

**TOWN OF TYRONE
TEXAS COUNTY, OKLAHOMA
AUDITORS' REPORT**

AND

**FINANCIAL STATEMENTS
FISCAL YEAR ENDED**

JUNE 30, 2010

*WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA*

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Honorable Town Council
Tyrone, Oklahoma

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tyrone, Oklahoma as of and for the year ended June 30, 2010 which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Tyrone's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the Town of Tyrone, Oklahoma prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Additionally, the Town has omitted all fixed assets that are accounted for under the governmental funds.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tyrone, Oklahoma, as of June 30, 2010, and the respective changes in financial position – modified cash basis thereof for the year then ended, as discussed in the preceding paragraph and Note 1.

The Management's discussion and analysis and budgetary comparison analysis are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The Town has omitted the Management discussion and analysis. The budgetary comparison is included under the supplementary information section. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tyrone's basic financial statements. The combining nonmajor fund financial statements, nonmajor proprietary fund financial statements and supplemental reports on government financial assistance are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements,

Honorable Town Council

April 30, 2011

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nonmajor proprietary fund financial statements and supplemental reports on government financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole on the basis of accounting described in Note 1


April 30, 2011

TOWN OF TYRONE, OKLAHOMA
Statement of Net Assets - Modified Cash Basis
June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Unrestricted			
Cash and Cash Equivalents	\$ 86,005	\$ 47,554	\$ 133,559
Investments	-	-	-
Restricted Cash and Cash Equivalents	34,693	25,928	60,620
Restricted Investments	20,148	-	20,148
Due from Other Fund	-	-	-
Capital Assets			
Land, infrastructure	-	1,083,836	1,083,836
Depreciable capital assets, net	-	(274,045)	(274,045)
Total Assets	140,846	883,273	1,024,119
LIABILITIES			
Due to Other Funds	-	-	-
Due to Depositors	-	20,897	20,897
Long-term Liabilities			
Due within one year	-	18,158	18,158
Due in more than one year	-	266,558	266,558
Total Liabilities	-	305,612	305,612
NET ASSETS			
Invested in capital assets, net of related debt	-	525,076	525,076
Restricted	54,840	5,031	59,871
Unrestricted	86,005	47,554	133,559
Total Net Assets	\$ 140,846	\$ 577,661	\$ 718,507

See accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2010

Functional Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-Type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
Primary Government:							
Governmental Activities:							
General Government	\$ 64,644	\$ 3,416	\$ -	\$ 8,603	\$ (52,625)	\$ -	\$ (52,625)
Public Safety	93,758	14,530	5,100	-	(74,127)	-	(74,127)
Cemetery	778	2,475	-	-	1,697	-	1,697
Charges for Services	45,147	89,099	-	-	43,952	-	43,952
Total governmental activities	204,326	109,520	5,100	8,603	(81,103)	-	(81,103)
Business-Type Activities:							
Utility- Water	250,847	154,002	-	-	-	(96,845)	(96,845)
Utility-Sewer	-	51,278	-	-	-	51,278	51,278
Miscellaneous	1	7,169	-	-	-	7,167	7,167
Total business-type activities	250,848	212,448	-	-	-	(38,400)	(38,400)
Total Primary Government	455,174	321,969	5,100	8,603	(81,103)	(38,400)	(119,503)
Total Component Unit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Revenues:							
Taxes:							
Sales & Use Tax					43,915	-	43,915
Franchise Tax					19,249	-	19,249
Motor Vehicle Tax					6,280	-	6,280
Gas Excise Tax					-	-	-
Alcoholic Beverage Tax					10,770	-	10,770
Investment Income					1,147	415	1,562
Miscellaneous					5,040	-	5,040
Transfers-Internal Activity					-	-	-
Total general revenues and transfers					86,401	415	86,816
Changes in Net Assets					5,298	(37,985)	(32,687)
Net Assets - Beginning					135,548	615,645	751,193
Net Assets - Ending					\$ 140,846	\$ 577,661	\$ 718,507

See accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
 STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 JUNE 30, 2010

	General Fund	Special Revenue	Cemetery	Total
ASSETS				
Cash and cash equivalents	\$ 86,005	-	-	\$ 86,005
Cash and cash equivalents - Restricted		29,337	5,356	34,693
Investments	-	-	-	-
Investments - Restricted	-	-	20,148	20,148
Due from other fund	-	-	-	-
Capital Assets				
Capital assets, net of accumulated depreciation	-	-	-	-
Total Assets	<u>86,005</u>	<u>29,337</u>	<u>25,503</u>	<u>140,846</u>
LIABILITIES				
Due to other funds	-	-	-	-
Long-term debt				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Invested in Capital Assets, net of debt	-	-	-	-
Restricted				
Debt Service	-	-	25,503	25,503
Other	-	29,337	-	29,337
Unrestricted	86,005	-	-	86,005
Total Net Assets	<u>86,005</u>	<u>29,337</u>	<u>25,503</u>	<u>140,846</u>

Reconciliation to Statement of Net Assets:

Amount reported for governmental activities in the statement of net assets

Capital assets

Certain liabilities not payable in the reporting period

\$ 140,846

See accompanying notes to the basic financial statements,

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2010

	Public Works Authority	Meter Fund	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 47,554	\$ -	\$ 47,554
Due From Governmental Fund	-	-	-
Noncurrent Assets:			
Restricted cash and cash equivalents	-	25,928	25,928
Restricted investments	-	-	-
Capital Assets			
Land, infrastructure	1,083,836	-	1,083,836
Depreciable capital assets, net	(274,045)	-	(274,045)
Total noncurrent assets	809,792	25,928	835,719
Total Assets	857,346	25,928	883,273
LIABILITIES			
Current Liabilities:			
Notes payable-current portion	18,158	-	18,158
Total current liabilities	18,158	-	18,158
Noncurrent Liabilities:			
Refundable deposits	-	20,897	20,897
Notes payable-long-term portion	266,558	-	266,558
Total noncurrent liabilities	266,558	20,897	287,455
Total Liabilities	284,716	20,897	305,612
NET ASSETS			
Invested in Capital Assets, net of debt	525,076	-	525,076
Restricted	-	5,031	5,031
Unrestricted	47,554	-	47,554
Total Net Assets	\$ 572,630	\$ 5,031	\$ 577,661

See accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
CASH BASIS
GOVERNMENTAL FUNDS

	General Fund	Special Revenue	Cemetery	Total
Revenues:				
Taxes	\$ 63,163	\$ -	\$ -	\$ 63,163
Intergovernmental	17,050	-	-	17,050
Charges for services	89,099	-	-	89,099
Fines and forfeitures	12,120	-	-	12,120
Licenses and permits	165	-	-	165
Investment income	519	97	531	1,147
Grant Receipts	-	13,703	-	13,703
Miscellaneous	10,832	4,535	2,475	17,842
Total Revenues	<u>192,948</u>	<u>18,336</u>	<u>3,006</u>	<u>214,289</u>
Expenditures:				
General Government:				
Town Clerk	93,421	8,603	-	102,024
Town Treasurer	7,767	-	-	7,767
Public Safety:				
Police	81,587	750	-	82,337
Fire	9,136	2,284	-	11,420
Cemetery:				
Cemetery	-	-	778	778
Total Expenditures	<u>191,911</u>	<u>11,637</u>	<u>778</u>	<u>204,326</u>
Excess (deficiency) of revenues over expenditures	1,037	6,698	2,228	9,963
Other Financing Sources				
Transfers In	-	-	-	-
Transfers Out	(4,665)	-	-	(4,665)
Total Other Financing Sources	<u>(4,665)</u>	<u>-</u>	<u>-</u>	<u>(4,665)</u>
Net Changes in Fund Balances	(3,628)	6,698	2,228	5,298
Fund Balance - Beginning	89,634	22,639	23,276	135,548
Fund Balance - Ending	<u>\$ 86,005</u>	<u>\$ 29,337</u>	<u>\$ 25,503</u>	<u>\$ 140,846</u>

Reconciliation to the Statement of Activities:

Net change in fund balances	5,298
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets capitalized	-
Depreciation expense	-
Change in net assets of governmental activities	<u>\$ 5,298</u>

See Accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
PROPRIETARY FUNDS

	Public Works Authority	Meter Fund	Total
Revenues:			
Charges for services:			
Water	\$ 154,002	\$ -	\$ 154,002
Sewer	51,278	-	51,278
Other	7,169	-	7,169
Total Revenues	<u>212,448</u>	<u>-</u>	<u>212,448</u>
Expenses:			
Personnel Services, wages	99,193	-	99,193
Personnel Benefits and Retirement	19,261	-	19,261
Repairs and Supplies	62,776	-	62,776
Utilities	26,009	-	26,009
Insurance	11,890	-	11,890
Licenses, Permits and Education	266	-	266
Office and Shop	2,864	-	2,864
Depreciation	20,542	-	20,542
Total Expenses	<u>242,801</u>	<u>-</u>	<u>242,801</u>
Operating Income (Loss)	<u>(30,353)</u>	<u>-</u>	<u>(30,353)</u>
Non-operating revenues (expenses):			
Investment income	415	-	415
Investment expense (interest)	(8,046)	-	(8,046)
Transfer from Grant Fund	-	-	-
Total Non-operating Revenues (Expenses)	<u>(7,631)</u>	<u>-</u>	<u>(7,631)</u>
Changes in Net Assets	(37,984)	-	(37,984)
Net Assets - Beginning	610,614	5,031	615,645
Net Assets - Ending	<u>\$ 572,630</u>	<u>\$ 5,031</u>	<u>\$ 577,661</u>

See Accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

	Public Works Authority	Meter Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 212,448	\$ -	\$ 212,448
Other income	-	-	-
Payments to Suppliers	(123,067)	-	(123,067)
Payments to Employees	(99,193)	-	(99,193)
Net Cash Provided (Used) by Operating Activities	(9,811)	-	(9,811)
Cash Flows from Capital and Related Financing Activities			
Customer Deposits	-	-	-
Repayments of Principal from Loans	(20,580)	-	(20,580)
Interest Paid on Debt	(8,046)	-	(8,046)
Purchases of Capital Assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(28,626)	-	(28,626)
Cash Flows from Investing Activities			
Sale of Land	-	-	-
Investment Receipts	415	-	415
Transfers	-	-	-
Cash Flows provided (Used) by Investing Activities	415	-	415
Net Increase (Decrease) In Cash	(38,022)	-	(38,022)
Cash, Beginning of Fiscal Year	85,577	25,928	111,504
Cash, End of Fiscal Year	\$ 47,555	\$ 25,928	\$ 73,482
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities:			
Operating Loss	\$ (30,353)	\$ -	\$ (30,353)
Adjustments to reconcile Net Income to Net Cash			
Depreciation	20,542	-	20,542
(Increase) Decrease in Accounts Receivable	-	-	-
Increase (Decrease) in Accrued Expenses	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ (9,811)	\$ -	\$ (9,811)

See Accompanying notes to the basic financial statements.

**TOWN OF TYRONE
TEXAS COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2010**

Note 1 - Summary of Significant Accounting Policies

The accounting policy of the Town of Tyrone is to prepare its financial statements on the modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America. These principles include all relevant Governmental Accounting Standards Board announcements.

1.A Financial Reporting Entity

The City's financial reporting entity is composed of the following:

Primary Government:	Town of Tyrone
Blended Component Units	Tyrone Public Works Authority
Discretely Presented Component Units	None

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

BLENDED COMPONENT UNIT

A blended component unit is a separate legal unit that meets the component unit criteria. In addition, the component unit's governing body is the same or substantially the same as the Town Council or the component unit provides services to the Town. The component unit's funds are blended into those of the Town by appropriate fund type to constitute the primary government presentation. The blended component units are presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Fund Included In</u>
Tyrone Public Works Authority	Created to finance, develop, and operate the water, wastewater, And sanitation activities of the Town, Current Town Council serves as entire governing body (Trustees). Debt issued by the Authority Requires two-thirds approval of the Town Council.	PWA Enterprise Fund

DISCRETLY PRESENTED COMPONENT UNIT

Discretely presented component units are separate legal unit entities that meet component unit criteria but do not meet the criteria for blending.

Component Unit
NONE

Brief Description/Inclusion Criteria

Fund Included In

1.B BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statements of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charges to external parties for goods or services.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized in to three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria: (1) Total assets, liabilities, revenues, or expenses total at least 10 percent of the total of all funds, of that type and (2) Total assets, liabilities, revenues, or expenses of the individual fund are at least 5 percent of all funds combined.

Governmental Funds

General Fund

The General Fund is the principal fund of the Town, which accounts for all revenue that can be legally expended within a certain specific fiscal year and for all financial transactions not properly accounted for in other funds.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of the specific revenue source that are either legally restricted for specific purposes or designated to finance particular functions or activities. The reporting entity includes the following special revenue funds:

<u>Fund</u>	<u>Brief Description</u>
<u>Non Major Funds</u>	
Fireman's Fund	Accounts for the Town's grant programs and donations that are restricted to Fire related activities
Police Fund	Accounts for the Town's grant programs and donations that are restricted to Police related activities
Cemetery Perpetual Fund	Accounts for all cemetery revenues that are legally restricted for cemetery use.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

<u>Fund</u>	<u>Brief Description</u>
Public Works Authority	Accounts for the activities of the public trust in providing water, wastewater, and sanitation services to the public.
Meter Fund	The Meter Fund accounts for the various deposits for services provided by the Public Works Authority.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal and interest on general debt obligations.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when"

transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and businesslike activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b below.

In the fund financial statement, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spend able financial resources during a given period. These funds are fund balance as their measure of available financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental, business-like, and component unit activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets, revenues, and expenses when they result from cash transactions with a provision for depreciation in the government-wide statements, and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 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.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the fund accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

1.D. ASSETS, LIABILITIES, AND EQUITY

INVESTMENTS

The Town's investment policies are governed by Oklahoma Statutes. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts and savings certificates of savings and loan associations, and trust companies.

The Treasurer manages the cash resources of each fund. Each fund's cash and time certificates of deposit purchased are reported separately in the individual financial statements as cash or investments. Oklahoma Statutes require that municipal funds be either fully insured or collateralized by acceptable collateral valued at no more than market value. As of June 30, 2006, all cash and time deposits of the Town are entirely insured or collateralized as required by Oklahoma Statutes.

CAPITAL ASSETS

The Town has not accounted for any fixed assets, infrastructure or equipment outside of the Public Works Authority. Current governmental accounting standards require that the Town account for these assets.

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental operations or proprietary operations and whether they are reported in the government-wide or fund financial statements.

In the Fund financial statements assets purchases are recorded as capital outlay.

Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting used by the Town requires management to make estimates and assumptions that effect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation); accordingly results could differ from these estimates.

An example of an estimate is depreciation. Depreciation is provided for over the assets' estimated useful life using the straight-line method. The Town has chosen to use a threshold of \$1,000 in reporting capital assets. The range of estimated useful lives by type of assets is as follows:

Buildings	20 – 40 Years
Machinery, furniture, and equipment	5 – 35 Years
Utility property and improvements	5 – 50 Years
Infrastructure	20 – 50 Years

Note 2 - Departures from Generally Accepted Accounting Principles

The Town's financial statements have been prepared on the modified cash basis of accounting, which differ from accounting principles generally accepted in the United States of America.

The Government Accounting Standards Board has issued GASB Statement No. 34 which defines Accrual Basis of Accounting as the accounting principle generally accepted in the United States of America. If the Town utilized this basis of accounting then the financial statements might include additional assets, liabilities, revenues, and expenses.

Note 3 - Cash and Investments

The Town utilizes the services of a Treasurer for cash and investment control and accountability. The treasurer is authorized to deposit funds in accounts that are either fully insured or collateralized by acceptable collateral valued at no more than market value. Permissible investments include direct obligations of the United States Government and its Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of the current fiscal year end all cash and investments of the Town were entirely insured or collateralized as required by Oklahoma Statutes.

Deposits

The City's cash deposits at year-end are categorized to give an indication of the level of risk assumed by the Town at year-end as follows:

- (A) Insured or collateralized with securities held by the City or by its agent in the City's name.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- (C) Uncollateralized.

All deposits of the City are categorized as (A) type deposits identified above. The carrying amount and market value is equal to the cash balance reported in the financial statement and in the following chart as of June 30, 2010.

Deposit Categories of Credit Risk						
	Category			Bank Balance	Carrying Amount	Market Value
	A	B	C			
Cash	\$ 194,179	\$	\$	\$ 194,179	\$ 194,179	\$ 194,179
Investments	<u>20,148</u>			<u>20,148</u>	<u>20,148</u>	<u>20,148</u>
Total	\$ <u>214,327</u>	\$	\$ <u>0</u>	\$ <u>214,327</u>	\$ <u>214,327</u>	\$ <u>214,327</u>

INVESTMENTS

The Town's investments consisted of bank certificates of deposit during the year and are categorized as (A) type deposits identified above. The carrying amount and market value are reported in the chart above as of June 30, 2010.

Note 4 – Capital Assets

Public Works Authority:

Total Fixed Assets	
Water Distribution and Sewer System	\$ 1,083,836
Accumulated Depreciation	<u>(274,045)</u>
Net Fixed Assets	<u>\$ 809,791</u>

Note 6 – Long-Term Debt

The reporting entity's long-term debt arising from cash transactions is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

BUSINESS-TYPE ACTIVITIES

The Town of Tyrone paid \$6,162 in interest and \$1,027 in administrative fees on a note to The Oklahoma Water Resource Board. The OWRB Notes had principal repaid of \$10,129.

OWRB ORF-03-0010-DW

Payable in semi-annual installments

As of June 30, 2010, Monthly payments of \$1,443.19

are paid to the Bank of Oklahoma who serves as custodian \$ 194,933

Oklahoma Department of Commerce Note dated April 8, 1998 in the amount of \$125,000, payable in monthly installments of \$520 with interest at 0.0%. \$ 75,013

Community Resources Group Note dated September 8, 2003 in the amount of \$40,000, payable in monthly installments of \$422.31 with interest at 4.90%. \$ 15,185

Total Notes Payable \$ 285,131

These three notes will be paid as follows:

	<u>OWRB</u>	<u>DOC</u>	<u>CRG</u>
FYE June 30, 2011	\$ 10,500	\$ 6,250	\$ 4,211
FYE June 30, 2012	11,000	6,250	4,400
FYE June 30, 2013	12,500	6,250	4,700
FYE June 30, 2014	15,500	6,250	1,874
FYE June 30, 2015 +	145,433	50,013	-0-

Note 7 - Surety Bonds

Town officials are currently covered under the provisions of a comprehensive general liability policy.

Note 8 - Commitments and Contingent Liabilities

A. Grants

In the normal course of operations, the Town receives grant funds from various agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of audits of grant funds, is not believed to be material.

B. Litigation

The Town, from time to time, has been named as a defendant in various lawsuits for which no reasonable estimate of actual damages, if any, can be made at this time. Management intends to vigorously contest any litigation and believes that damages if any, assessed against the Town would be covered by insurance policies and would not materially affect the financial position of the Town.

C. Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering a portion of those risks of loss. Management believes such coverage is sufficient to preclude significant uninsured losses to the Town.

In the event settled claims exceed the commercial coverage provided by the Town, Oklahoma statutes provide for payment by tax levy through the Sinking Fund at the rate of one-third each year. As an alternative to paying money judgments out of the Sinking Fund at the rate of one-third each year, the court, based on consideration of evidence and proof, may provide for the judgment to be paid over a period of not less than one nor more than ten years. The interest rate on any judgment when payment is extended more than three years shall be the rate prescribed by law for the first three years and at the rate of six percent for each remaining year.

Note 9 - Retirement Plan

The Town funds the retirement of the volunteer firefighters by participating in the State program.

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**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**

To the Honorable Town Council
Town of Tyrone

I have audited the 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 Town of Tyrone (Town), as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements and have issued my report thereon dated April 30, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

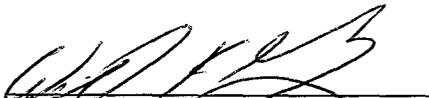
My consideration of internal control over financial reporting was for the limited purpose

described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Watonga, Oklahoma
April 30, 2011

SUPPLEMENTAL INFORMATION

TOWN OF TYRONE, OKLAHOMA
 Budgetary Comparison Schedule General Fund - Cash Basis
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 89,634	\$ 89,634	84,968.18	\$ (4,665)
Resources (Inflows):				
Taxes:				
Sales Tax	32,142	32,142	34,043	1,901
Use Tax	8,389	8,389	9,389	1,000
Tobacco Tax	392	392	483	91
Franchise Tax	15,528	15,528	19,249	3,721
Lodging Tax	-	-	-	-
Total Taxes	<u>56,451</u>	<u>56,451</u>	<u>63,163</u>	<u>6,712</u>
Intergovernmental:				
Alcoholic Beverage Tax	9,110	9,110	10,770	1,660
Motor Vehicle Tax	4,716	4,716	6,280	1,564
Gas Excise Tax	1,206	1,206	-	(1,206)
Investment Income	671	671	519	(152)
Miscellaneous Income				
Trash Revenue	79,380	79,380	89,099	9,719
Licenses and Permits	-	-	165	165
Fire	-	-	2,135	2,135
Police Fines	8,576	8,576	12,120	3,544
Rental and Royalty	1,206	1,206	540	(666)
Returned Checks	1,190	1,190	958	(232)
Reconnect Fees	2,083	2,083	2,293	211
Miscellaneous	2,492	2,492	4,906	2,414
Other Financing Sources:				
Transfer from Other Funds	-	-	-	-
Amounts available for appropriations	<u>256,714</u>	<u>256,714</u>	<u>277,916.11</u>	<u>21,202</u>
Town Clerk				
Personal Services	20,000	20,908	20,908	-
Maintenance and Operations	80,548	79,640	72,513	(7,128)
Capital Outlay	-	-	-	-
	<u>100,548</u>	<u>100,548</u>	<u>93,421</u>	<u>(7,128)</u>
Police Department				
Personal Services	82,500	82,500	47,143	(35,357)
Maintenance and Operations	47,500	47,500	34,444	(13,056)
Capital Outlay	-	-	-	-
	<u>130,000</u>	<u>130,000</u>	<u>81,587</u>	<u>(48,413)</u>
Fire Department				
Personal Services	-	-	-	-
Maintenance and Operations	12,500	12,500	9,136	(3,364)
Capital Outlay	-	-	-	-
	<u>12,500</u>	<u>12,500</u>	<u>9,136</u>	<u>(3,364)</u>
Town Treasurer				
Personal Services	9,000	9,000	7,767	(1,233)
Maintenance and Operations	-	-	-	-
Capital Outlay	-	-	-	-
	<u>9,000</u>	<u>9,000</u>	<u>7,767</u>	<u>(1,233)</u>

Other Financing Uses:

TOWN OF TYRONE, OKLAHOMA
 Budgetary Comparison Schedule General Fund - Cash Basis
 For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>252,048</u>	<u>252,048</u>	<u>191,910.68</u>	<u>(60,138)</u>
Ending Budgetary Fund Balance	<u>4,665</u>	<u>4,665</u>	<u>\$ 86,005</u>	<u>\$ 81,340</u>

TOWN OF TYRONE, OKLAHOMA
 Cimarron County, Oklahoma
 Schedule of Grant Awards,
 Revenues and Expenditures
 For Year Ended June 30, 2010

Grant Description	Contract Number	Grant Award	Revenue Collected	Total Expenditures
REAP Grant Park Equipment FY 09-10	City/Parks OEDA 10-141	\$8,603.00	\$8,603.00	\$8,603.00
Dept of Ag Grant Fire Department FY 09-10	Fire Department	\$5,100.00	\$5,100.00	\$5,100.00
		<u>\$13,703.00</u>	<u>\$13,703.00</u>	<u>\$13,703.00</u>

The notes to the financial statements are an integral part of this statement.
 See the accompanying independent auditors' report.

SPECIAL REVENUE FUNDS

TOWN OF TYRONE, OKLAHOMA
 STATEMENT OF NET ASSETS - CASH BASIS
 SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	Police Fund	Fireman's Fund	OWRB-REAP Grant	CDBG Grant	Johnston Estate	Total
ASSETS						
Cash and cash equivalents	\$ 152	\$ 10,373	\$ 209	\$ 9	\$ 18,594	\$ 29,337
Investments	-	-	-	-	-	-
Due from other fund	-	-	-	-	-	-
Capital Assets						
Land, inexhaustible assets and construction-in-process	-	-	-	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-	-	-	-
Total Assets	<u>152</u>	<u>10,373</u>	<u>209</u>	<u>9</u>	<u>18,594</u>	<u>29,337</u>
LIABILITIES						
Due to other funds	-	-	-	-	-	-
Long-term debt	-	-	-	-	-	-
Due within one year	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS						
Invested in Capital Assets, net of debt	-	-	-	-	-	-
Restricted						
Debt Service	-	-	-	-	-	-
Other	152	10,373	209	9	18,594	29,337
Unrestricted	-	-	-	-	-	-
Total Net Assets	<u>152</u>	<u>10,373</u>	<u>209</u>	<u>9</u>	<u>18,594</u>	<u>29,337</u>

See accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 CASH BASIS
 GOVERNMENTAL FUNDS

	Police Fund	Fireman's Fund	OWRB-REAP Grant	CDBG Grant	Johnston Estate	Total
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Investment income	-	-	-	-	97	97
Grant Receipts	-	5,100	8,603	-	-	13,703
Miscellaneous	595	1,815	-	-	2,125	4,535
Total Revenues	595	6,915	8,603	-	2,222	18,336
Expenditures:						
General Government:						
Town Clerk	-	-	8,603	-	-	-
Town Treasurer	-	-	-	-	-	-
Public Safety:						
Police	750	-	-	-	-	750
Fire	-	2,284	-	-	-	2,284
Cemetery:						
Cemetery	-	-	-	-	-	-
Total Expenditures	750	2,284	8,603	-	-	3,034
Excess (deficiency) of revenues over expenditures	(155)	4,631	-	-	2,222	15,301
Other Financing Sources						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-
Net Changes in Fund Balances	(155)	4,631	-	-	2,222	15,301
Fund Balance - Beginning	307	5,742	209	9	16,372	22,639
Fund Balance - Ending	\$ 152	\$ 10,373	\$ 209	\$ 9	\$ 18,594	\$ 37,940

See Accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF NET ASSETS - CASH BASIS
CEMETERY CARE FUNDS
JUNE 30, 2010

	Perpetual Care	Cemetery Care Fund	Total
ASSETS			
Cash and cash equivalents	\$ 4,301	\$ 1,055	\$ 5,356
Investments	8,040	12,107	20,148
Due from other fund	-	-	-
Capital Assets			
Land, inexhaustible assets and construction-in-process	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-
Total Assets	12,341	13,162	25,503
LIABILITIES			
Due to other funds	-	-	-
Long-term debt	-	-	-
Due within one year	-	-	-
Due in more than one year	-	-	-
Total Liabilities	-	-	-
NET ASSETS			
Invested in Capital Assets, net of debt	-	-	-
Restricted			
Debt Service	-	-	-
Other	12,341	13,162	25,503
Unrestricted	-	-	-
Total Net Assets	12,341	13,162	25,503

See accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
CASH BASIS
CEMETERY CARE FUNDS

	<u>Perpetual Care</u>	<u>Cemetery Care Fund</u>	<u>Total</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Licenses and permits	-	-	-
Investment income	155	376	531
Grant Receipts	-	-	-
Miscellaneous	2,475	-	2,475
Total Revenues	<u>2,630</u>	<u>376</u>	<u>3,006</u>
Expenditures:			
General Government:			
Town Clerk	-	-	-
Town Treasurer	-	-	-
Public Safety:			
Police	-	-	-
Fire	-	-	-
Cemetery:			
Cemetery	294	484	778
Total Expenditures	<u>294</u>	<u>484</u>	<u>778</u>
Excess (deficiency) of revenues over expenditures	2,336	(108)	2,228
Other Financing Sources			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	2,336	(108)	2,228
Fund Balance - Beginning	10,005	13,271	23,275
Fund Balance - Ending	<u>\$ 12,341</u>	<u>\$ 13,162</u>	<u>\$ 25,503</u>

See Accompanying notes to the basic financial statements.