenditures and amend the budget when actual expenses exceed budgeted expenses.

Response: Management will create a monthly schedule and compare the actual expenses to the budgeted expenses. Management will also amend the budget as needed and submit to the Excise Board.