

**TOWN OF TYRONE
TEXAS COUNTY, OKLAHOMA**

**AUDIT REPORT
FISCAL YEAR ENDED
JUNE 30, 2011**

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

**TOWN OF TYRONE
TEXAS COUNTY, OKLAHOMA
TOWN COUNCIL AND OFFICERS**

Lisha Banning
Denzil Duvall
Doug Baldridge
Terry McBride (Vacated Seat October 2010)
Rusty Robertson (Vacated Seat July 2010)

Mayor
Trustee
Trustee
Trustee
Trustee

Jane Keating
Misty DeLaO

Town Clerk
Town Treasurer



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Honorable Town Council
Town of Tyrone
Tyrone, Oklahoma

Independent Auditors' 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, Tyrone, Oklahoma, (Town) as of and for the year ended June 30, 2011, which collectively comprises the City's basis financial statements. These financial statements are the responsibility of the Town's management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audit in accordance with auditing standards generally accepted in the United State 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 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 Described in Note 1, the Town prepares its financial statements on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

However, 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 as of June 30, 2011, and the respective changes in financial position, modified cash basis, and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The management's discussion and analysis, which has been omitted, are not a required part of the basis financial statements but are supplementary information required by accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 31, 2012, on my consideration of the Town of Dover's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to

Honorable Town Council
May 31, 2012
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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* and should be considered in assessing the results of my audit.


May 31, 2012

TOWN OF TYRONE, OKLAHOMA
Statement of Net Assets - Modified Cash Basis
June 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Unrestricted			
Cash and Cash Equivalents	\$ 55,124	\$ 47,554	\$ 102,678
Investments	-	-	-
Restricted Cash and Cash Equivalents	35,727	13,633	49,360
Restricted Investments	20,722	-	20,722
Due from Other Fund	-	-	-
Capital Assets			
Land, Infrastructure	-	1,083,836	1,083,836
Depreciable capital assets, net	-	(294,587)	(294,587)
Total Assets	<u>111,574</u>	<u>850,436</u>	<u>962,009</u>
LIABILITIES			
Due to Other Funds	-	-	-
Due to Depositors	-	13,538	13,538
Long-term Liabilities			
Due within one year	-	15,806	15,806
Due in more than one year	-	240,141	240,141
Total Liabilities	<u>-</u>	<u>269,485</u>	<u>269,485</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	533,302	533,302
Restricted	56,449	95	56,544
Unrestricted	55,124	47,554	102,678
Total Net Assets	<u>\$ 111,574</u>	<u>\$ 580,951</u>	<u>\$ 692,525</u>

See accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Cemetery</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 55,124	\$ -	\$ -	\$ 55,124
Cash and cash equivalents - Restricted		29,318	6,409	35,727
Investments	-	-	-	-
Investments - Restricted	-	-	20,722	20,722
Due from other fund	-	-	-	-
Capital Assets				
Capital assets, net of accumulated depreciation	-	-	-	-
Total Assets	<u>55,124</u>	<u>29,318</u>	<u>27,131</u>	<u>111,574</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				
NonSpendable:				
Invested in Capital Assets, net of debt	-	-	-	0
Restricted	-	29,318	27,131	56,449
Committed	-	-	-	-
Assigned	-	-	-	-
Unrestricted:				
General Fund	55,124	-	-	55,124
Total Net Assets	<u>55,124</u>	<u>29,318</u>	<u>27,131</u>	<u>111,574</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

\$ 111,574

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	\$ 60,705	\$ -	\$ -	\$ 60,705
Intergovernmental	16,889	-	-	16,889
Charges for services	89,791	-	2,503	92,293
Fines and forfeitures	19,387	-	-	19,387
Licenses and permits	230	-	-	230
Investment income	449	98	490	1,037
Grant Receipts	-	15,173	-	15,173
Miscellaneous	7,614	9,568	-	17,181
Total Revenues	<u>195,064</u>	<u>24,838</u>	<u>2,992</u>	<u>222,895</u>
Expenditures:				
General Government:				
Town Clerk	106,497	12,536	-	119,033
Town Treasurer	10,430	-	-	10,430
Parks and Recreation	-	1,088	-	1,088
Public Safety:				
Police	97,930	173	-	98,103
Fire	11,088	11,061	-	22,149
Cemetery:				
Total Expenditures	<u>225,945</u>	<u>24,858</u>	<u>1,364</u>	<u>252,167</u>
Excess (deficiency) of revenues over expenditures	(30,881)	(19)	1,628	(29,272)
Other Financing Sources				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(30,881)	(19)	1,628	(29,272)
Fund Balance - Beginning	86,005	29,337	25,503	140,846
Fund Balance - Ending	<u>\$ 55,124</u>	<u>\$ 29,318</u>	<u>\$ 27,131</u>	<u>\$ 111,573</u>
Reconciliation to the Statement of Activities:				
Net change in fund balances				(29,272)
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>\$ (29,272)</u>

See Accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2011

	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	-	13,633	13,633
Restricted investments	-	-	-
Capital Assets			
Land, infrastructure	1,083,836	-	1,083,836
Depreciable capital assets, net	(294,587)	-	(294,587)
Total noncurrent assets	<u>789,249</u>	<u>13,633</u>	<u>802,882</u>
Total Assets	<u>836,803</u>	<u>13,633</u>	<u>850,436</u>
LIABILITIES			
Current Liabilities:			
Notes payable-current portion	15,806	-	15,806
Total current liabilities	<u>15,806</u>	<u>-</u>	<u>15,806</u>
Noncurrent Liabilities:			
Refundable deposits	-	13,538	13,538
Notes payable-long-term portion	240,141	-	240,141
Total noncurrent liabilities	<u>240,141</u>	<u>13,538</u>	<u>253,679</u>
Total Liabilities	<u>255,947</u>	<u>13,538</u>	<u>269,485</u>
NET ASSETS			
Invested in Capital Assets, net of debt	533,302	-	533,302
Restricted	-	-	-
Unrestricted	47,554	95	47,649
Total Net Assets	<u>\$ 580,856</u>	<u>\$ 95</u>	<u>\$ 580,951</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	\$ 151,890	\$ -	\$ 151,890
Sewer	49,927	-	49,927
Other	6,988	-	6,988
Total Revenues	<u>208,805</u>	<u>-</u>	<u>208,805</u>
Expenses:			
Personnel Services, Wages	82,859	-	82,859
Personnel Benefits and Retirement	21,115	-	21,115
Repairs and Supplies	20,555	-	20,555
Utilities	31,457	-	31,457
Insurance	12,261	-	12,261
Licenses, Permits and Education	1,929	-	1,929
Office and Shop	7,704	-	7,704
Depreciation	20,542	-	20,542
Total Expenses	<u>198,422</u>	<u>-</u>	<u>198,422</u>
Operating Income (Loss)	<u>10,382</u>	<u>-</u>	<u>10,382</u>
Non-operating revenues (expenses):			
Investment income	278	95	373
Investment expense (interest)	(9,941)	-	(9,941)
Transfer from Meter Fund	7,507	(7,507)	-
Total Non-operating Revenues (Expenses)	<u>(2,156)</u>	<u>(7,412)</u>	<u>(9,568)</u>
Changes in Net Assets	8,226	(7,412)	814
Net Assets - Beginning	572,630	5,031	577,661
Prior Period Adjustment	-	2,476	2,476
Net Assets - Ending	<u>\$ 580,856</u>	<u>\$ 95</u>	<u>\$ 580,951</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	\$ 208,805	\$ -	\$ 208,805
Other income	-	-	-
Payments to Suppliers	(95,021)	-	(95,021)
Payments to Employees	(82,859)	-	(82,859)
Net Cash Provided (Used) by Operating Activities	<u>30,924</u>	<u>-</u>	<u>30,924</u>
Cash Flows from Capital and Related Financing Activities			
Customer Deposits	-	-	-
Repayments of Principal from Loans	(28,769)	(4,883)	(33,652)
Interest Paid on Debt	(9,941)	-	(9,941)
Purchases of Capital Assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(38,710)</u>	<u>(4,883)</u>	<u>(43,593)</u>
Cash Flows from Investing Activities			
Sale of Land	-	-	-
Investment Receipts	278	95	373
Transfers	7,507	(7,507)	-
Cash Flows provided (Used) by Investing Activities	<u>7,785</u>	<u>(7,412)</u>	<u>373</u>
Net Increase (Decrease) In Cash	(1)	(12,295)	(12,296)
Cash, Beginning of Fiscal Year	47,555	25,928	73,482
Cash, End of Fiscal Year	<u>\$ 47,554</u>	<u>\$ 13,633</u>	<u>\$ 61,187</u>
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities:			
Operating Loss	\$ 10,382	\$ -	\$ 10,382
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	<u>\$ 30,924</u>	<u>\$ -</u>	<u>\$ 30,924</u>

See Accompanying notes to the basic financial statements.

Notes to Financial Statements
Town of Tyrone
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Tyrone, Oklahoma operates under a council-mayor form of government with an elected five-member Council. In defining the reporting entity for financial reporting purposes, management has considered potential component units by applying criteria set forth in Statement 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," as amended by Statement 39 of the Governmental Accounting Standards Board, "Determining Whether Certain Organizations are Component Units."

Blended Component Unit—Tyrone Public Works Authority

The Tyrone Public Works Authority (PWA) was established by the Council as a Public Trust. The purpose of the Trust is to finance, develop, and operate the water, wastewater, and sanitation services or activities of the Town of Tyrone.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town of Tyrone (the primary government) and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, internal service fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported typically reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. However, the City of Boise City and its related Authorities utilize the cash basis of accounting in preparing its financial statements. Additionally, a non-cash expense is also used to show the wear and tear in the utility and other infrastructure of the city. This expense is called depreciation. Together with the Cash Basis of accounting and the inclusion of depreciation, the City and its related Authority are using the Modified Cash-Basis of accounting, which is an another Comprehensive basis of accounting other than the prescribed Accrual Accounting promoted by Governmental Accounting Standards.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recognized as soon as they are both received. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within by the end of the fiscal year, June 30. Expenditures generally are recorded when paid.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds report miscellaneous funds that maintains funds report funds for special or specified purposes, the purpose is specified either by the act of the council or by the donor.

The cemetery funds uses it receipts from charges for services for the maintenance and operation of the Town's cemetery.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City's enterprise fund consists of the activities of the Public Works Authority and the Golf Course.

The Town reports the following major enterprise fund:

The Public Works Authority fund accounts for the activities at the various water, wastewater, and sanitation services performed by the City.

The Town applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB

pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs). As permitted by GASB No. 20, the Town has elected not to follow subsequent private-sector guidance in its business-type activities and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds and internal service fund are charges for services to customers. Operating expenses for the enterprise funds and the internal service fund include the cost of personnel, contractual services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets

1. Deposits and Investments

The Town's and its component unit's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and readily convertible to cash.

The Town has established a formal Investment Policy that governs the investment of all funds other than its permanent funds, private-purpose trust funds, and agency funds. Pursuant to its Investment Policy and applicable Oklahoma law, investments for the Town and its component unit are reported at fair value. Additionally, investments are restricted or confined to Certificate of Deposits.

2. Receivables and Payables

The Town does not record receivables or payables on the face of the basic financial statements. Interfund balances are recorded as due "due to/from other funds."

3. Inventories and prepaid items

The Town does not maintain or record amounts on the basic financial statements for inventory or prepaid items.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. All infrastructure, regardless of acquisition date, has been reported.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No business-type activity interest was capitalized in the current period.

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the assets' estimated useful lives ranging from 5 to 50 years.

Assets	Years
Buildings	45-50
Improvements other than buildings	20
Machinery and equipment	5-20
Vehicles	5-15
Intangibles	5-20
Infrastructure	20-50

Capital assets in the proprietary fund, (PWA) as of June 30, 2011, are as follows:

Water Distribution System	\$ 1,083,836
Accumulated Depreciation	<u>(294,587)</u>
Net Capital Assets	<u>\$ 789,249</u>

5. Compensated Absences

Under the terms of personnel policies and union contracts, vacation and sick leave (compensated absences) are granted in varying amounts according to length of service. Certain employees also earn compensatory time. A liability for vested or accumulated vacation, sick and compensatory leave is reported in governmental funds only if they have matured. For example, as a result of employee resignations and retirements. All accumulated leave is accrued when incurred in the government-wide financial statements. Sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination.

The Town does not record any balances or amounts for compensated absences.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

7. Fund Equity

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

8. Use of Estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

9. New Pronouncements

Beginning with the fiscal year ended June 30, 2007, and continuing with these statements, the City has applied the provisions of Governmental Accounting Standards Board Statement 51. During the fiscal year ended June 30, 2010 the City has not adopted the provisions of Statements No. 45 and 54.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance—total governmental funds and net assets—governmental activities as reported in the government-wide statement of net assets.

One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this \$683,227 are as follows:

Capital assets	\$	0
Accumulated depreciation		0
Net adjustment to increase fund balance—total governmental funds to arrive at net assets—governmental activities	\$	0

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances—total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$0 difference is as follows:

Capital outlay	\$	0
Depreciation expense		0

Net adjustment to increase net changes in fund balances—total governmental funds to arrive at changes in net assets of governmental activities

\$ 0

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget of the General Fund is legally adopted by the Town Council through the passage of an appropriation resolve. There is a difference between the budgetary basis (Cash Basis) and generally accepted accounting principles (GAAP). The legal level of budgetary control is that level of expenditure authority that may not be exceeded or reassigned without the approval of the City Council. The City Charter gives the City Manager may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department or agency. Accordingly, the legal level of budgetary control is an office, department or agency. Historically, the appropriated budget for the General Fund is prepared by department or activity.

The accounting system is employed as a budgetary management control device to monitor the individual departments. The Council did not make any amended budgetary appropriations throughout the year.

All appropriations of the general fund lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as a designation of fund balances and do not constitute expenditures or liabilities. The commitments are re-appropriated and honored during the subsequent year.

The amounts reported as “Final Budgeted Amounts” on the Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual, for the General Fund, include the adopted budget as well as prior-year encumbrances, additional appropriations and transfers.

B. State statute prohibits the use of deficit spending. No council shall operate or approve encumbrances or expenditures that result in a fund deficit for the current or future years.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Primary government:

As of June 30, 2011, the primary government had the following investments:

Interest rate risk. The Town does not currently have a policy regarding interest rate risk.

Credit risk. The Town does not have a formal policy regarding credit risk. Oklahoma statutes authorize the Town to invest only in certificates of deposits that are either guaranteed or fully collateralized by the financial institution that holds the deposits.

Custodial credit risk—deposits. This is the risk that in the event of a bank failure, the Town's deposits may not be returned to it.

B. Receivables

The Town does not record receivables.

D. Interfund Balances and Transfers

The composition of interfund balances as of June 30, 2011, is as follows. The due to/from balances result from receipts and disbursements being made through the General Fund cash accounts. These balances will be eliminated when cash transfers are made to the appropriate funds. The advances are interfund loans from the general fund.

Transfer of funds:

Receiving Fund	Paying Fund	Amount
Public Works	PWA Meter Fund	\$ 7,507

E. Leases

The Town has no operating or capital leases as of June 30, 2011 that are presented separately.

F. Long-Term Debt

Business-type long-term debt payable from net revenues generated by the utility resources pledged to the debt includes the following:

Notes Payable:

Oklahoma Water Resources Board (OWRB) payable in monthly installments of \$1,443. This obligation was incurred in legal form with the Tyrone Public Works Authority. \$ 187,245

Oklahoma Department of Commerce Note payable in monthly installments of \$521.43, including principal and interest at 0%. This obligation was incurred in legal form with the Tyrone Public Works Authority. \$ 67,802

Customer Deposits:

Customer deposits reported as a liability within the Statement of Net Assets are comprised of utility customer deposits payable. \$ 13,538

Maturities of Long-Term debt are as follows:

	<u>OWRB</u>	<u>DOC</u>
06/30/12	8,725	6,780
06/30/13	10,053	6,780
06/30/14	10,462	6,780
06/30/15	10,889	6,780
06/30/16	11,332	6,780
06/30/17	11,794	6,870
06/30/18	12,275	6,870
06/30/19	12,775	6,870
06/30/20	13,295	6,870
06/30/21	13,837	6,870
06/30/22	14,401	903
06/30/23	14,987	-
06/30/24	15,598	-
06/30/25	16,233	-
06/30/26	18,277	-

G. Short-Term Debt

The Town did not issue or retire any short-term debt during the fiscal year and had none outstanding at June 30, 2011. The proprietary funds have a current portion of their long-term debt of \$15,806.

H. Components of Fund Balances

Fund Balances are divided up into three categories; (1) Invested in capital assets, net of debt, (2) Restricted, and (3) Unrestricted.

V. OTHER INFORMATION

A. 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; and other risks for which the Town insurance. There have been no significant changes in insurance coverage during the past fiscal year. For the three fiscal years ended June 30, 2011, 2010 and 2009 there have been no settlements in excess of coverage.

For worker's compensation, the City and its related authorities participate in .

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

At time there are various claims and suits brought against the Town that arise in the normal course of the Town's activities. In the opinion of counsel and Town management, the ultimate disposition of these various claims and suits will have no material effect on the financial position of the Town.

C. Deferred Compensation Plan

The Town offers no deferred compensation plan to its employees.

D. Defined Benefit Pension Plans

The Town offers no post-retirement benefits.

E. Other Post Employment Benefits

The Town has no OPED as of June 30, 2011.

F. Overlapping Debt

The Town has no overlapping debt as of June 30, 2011.

G. Quasi-Municipal Debt

The Town does not have any debt or obligation that would be defined as Quasi-Municipal Debt, as of June 30, 2011.

H. Joint Venture

The Town is not and has not entered into any joint ventures as of June 30, 2011.

I. Commitments

As of June 30, 2011, the Town had various contractual commitments. No significant commitments are material to the financial position of the Town.

J. Long-Term Receivables

The Town has no long-term receivables as of June 30, 2011.

K. Subsequent Events

As of May 31, 2012, the issuance date of this report, no subsequent reports have occurred that effect the Town or its financial statements as presented. The current Town Clerk was replaced during October 2011.

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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

To the Honorable Board of Trustees
Tyrone Public Works Authority

I have audited the financial statements of Town of Tyrone (Town) Texas, Oklahoma, as of and for the year ended June 30, 2011, and have issued my report thereon dated May 31, 2012. 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 the 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 the 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.

I noted no matters that I reported to management of the Town.

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.


Walonga, Oklahoma
May 31, 2011

SUPPLEMENTAL INFORMATION



TOWN OF TYRONE, OKLAHOMA
 Budgetary Comparison Schedule General Fund - Cash Basis
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 86,005	\$ 86,005	86,005.43	\$ -
Resources (Inflows):				
Taxes:				
Sales Tax	30,639	30,639	34,164	3,525
Use Tax	8,450	8,450	7,781	(669)
Tobacco Tax	435	435	495	60
Franchise Tax	17,324	17,324	18,266	942
Lodging Tax	-	-	-	-
Total Taxes	56,847	56,847	60,705	3,858
Intergovernmental:				
Alcoholic Beverage Tax	9,693	9,693	10,593	900
Motor Vehicle Tax	5,652	5,652	6,295	644
Gas Excise Tax	-	-	-	-
Investment Income	467	467	449	(18)
Miscellaneous Income				
Trash Revenue	80,189	80,189	89,791	9,602
Licenses and Permits	-	-	230	230
Fire	-	-	5	5
Police Fines	10,908	10,908	19,387	8,479
Rental and Royalty	486	486	1,030	544
Returned Checks	862	862	505	(357)
Reconnect Fees	630	630	1,574	944
Miscellaneous	5,786	5,786	4,500	(1,286)
Other Financing Sources:				
Transfer from Other Funds	-	-	-	-
Amounts available for appropriations	257,526	257,526	281,069.48	23,544
Town Clerk				
Personal Services	20,000	20,000	16,288	(3,712)
Maintenance and Operations	80,500	80,500	90,209	9,709
Capital Outlay	-	-	-	-
Total	100,500	100,500	106,497	5,997
Police Department				
Personal Services	85,000	85,000	63,623	(21,377)
Maintenance and Operations	49,526	49,526	34,308	(15,218)
Capital Outlay	-	-	-	-
Total	134,526	134,526	97,930	(36,596)
Fire Department				
Personal Services	-	-	-	-
Maintenance and Operations	13,500	13,500	11,088	(2,412)
Capital Outlay	-	-	-	-
Total	13,500	13,500	11,088	(2,412)
Town Treasurer				
Personal Services	9,000	9,000	10,430	1,430
Maintenance and Operations	-	-	-	-
Capital Outlay	9,000	9,000	10,430	1,430
Other Financing Uses:				
Transfers to other Funds	-	-	-	-
Total Charges to Appropriations	257,526	257,526	225,945.30	(31,580)
Ending Budgetary Fund Balance	-	-	\$ 55,124	\$ 55,124

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF NET ASSETS - CASH BASIS
SPECIAL REVENUE FUNDS
JUNE 30, 2011

	Police Fund	Fireman's Fund	Parks' & Recreation	Christmas Fund	OWRB-REAP Grant	OEDA-REAP Grant	CDBG Grant	Johnston Estate	Total
ASSETS									
Cash and cash equivalents	\$ 130	\$ 4,015	\$ 652	\$ 5,248	\$ 209	\$ 285	\$ 9	\$ 18,770	\$ 29,318
Investments	-	-	-	-	-	-	-	-	-
Due from other fund	-	-	-	-	-	-	-	-	-
Capital Assets									
Land, inexhaustible assets and construction-in-process	-	-	-	-	-	-	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-	-	-	-	-	-	-
Total Assets	<u>130</u>	<u>4,015</u>	<u>652</u>	<u>5,248</u>	<u>209</u>	<u>285</u>	<u>9</u>	<u>18,770</u>	<u>29,318</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>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS									
Invested in Capital Assets, net of debt	-	-	-	-	-	-	-	-	-
Restricted									
Debt Service	-	-	-	-	-	-	-	-	-
Other	130	4,015	652	5,248	209	285	9	18,770	29,318
Unrestricted	-	-	-	-	-	-	-	-	-
Total Net Assets	<u>130</u>	<u>4,015</u>	<u>652</u>	<u>5,248</u>	<u>209</u>	<u>285</u>	<u>9</u>	<u>18,770</u>	<u>29,318</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	Parks' & Recreation	Christmas Fund	OWRB-REAP Grant	OEDA-REAP Grant	CDBG Grant	Johnston Estate	Total
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	98	98
Grant Receipts	-	4,398	-	-	-	10,775	-	-	15,173
Miscellaneous	150	305	1,725	5,263	-	-	-	2,125	9,568
Total Revenues	<u>150</u>	<u>4,703</u>	<u>1,725</u>	<u>5,263</u>	<u>-</u>	<u>10,775</u>	<u>-</u>	<u>2,223</u>	<u>24,838</u>
Expenditures:									
General Government:									
Town Clerk	-	-	-	-	-	10,489	-	2,047	12,536
Town Treasurer	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	1,073	15	-	-	-	-	1,088
Public Safety:									
Police	173	-	-	-	-	-	-	-	173
Fire	-	11,061	-	-	-	-	-	-	11,061
Cemetery:									
Cemetery	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>173</u>	<u>11,061</u>	<u>1,073</u>	<u>15</u>	<u>-</u>	<u>10,489</u>	<u>-</u>	<u>2,047</u>	<u>24,858</u>
Excess (deficiency) of revenues over expenditures	(23)	(6,358)	652	5,248	-	285	-	176	(19)
Other Financing Sources									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(23)	(6,358)	652	5,248	-	285	-	176	(19)
Fund Balance - Beginning	152	10,373	-	-	209	-	9	18,594	29,337
Fund Balance - Ending	<u>\$ 130</u>	<u>\$ 4,015</u>	<u>\$ 652</u>	<u>\$ 5,248</u>	<u>\$ 209</u>	<u>\$ 285</u>	<u>\$ 9</u>	<u>\$ 18,770</u>	<u>\$ 29,318</u>

See Accompanying notes to the basic financial statements.

TOWN OF TYRONE, OKLAHOMA
STATEMENT OF NET ASSETS - CASH BASIS
CEMETERY CARE FUNDS
JUNE 30, 2011

	Perpetual Care	Cemetery Care Fund	Total
ASSETS			
Cash and cash equivalents	\$ 5,326	\$ 1,083	\$ 6,409
Investments	8,502	12,220	20,722
Due from other fund	-	-	-
Capital Assets			
Land, inexhaustible assets and construction-in-process	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-
Total Assets	13,828	13,304	27,131
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	13,828	13,304	27,131
Unrestricted	-	-	-
Total Net Assets	13,828	13,304	27,131

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

	Perpetual Care	Cemetery Care Fund	Total
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	2,362	142	2,503
Fines and forfeitures	-	-	-
Licenses and permits	-	-	-
Investment income	490	-	490
Grant Receipts	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>2,851</u>	<u>142</u>	<u>2,993</u>
Expenditures:			
General Government:			
Town Clerk	-	-	-
Town Treasurer	-	-	-
Public Safety:			
Police	-	-	-
Fire	-	-	-
Cemetery:			
Cemetery	1,364	-	1,364
Total Expenditures	<u>1,364</u>	<u>-</u>	<u>1,364</u>
Excess (deficiency) of revenues over expenditures	1,487	142	1,628
Other Financing Sources			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	1,487	142	1,628
Fund Balance - Beginning	12,341	13,162	25,503
Fund Balance - Ending	<u>\$ 13,828</u>	<u>\$ 13,304</u>	<u>\$ 27,131</u>

See Accompanying notes to the basic financial statements.