

TOWN OF STRATFORD, OKLAHOMA

Financial Statements
As of June 30, 2015

With Accountants Report Thereon

TOWN OF STRATFORD, OKLAHOMA

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WILSON, DOTSON & ASSOCIATES, P.L.L.C.
Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

January 27, 2016

Honorable Mayor and
Members of the Town Council
Town of Stratford
Stratford, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Stratford, 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 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 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 misstatements 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.

Town of Stratford
January 27, 2016

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

Basis for Qualified Opinions

As discussed in Note 1 to the financial statements, the Town has not maintained complete capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for our review. The amount by which this departure would affect the assets, net assets, and expenses of the Governmental and Business-Type Activities is not readily determinable.

Qualified Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and business-type activities of the Town of Stratford, Oklahoma, as of June 30, 2015, 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining governmental fund information of the Town of Stratford, Oklahoma, as of June 30, 2015, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 28 through 30 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town has omitted Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 (GASB), who considers it to be an essential part of

Town of Stratford
January 27, 2016

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 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 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 January 27, 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.

Wilson Dotson & Associates

Wilson, Dotson & Associates, P.L.L.C.

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TOWN OF STRATFORD, OKLAHOMA
Statement of Net Position
June 30, 2015

	Governmental Activities	Business Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 363,242	\$ 601,532	\$ 964,774
Certificate of Deposit	146,383	89,376	235,759
Investments	50,611	-	50,611
Receivable	34,485	42,549	77,034
Due From Other Funds	-	-	-
Total Current Assets	<u>594,721</u>	<u>733,457</u>	<u>1,328,178</u>
Capital Assets:			
Land	25,000	-	25,000
Buildings	712,396	125,000	837,396
Autos, Trucks and Equipment	417,295	99,680	516,975
Water and Sewer System Equipment	-	287,648	287,648
Accumulated Depreciation	<u>(896,043)</u>	<u>(391,645)</u>	<u>(1,287,688)</u>
Capital Assets, Net	<u>258,648</u>	<u>120,683</u>	<u>379,331</u>
Total Assets	<u>\$ 853,369</u>	<u>\$ 854,140</u>	<u>\$ 1,707,509</u>

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

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Current Portion of Long-Term Debt	\$ -	\$ 6,173	\$ 6,173
Accounts Payable	21,342	1,871	23,213
Accrued Salaries and Vacations	21,021	6,739	27,760
Payroll Taxes Payable	2,398	1,543	3,941
Meter Deposits	-	55,887	55,887
Total Current Liabilities	<u>44,761</u>	<u>72,213</u>	<u>116,974</u>
Long-Term Debt	<u>-</u>	<u>68,171</u>	<u>68,171</u>
Total Liabilities	<u>44,761</u>	<u>140,384</u>	<u>185,145</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	258,648	114,510	373,158
Unassigned	<u>549,960</u>	<u>599,246</u>	<u>1,149,206</u>
Total Net Position	<u>\$ 808,608</u>	<u>\$ 713,756</u>	<u>\$ 1,522,364</u>

TOWN OF STRATFORD, OKLAHOMA
Statement of Activities
Year Ended June 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 189,804	\$ -	\$ -	\$ -
Public Safety	441,312	-	-	-
Street	18,619	-	-	-
Cultural and Recreational	23,457	-	-	-
Cemetery	-	-	-	-
Project Expenditures	41,531	-	-	-
Depreciation	22,365	-	-	-
Total Governmental Activities	<u>737,088</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type Activities				
Stratford Public Works Authority				
Water	-	222,581	-	-
Sewer	-	111,697	-	-
Garbage	-	136,675	-	-
Personal Services	180,559	-	-	-
Maintenance and Operations	208,907	-	-	-
Administrative	1,455	-	-	-
Depreciation	10,187	-	-	-
Interest	1,056	-	-	-
Grant Expenditures	-	-	-	-
Stratford Community Development Authority				
Rental Income	-	12,000	-	-
General Government	1,000	-	-	-
Depreciation	4,167	-	-	-
Interest	4,234	-	-	-
Total Business-type Activities	<u>411,565</u>	<u>482,953</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 1,148,653</u>	<u>\$ 482,953</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-See Note
 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
\$ (189,804)	\$ -	\$ (189,804)
(441,312)	-	(441,312)
(18,619)	-	(18,619)
(23,457)	-	(23,457)
-	-	-
(41,531)	-	(41,531)
(22,365)	-	(22,365)
<u>(737,088)</u>	<u>-</u>	<u>(737,088)</u>
-	222,581	222,581
-	111,697	111,697
-	136,675	136,675
-	(180,559)	(180,559)
-	(208,907)	(208,907)
-	(1,455)	(1,455)
-	(10,187)	(10,187)
-	(1,056)	(1,056)
-	-	-
-	12,000	12,000
-	(1,000)	(1,000)
-	(4,167)	(4,167)
-	(4,234)	(4,234)
<u>-</u>	<u>71,388</u>	<u>71,388</u>
\$ (737,088)	\$ 71,388	\$ (665,700)
555,224	-	555,224
23,682	-	23,682
71,215	-	71,215
6,773	-	6,773
56,980	-	56,980
7,258	972	8,230
23,285	24,563	47,848
-	-	-
-	-	-
<u>744,417</u>	<u>25,535</u>	<u>769,952</u>
7,329	96,923	104,252
<u>801,279</u>	<u>616,833</u>	<u>1,418,112</u>
\$ 808,608	\$ 713,756	\$ 1,522,364

TOWN OF STRATFORD, OKLAHOMA
 Balance Sheet
 Governmental Funds
 June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 302,599	\$ 60,642	\$ 363,241
Certificates of Deposit	146,383	-	146,383
Investments	-	50,611	50,611
Receivables:			
Taxes	-		-
Intergovernmental	-	-	-
Due from other Funds	-	-	-
Insurance Deposits	-	-	-
Total Assets	\$ 448,982	\$ 111,253	\$ 560,235
<u>LIABILITIES</u>			
Current Portion of Lease Payable	\$ -	\$ -	\$ -
Salaries and Taxes Payable	-	-	-
Vacations Payable	-		-
Payable from Restricted Assets			
Due to Depositors	-	-	-
Total Liabilities	-	-	-
<u>LONG-TERM DEBT</u>			
Lease Payable	-	-	-
<u>FUND BALANCE</u>			
Reserved	-	-	-
Unassigned	448,982	111,253	560,235
Total Reserves and Fund Equity	448,982	111,253	560,235
Total Liabilities, Reserves, and Fund Equity	\$ 448,982	\$ 111,253	\$ 560,235

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

TOWN OF STRATFORD, OKLAHOMA
Reconciliation of Balance Sheet
To the Statement of Net Position
June 30, 2015

Total Fund Balances - Governmental Funds (Exhibit C)	\$ 560,235
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Accounts Receivable Reported on Statement of Net Position	34,485
Capital Assets Used in Governments Activities are not Current Financial Resources and Therefore are not Reported in the Governmental Funds.	258,649
Current Liabilites Reported on the statement of Net Assets	<u>(44,761)</u>
Total Net Position - Governmental Assets (Exhibit A)	<u>\$ 808,608</u>

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

TOWN OF STRATFORD, OKLAHOMA
Statement of Revenues, Expenditures and
Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 559,348	\$ -	\$ 559,348
Intergovernmental	23,610	-	23,610
Charges For Service	64,814	6,402	71,216
Grant Revenue	-	6,773	6,773
Fines and Forfeitures	56,979	-	56,979
Miscellaneous	23,284	-	23,284
Investment Income	1,556	5,702	7,258
Donations	-	-	-
Total Revenues	<u>729,591</u>	<u>18,877</u>	<u>748,468</u>
Expenditures			
Administration	209,339	-	209,339
Municipal Court	4,000	-	4,000
Police	205,120	-	205,120
Fire	15,538	-	15,538
Ambulance	228,732	-	228,732
Sr. Citizens	10,366	-	10,366
Library	2,389	18,824	21,213
Street	18,790	-	18,790
Cemetery	-	-	-
Grant Expenditures	-	41,531	41,531
Total Expenditures	<u>694,274</u>	<u>60,355</u>	<u>754,629</u>
Excess of Revenues Over (Under) Expenditures	35,317	(41,478)	(6,161)
Other Financing Sources (Uses)			
Operating Transfers In	-	8,567	8,567
Operating Transfers (Out)	(8,567)	-	(8,567)
Total Other Financing Sources (Uses)	<u>(8,567)</u>	<u>8,567</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	26,750	(32,911)	(6,161)
Beginning Fund Balance - July 1	<u>422,232</u>	<u>144,164</u>	<u>566,396</u>
Ending Fund Balance - June 30	<u>\$ 448,982</u>	<u>\$ 111,253</u>	<u>\$ 560,235</u>

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

TOWN OF STRATFORD, 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, 2015

Net Change in Fund Balance - Total Governmental Funds (Exhibit E)	\$ (6,161)
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit B) are Different Because:	
Adjustment Required to Record Tax Accruals	(4,051)
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 captial assets increased net assets.	21,129
Depreciation Expense Reported in Statement of Net Position.	(22,365)
Adjustment required to record Payables	18,777
Change in Net Position of Governmental Activities	\$ 7,329

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

TOWN OF STRATFORD, OKLAHOMA
Statement of Net Position
Proprietary Fund
June 30, 2015

	Stratford Public Works Authority	Stratford Industrial Authority	Totals
<u>ASSETS</u>			
Current Assets			
Cash	\$ 597,932	\$ 3,600	\$ 601,532
Certificate of Deposit	89,376	-	89,376
Receivables:			
Utilities Receivable	42,549	-	42,549
Other	-	-	-
Insurance Deposits	-	-	-
Total Current Assets	<u>729,857</u>	<u>3,600</u>	<u>733,457</u>
Noncurrent Assets			
Capital Assets (Net)	<u>37,350</u>	<u>83,333</u>	<u>120,683</u>
Total Noncurrent Assets	<u>37,350</u>	<u>83,333</u>	<u>120,683</u>
Total Assets	<u>767,207</u>	<u>86,933</u>	<u>854,140</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Current Portion of Long-Term Debt	-	6,173	6,173
Accounts Payable	1,871	-	1,871
Salaries and Vacations Payable	6,739	-	6,739
Payroll Taxes Payable	1,543	-	1,543
Meter Deposits Payable	<u>55,887</u>	<u>-</u>	<u>55,887</u>
Total Current Liabilities	<u>66,040</u>	<u>6,173</u>	<u>72,213</u>
Noncurrent Liabilities:			
Long-Term Debt			
Notes Payable	<u>-</u>	<u>68,171</u>	<u>68,171</u>
Total noncurrent Liabilities:	<u>-</u>	<u>68,171</u>	<u>68,171</u>
Total Liabilities	<u>66,040</u>	<u>74,344</u>	<u>140,384</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	37,350	83,333	120,683
Unassigned	<u>663,817</u>	<u>(70,744)</u>	<u>593,073</u>
Total Net Position	<u>\$ 701,167</u>	<u>\$ 12,589</u>	<u>\$ 713,756</u>

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

TOWN OF STRATFORD, OKLAHOMA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2015

	Stratford Public Works Authority	Stratford Industrial Authority	Totals
Operating Revenue			
Water	\$ 222,581	\$ -	\$ 222,581
Sewer	111,697	-	111,697
Garbage	136,675	-	136,675
Rental Income	-	-	0
Miscellaneous Income	24,563	12,000	36,563
Late Fees	-	-	-
Total Operating Revenue	<u>495,516</u>	<u>12,000</u>	<u>507,516</u>
Operating Expenses			
Personal Services	180,559	-	180,559
Maintenance and Operations	194,342	-	194,342
Utilities	14,565	-	14,565
Miscellaneous	-	-	-
General Government	1,455	1,000	2,455
Depreciation	10,187	4,167	14,354
Total Operating Expenses	<u>401,108</u>	<u>5,167</u>	<u>406,275</u>
Net Operating Income	94,408	6,833	101,241
Non-Operating Revenue (Expense):			
Grant Revenue	-	-	-
Grant Expenditures	-	-	-
Interest Earned	972	-	972
Interest Expense	(1,056)	(4,234)	(5,290)
Transfers From General Fund	-	-	-
Net Non-Operating Revenue (expense)	<u>(84)</u>	<u>(4,234)</u>	<u>(4,318)</u>
Net Income Before Transfers	94,324	2,599	96,923
Other Financing Sources (uses)			
Operating Transfers In	-	-	-
Total Other Financing Sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Income	94,324	2,599	96,923
Beginning Net Position - July 1	<u>606,843</u>	<u>9,990</u>	<u>616,833</u>
Beginning Net Position - June 30	<u>\$ 701,167</u>	<u>\$ 12,589</u>	<u>\$ 713,756</u>

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

TOWN OF STRATFORD, OKLAHOMA
Statement of Cash Flows
Business-Type Funds
Year Ended June 30, 2015

	Stratford Public Works Authority	Statford Industrial Authority	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 493,690	\$ 11,000	\$ 504,690
Payment to Employees	(180,312)	-	(180,312)
Payment to Suppliers	(219,226)	-	(219,226)
Net Cash Provided by Operating Activities	<u>94,152</u>	<u>11,000</u>	<u>105,152</u>
Cash Flow from Capital and Related Financing Activities:			
Purchase of Capital Assets	(21,102)	-	(21,102)
Interest Earned	972	-	972
Principal Payments	(24,465)	(5,990)	(30,455)
Interest Payments	(1,056)	(4,234)	(5,290)
Net Cash Provided (Used) from Capital and Related Financing Activities:	<u>(45,651)</u>	<u>(10,224)</u>	<u>(55,875)</u>
Net Increase (Decrease) in Cash and Investments	48,501	776	49,277
Cash and Investments - Beginning of Year	<u>638,807</u>	<u>2,824</u>	<u>641,631</u>
Cash and Investments - End of Year	<u>\$ 687,308</u>	<u>\$ 3,600</u>	<u>\$ 690,908</u>

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

TOWN OF STRATFORD, OKLAHOMA
Statement of Cash Flows
Business-Type Funds
Year Ended June 30, 2015

	Stratford Public Works Authority	Stratford Industrial Authority	Totals
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ 94,324	\$ 2,599	\$ 96,923
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities			
Depreciation Expense	10,187	4,167	14,354
Interest Income	(972)	-	(972)
Interest Expense	1,056	4,234	5,290
Changes in:			
Accounts Receivable	(1,826)	-	(1,826)
Accounts Payable	(8,864)	-	(8,864)
Accrued Expenses	247	-	247
Net Cash Provided by Operating Activities	\$ 94,152	\$ 11,000	\$ 105,152

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

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

Note 1. **Summary of Accounting Policies**

The Town of Stratford, 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 Stratford, 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 Stratford. 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 Stratford.

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:

Stratford Public Works Authority (the "Authority") – was created February 1, 1971 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 Stratford. Accounts of the Authority are recorded in business-type activities.

The Stratford Industrial Authority- was established on to promote and facilitate economic development for the Town of Stratford and surrounding area.

Discretely Presented Component Units:

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

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

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 STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

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 STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

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 January 27, 2016 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

Stratford Public Works Authority

The Stratford 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 STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

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

Deposits and Investments

Oklahoma Statutes authorize the Town to invest in certificates of deposits, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Town can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with maturity date of three months or less. Debt instruments with a maturity date of more than three months from date of issue are considered to be investments.

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

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, 2015, the allowance for uncollectable accounts is \$0. 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 STRATFORD, OKLAHOMA
Notes to the Financial Statements
June 30, 2015

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 STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

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 STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

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, 2015, the Town overspent in the departments of Administration by \$31,098, Fire by \$1,810 and Senior Citizens by \$684.

Note 3. Accounts Receivable

Accounts Receivable at June 30, 2015 are as follows:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Sales & Use Tax	\$ 34,485	\$ -	\$ 34,485
Motor Vehicle Tax	-	-	-
Alcoholic Beverage	-	-	-
Utilities	-	42,549	42,549
	<u>\$ 34,485</u>	<u>\$ 42,549</u>	<u>\$ 77,034</u>

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

Note 4. Deposit and Investments

Custodial Credit Risk

Exposure to custodial risk related to deposits exist when the Town holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Town holds investments that are uninsured 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 secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct obligations of the state municipalities, counties, and school in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 2 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

Custodial Credit Risk-Exposure to custodial credit risk related to deposits exist when 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, 2015 the carrying amount of the town's deposits was \$1,157,417 and the bank balance was \$1,175,843. As of June 30, 2015 none of the Town's bank balance was exposed to custodial credit risk.

At June 30, 2015 the Town held deposits of approximately \$959,560 and investments of \$219,007 at financial institutions. The Town's cash deposits, including interest-bearing accounts, and investments are entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name. Therefore, the Town was not exposed to custodial credit risk as defined above.

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

Note 4. Cash and Investments (continued)

Investment Credit Risk

The Town has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. government, its agencies and instrumentalities to which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school Town debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school Town .
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

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

The Town had no investment credit risk as of June 30, 2015, as defined above.

Investment Interest Rate Risk

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

Concentration of Investment Credit Risk

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

At June 30, 2015, the Town had 100% concentration of credit risk as defined above.

TOWN OF STRATFORD, OKLAHOMA
Notes to the Financial Statements
June 30, 2015

Note 5. Capital Assets

	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015
Governmental Activities:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Buildings	712,396	-	-	712,396
Fixed Equipment	-	-	-	-
Equipment	396,167	21,128	-	417,295
Total Capital Assets	<u>1,133,563</u>	<u>21,128</u>	<u>-</u>	<u>1,154,691</u>
Accumulated Depreciation	<u>(873,678)</u>	<u>(22,365)</u>	<u>-</u>	<u>(896,043)</u>
Capital Assets - Net	<u>\$ 259,885</u>	<u>\$ (1,237)</u>	<u>\$ -</u>	<u>\$ 258,648</u>
	Balance 6/30/2014	Increases	Decreases	Balance 6/30/2015
Business Activities:				
Land	\$ -	\$ -	\$ -	\$ -
Building	125,000	-	-	125,000
Autos, Trucks & Equipment	78,578	21,102	-	99,680
Water and Sewer System	287,648	-	-	287,648
Total Capital Assets	<u>491,226</u>	<u>21,102</u>	<u>-</u>	<u>512,328</u>
Accumulated Depreciation	<u>(377,291)</u>	<u>(14,355)</u>	<u>-</u>	<u>(391,646)</u>
Capital Assets - Net	<u>\$ 113,935</u>	<u>\$ 6,747</u>	<u>\$ -</u>	<u>\$ 120,682</u>

TOWN OF STRATFORD, OKLAHOMA

Notes to the Financial Statements

June 30, 2015

Note 6. Long-Term Debt

A Summary of long-term debt, including capital lease obligations as of June 30, 2015 are as follows:

	Interest Rate	Maturity Date	2015				
			Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Notes Payable- Stratford Public Works Authority:							
Oklahoma Heritage Bank- Police Car	3.50%	8/9/2017	\$ 7,307	\$ -	\$ 7,307	\$ -	\$ -
Oklahoma Heritage Bank- Police Car	3.50%	8/9/2017	8,026	-	8,026	-	-
Oklahoma Heritage Bank- Police Car	3.50%	8/9/2017	9,132	-	9,132	-	-
			<u>24,465</u>	<u>-</u>	<u>24,465</u>	<u>-</u>	<u>-</u>
Notes Payable- Stratford Public Authority:							
Garvin County Finance Authority	3.00%	11/15/2025	80,334	-	5,991	74,343	6,173
			<u>80,334</u>	<u>-</u>	<u>5,991</u>	<u>74,343</u>	<u>6,173</u>
			<u>\$ 104,799</u>	<u>\$ -</u>	<u>\$ 30,456</u>	<u>\$ 74,343</u>	<u>\$ 6,173</u>

Scheduled principal and interest payment on long-term debt and payments are as follows:

Year Ending

June 30:

	Notes Payable	
	Principal	Interest
2016	\$ 6,173	\$ 2,146
2017	6,361	1,958
2018	6,554	1,765
2019	6,854	1,565
2020	6,959	1,360
2021 and there after	<u>41,542</u>	<u>3,518</u>
	<u>\$ 74,443</u>	<u>\$ 12,312</u>

Note 7. Retirement Plan

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

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF STRATFORD, OKLAHOMA
Statement of Revenues, Expenditures and
Changes in Fund Balances
Budget and Actual
General Fund
Year Ended June 30, 2015

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes	\$ 445,500	\$ 445,500	\$ 559,348	\$ 113,848
Intergovernmental	21,000	21,000	23,610	2,610
Charges for Service	67,000	67,000	64,814	(2,186)
Grant Revenue	-	-	-	-
Fines and Forfeitures	90,000	90,000	56,979	(33,021)
Miscellaneous	35,000	35,000	23,284	(11,716)
Investment Income	800	800	1,556	756
Donations	-	-	-	-
Total Revenues	<u>659,300</u>	<u>659,300</u>	<u>729,591</u>	<u>70,291</u>
Expenditures				
Administration	171,160	171,160	209,339	(38,179)
Municipal Court	3,600	3,600	4,000	(400)
Police	195,000	195,000	205,120	(10,120)
Fire	20,500	20,500	15,538	4,962
Ambulance	220,000	220,000	228,732	(8,732)
Sr. Citizens	11,000	11,000	10,366	634
Library	8,000	8,000	2,389	5,611
Cemetery	29,500	29,500	18,790	10,710
Street	2,000	2,000	-	2,000
Total Expenditures	<u>660,760</u>	<u>660,760</u>	<u>694,274</u>	<u>(33,514)</u>
Excess of Revenue Over (Under) Expenditures	(1,460)	(1,460)	35,317	36,777
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	(8,567)	(8,567)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(8,567)</u>	<u>(8,567)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	(1,460)	(1,460)	26,750	28,210
Beginning Fund Balance - July 1	<u>275,000</u>	<u>275,000</u>	<u>422,232</u>	<u>147,232</u>
Ending Fund Balance - June 30	<u>\$ 273,540</u>	<u>\$ 273,540</u>	<u>\$ 448,982</u>	<u>\$ 175,442</u>

SUPPLEMENTAL INFORMATION

TOWN OF STRATFORD, OKLAHOMA

Combining Balance Sheet

Other Governmental Funds

June 30, 2015

	<u>Library</u>	<u>Cemetery</u>	<u>Library Grant</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 3,426	\$ 18,145	\$ 39,071	\$ 60,642
Investments	50,611	-	-	50,611
Receivables:				
Intergovernmental	-	-	-	-
Other	-	-	-	-
Other Assets	-	-	-	-
	<u>\$ 54,037</u>	<u>\$ 18,145</u>	<u>\$ 39,071</u>	<u>\$ 111,253</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>RESERVES AND FUND EQUITY</u>				
Fund Balances	54,037	18,145	39,071	111,253
Total Reserves and Fund Equity	<u>54,037</u>	<u>18,145</u>	<u>39,071</u>	<u>111,253</u>
TOTAL LIABILITIES, RESERVES & FUND EQUITY	<u>\$ 54,037</u>	<u>\$ 18,145</u>	<u>\$ 39,071</u>	<u>\$ 111,253</u>

TOWN OF STRATFORD, OKLAHOMA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2015

	Library	Cemetery	Library Grant	Total
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Service	6,402	-	-	6,402
Grant Revenue	2,289	-	-	6,773
Fines and Forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Investment Income	5,694	8	-	5,702
Donations	-	-	-	-
Total Revenues	<u>14,385</u>	<u>8</u>	<u>-</u>	<u>18,877</u>
Expenditures				
Personal Services	-	-	-	-
Maintenance & Operation	13,133	-	-	13,133
Capital Outlays	5,691	-	-	5,691
Project Expenditures	-	-	41,531	41,531
Total Expenditures	<u>18,824</u>	<u>-</u>	<u>41,531</u>	<u>60,355</u>
Excess of Revenues Over (Under) Expenditures	(4,439)	8	(41,531)	(41,478)
Other Financing Sources (Uses)				
Operating Transfers In	-	4,534	4,033	8,567
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,534</u>	<u>4,033</u>	<u>8,567</u>
Excess of Revenues and Other Sources Over (Under Expenditures and Other (Uses)	(4,439)	4,542	(37,498)	(32,911)
Beginning Fund Balance-July 1	<u>58,476</u>	<u>13,603</u>	<u>72,085</u>	<u>144,164</u>
Ending Fund Balance – June 30	<u>\$ 54,037</u>	<u>\$ 18,145</u>	<u>\$ 34,587</u>	<u>\$ 111,253</u>

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

American Institute of Certified Public Accountants

Members

Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' 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

January 27, 2016

Honorable Mayor and Town Council Members
Town of Stratford
Stratford, 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 Stratford, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Stratford, Oklahoma's basic financial statements, and have issued our report thereon dated January 27, 2016. The report on governmental and business-type activities was qualified because of the lack of fixed asset records. 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. We consider the deficiencies in the accompanying schedule of findings and questioned costs to be significant deficiencies. The findings are Findings 15-1 through 15-2.

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

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. We did not detect any deficiencies in internal control over financial reporting that we consider to be a material weakness as defined above.

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 Standard* and which are described in the accompanying schedule of findings and responses as findings and responses. The findings are Findings 15-3 through 15-6.

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

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.

Wilson Dotson & Associates

Wilson, Dotson & Associates, PLLC
Certified Public Accountants

**TOWN OF STRATFORD
Stratford, Oklahoma**

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

Finding15-1

Statement of Condition: The Town expended money for goods or services they did not receive.

Criteria: Oklahoma Statutes require that payment only be made after goods or services are received.

Cause and Effect: The Town paid fuel bills from statements and not the actual invoices. This resulted in a former employee obtaining fuel for which the Town subsequently paid.

Recommendation: The Town contacted the Garvin County Sheriff's office.

Response: The Town Clerk has received training to ensure that monies are expended only when good and/or services are received.

**TOWN OF STRATFORD
Stratford, Oklahoma**

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

Finding 15-2

Statement of condition: The Town clerk did not maintain financial records. The only records presented for audit were check books. Additionally, purchase orders were not issued until an invoice was received.

Criteria: The Oklahoma Statutes require, unless another method is approved, that Towns maintain an appropriation ledger and issue purchase orders to ensure compliance with budgetary laws.

Cause and Effect: By not maintaining an appropriation ledger and issuing purchase orders the Town expended in excess of available appropriations. Since the Treasurer was required to maintain a check disbursement journal, this also resulted in a lack of segregation of duties.

Recommendation: The Town has implemented a new accounting software which includes an appropriation ledger. We recommend that all transactions of the current year be entered and reconciled into this software.

Response: The Town Clerk has received adequate training to ensure compliance and segregation of duties.

**TOWN OF STRATFORD
Stratford, Oklahoma**

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

Finding 15-3

Statement of Condition: The Town was awarded a Fire grant which was not received by the Town but, instead, was deposited in the Volunteer Fireman account.

Criteria: Any grant awarded should be deposited and expended from Town funds.

Cause and Effect: Since the grant was not properly accounted for by the Town the grantor could request the return of all funds.

Recommendation: We recommend the Town properly account for all grants.

Response: The Fire Department has been advised of this finding and the grant received in the 2015-15 fiscal year has been given to the Town.

**TOWN OF STRATFORD
Stratford, Oklahoma**

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

Finding 15-4

Statement of Condition: The Town is not paying their payroll in accordance with the payroll policies presented for audit.

Criteria: Payroll should be paid in accordance with the payroll policies approved by the governing body. Also, payroll should be paid in accordance with United States Department of Labor regulations.

Cause and Effect: The Town is paying more and sometimes less than what the Town's policies and United States Department of Labor regulations require.

Recommendation: We recommend that the Town revisit the payroll polices to ensure compliance with actual practices.

Response: The Town Administrator has implemented procedures to ensure that payroll is paid in compliance with policies and United States Department of Labor regulations.

**TOWN OF STRATFORD
Stratford, Oklahoma**

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

Finding 15-5

Statement of Condition: The Town did not bill or receive any monies for fire runs for the current fiscal year.

Criteria: The Town Clerk is directed to bill for each fire run. The Fire Department is to provide the information for the Town clerk to be able to bill the fire runs.

Cause and Effect: Apparent miscommunication between Town Clerk and the Fire Department has resulted in the Town not receiving any revenue for fire runs.

Recommendation: We recommend that the Town implement policies and procedures to ensure fire runs are billed and received.

Response: The Town Administrator has established procedures to ensure that fire runs are billed and received.

**TOWN OF STRATFORD
Stratford, Oklahoma**

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

Finding 15-6

Statement of Condition: The minutes and agenda are incomplete.

Criteria: The Oklahoma Open Meeting Act requires complete disclosure of actions taken by governmental boards in the minutes and agendas.

Cause and Effect: The minutes and agendas do not include sufficient information to determine actions taken by the Board. (Example: purchase order numbers or amounts are not included). Additionally, agendas do not include the location of the meetings.

Recommendation: We recommend that the Town Clerk receive training to ensure compliance.

Response: The Town Clerk has received the training to ensure compliance.

**TOWN OF STRATFORD
Sulphur, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015**

Finding14-1

Statement of Condition: The Town expended money for goods or services they did not receive.

Response: The Town Clerk has received training to ensure that monies are expended only when good and/or services are received.

Finding 14-2

Statement of condition: The Town clerk did not maintain financial records. The only records presented for audit were check books. Additionally, purchase orders were not issued until an invoice was received.

Response: The Town Clerk has received adequate training to ensure compliance and segregation of duties.

Finding 14-3

Statement of Condition: The Town was awarded a Fire grant which was not received by the Town but, instead, was deposited in the Volunteer Fireman account.

Response: The Fire Department has been advised of this finding and the grant received in the 2014-15 fiscal year has been given to the Town.

Finding 14-4

Statement of Condition: The Town did not properly account for the Library funds.

Response: This finding was corrected

**TOWN OF STRATFORD
Stratford, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2015**

Finding 14-5

Statement of Condition: The Town is not paying their payroll in accordance with the payroll policies presented for audit.

Response: The Town Administrator has implemented procedures to ensure that payroll is paid in compliance with policies and United States Department of Labor regulations.

Finding 14-6

Statement of Condition: The Town did not bill or receive any monies for fire runs for the current fiscal year.

Criteria: The Town Clerk is directed to bill for each fire run. The Fire Department is to provide the information for the Town clerk to be able to bill the fire runs.

Cause and Effect: Apparent miscommunication between Town Clerk and the Fire Department has resulted in the Town not receiving any revenue for fire runs.

Recommendation: We recommend that the Town implement policies and procedures to ensure fire runs are billed and received.

Response: The Town Administrator has established policies and procedures to ensure that fire runs are billed and received.

Finding 14-7

Statement of Condition: The minutes and agenda are incomplete.

Response: The Town Clerk has received the training to ensure compliance.