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Town of Watts
Watts Public Works Authority
Budget 2015-2016



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Town of Watts Budget 2015-2016

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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Town of Watts and the Watts Public Works Authority
Watts, Oklahoma

I have compiled the accompanying historical statements of revenues and expenses—modified cash basis and cash flows—modified cash basis of the Town of Watts and the Watts Public Works Authority for the year ended June 30, 2014. I have not audited or reviewed the accompanying historical financial statements and, accordingly, do not express an opinion or provide any assurance about whether the historical financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the historical financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the historical financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management (the owners) in presenting financial information in the form of historical financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the historical financial statements.

Management has omitted the Management's Discuss and Analysis that is required by accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has omitted the budgetary comparisons for the year ended June 30, 2014. Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 consider it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the historical financial statements, they might influence the user's conclusions about the Authority's historical financial position, results of operations, and cash flows. Accordingly, these historical financial statements are not designed for those who are not informed about such matters.

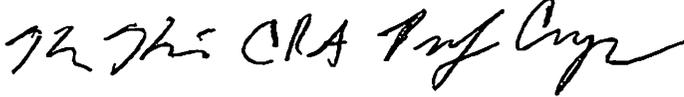
I have also compiled the accompanying forecasted statements of revenues and expenses—modified cash basis and cash flows—modified cash basis of the Town of Watts and the Watts Public Works Authority for the years ending June 30, 2016, and June 30, 2015, in accordance with attestation standards established by the American Institute of Certified Public Accountants.



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A compilation of forecasted statements limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. I have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying forecasted statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

We are not independent with respect to the Town of Watts and the Watts Public Works Authority.



Kris Kirk, CPA, Professional Corporation

June 8, 2015

Budget Summary 2016-2016					
Town of Watts	Forecasted Statement of Revenues and Expenses--Modified Cash Basis				
Watts PWA	Forecasted Statement of Revenues and Expenses and Cash Flows--Modified Cash Basis				
	General	Restricted	Town		Memo
	Fund	Streets	Totals	PWA	Totals
Gas Excise Tax	800		800		800
Cigarette and Tobacco Tax	600		600		600
Franchise Tax	3,200		3,200		3,200
County Taxes	6,000		6,000		6,000
Use Tax	17,000				
Sales Taxes	41,000	13,000	54,000		54,000
Commercial Vehicle Tax	-	-	-	-	-
Interest	-	20	20	5	25
Fines	115,000		115,000		115,000
Grants	4,000		4,000		4,000
Water				320,400	320,400
Sewer				37,200	37,200
Trash				9,600	9,600
Tap Fees				-	-
Pass Through				-	-
Fire Revenues	1,600			2,500	
Penalties				11,000	
Reconnect and Disconnect				1,200	1,200
Other				13,000	
Total Revenues	189,200	13,020	183,620	394,905	552,025
Total Expenditures	218,640	70,000	286,640	422,535	709,175
Increase (Decrease) in Net Assets	(27,440)	(56,980)	(84,420)	(27,630)	(112,050)
Carryover From Previous Year	69,712	57,371	127,083	30,281	157,364
Ending Balance	42,272	391	42,663	2,651	45,314
Expenditures by Department and Fund					
Fire Department	1,700				
General Government	63,847				
Police	145,782				
Street and Alley	5,500				
	218,640				
Special Sales Tax	70,000				
Total Town	286,640				
VPWA	422,535				
Total	709,175				

General Fund Revenues			
Town of Watts			
Forecasted Statement of Revenues and Expenses--Modified Cash Basis			
	Budget	Budget	Actual
	2015-2016	2014-2015	2013-2014
Revenues			
Cherokee Grant Revenue	4,000	4,000	-
Use Tax	17,000	19,000	17,689
Refunds	(200)	-	(175)
Commercial Vehicle Tax	-	400	-
Gas Excise Tax	800	300	814
Cigarette and Tobacco Tax	600	700	660
Other	-	-	-
Franchise Tax	3,200	2,000	3,264
Donations	-	-	2,400
Interest	-	-	0
Grants	-	15,000	-
Fire Runs	2,000	1,600	2,139
County Taxes	6,000	6,000	6,774
Fines	115,000	87,000	115,069
AMS Collection Fines	-	-	4,188
Licenses and Permits	-	-	17
Sales Taxes	41,000	43,000	41,826
FEMA income	-	-	-
Total Revenues	189,400	179,000	194,664
Expenditures	216,640	190,876	191,796
Transfers			
REAP Grant	-	-	6,415
EODD	18,000	-	-
Transfers out to PWA	-	-	(6,484)
Net Transfers	18,000	-	(69)
Increase (Decrease) in Fund Balance	(27,240)	(11,876)	2,799
Carryover From Previous Year	69,712	23,914	31,872
Ending Fund Balance	42,472	12,037	34,672

Unaudited—See accompanying summaries of significant assumptions and accounting policies and accountants' report

General Fund Expenses				
Town of Watts				
Forecasted Statement of Revenues and Expenses--Modified Cash Basis				
	Budget	Budget	Actual	
	2015-2016	2014-2015	2013-2004	
Fire Department				
Personal Services				
	-	-	-	
	-	-	-	
Materials and Supplies				
	-	-	-	
Total Materials and Supplies				
	-	-	-	
Other Services and Charges				
Volunteer Fire Department	1,700	1,700	-	
Total Other Services				
	1,700	1,700	-	
Capital Outlay				
Equipment	-	-	-	
Total Capital Outlay				
	-	-	-	
Total Fire Department				
	1,700	1,700	-	
General Government				
Personal Services				
Wages	14,862	12,000	14,154	
Retirement	-	-	-	
Payroll Taxes	1,286	7,000	8,013	
Total Personal Services				
	16,147	19,000	22,167	
Materials and Supplies				
Supplies	1,200	800	1,113	
Office Supplies	1,400	1,500	1,363	
Total Materials and Supplies				
	2,600	2,300	2,476	
Other Services and Charges				
Returned Check	800	200	750	
Certifications	-	-	-	
Licenses	200	250	110	
Advertising	100	400	75	
Auto	2,500	1,900	2,446	

Unaudited--See accompanying summaries of significant assumptions and accounting policies and accountants' report Page 5

	Budget 2015-2016	Budget 2014-2015	Actual 2013-2004
Bank Charges	300	-	272
Directors Fees	1,700	1,500	1,650
Insurance	3,900	1,500	3,819
Repairs and Maintenance	1,800	1,800	1,438
Memberships, Dues, and Classes	1,800	3,700	1,717
Other	-	-	-
Professional Fees	13,000	14,000	12,832
Utilities	17,000	9,000	16,236
Penalty	-	-	-
Mileage	-	200	-
Christmas Fund Distributions	1,800	-	1,884
Grant Expenditures	-	-	209
Total Other Services	44,900	34,450	43,437
Capital Outlay			
Grant Expenditures	-	-	-
Capital Purchases	-	-	1,975
Debt Service	-	-	-
Total Capital Outlay	-	-	1,975
Transfers out	-	-	-
Total General Government	63,647	55,750	70,056
Police Department			
Personal Services			
Wages	85,421	72,450	81,353
Retirement	900	4,709	840
Payroll Taxes	-	6,267	-
Total Personal Services	86,321	83,426	82,193
Materials and Supplies			
Other	10,000	20,000	10,428
Police Fuel	9,000	8,000	8,133
Total Materials and Supplies	19,000	28,000	18,561
Other Services and Charges			
OSBI	9,000	6,000	8,020
CLEET	7,000	6,000	6,003
Housing Prisoners	1,600	-	1,550
Total Other Services	17,600	12,000	15,573

Unaudited—See accompanying summaries of significant assumptions and accounting policies and accountants' report Page 6

	Budget 2015-2016	Budget 2014-2015	Actual 2013-2004
Capital Outlay			
Equipment	-	8,000	-
Police Car Lease	22,872	-	-
Total Capital Outlay	22,872	8,000	-
Total Police	145,792	131,426	116,326
Street and Alley			
Personal Services			
Contract Labor	1,300	1,200	1,214
Mowing and Other	4,200	800	4,200
Total Personal Services	5,500	2,000	5,414
Total Street and Alley	5,500	2,000	5,414
Total General Fund Expenditures	216,640	190,876	191,796

Unaudited—See accompanying summaries of significant assumptions and accounting policies and accountants' report Page 7

Restricted Streets Special Revenue Fund				
Town of Watts				
Forecasted Statement of Revenues and Expenses—Modified Cash Basis				
		Budget	Budget	Actual
		2015-2016	2014-2015	2013-2014
Restricted Streets				
Revenues				
	Sales Tax	13,000	14,000	13,942
	Interest	20	20	43
	Total Revenues	13,020	14,020	13,985
Expenditures				
	Transfers out for Street Improvements	70,000	-	1,309
	Total Expenditures	70,000	-	1,309
	Increase (Decrease) in Net Assets	(56,980)	14,020	12,676
	Carryover From Previous Year	57,371	46,232	36,779
	Ending Fund Balance	391	60,252	49,455

Unaudited—See accompanying summaries of significant assumptions and accounting policies and accountants' report Page 8

Watts PWA				
Forecasted Statement of Revenues and Expenses and Cash Flows—Modified Cash Basis				
	Budget	Budget	Actual	
	2015-2016	2014-2015	2013-2014	
Revenues				
Water	320,400	360,000	296,315	
Sewer	37,200	47,000	35,330	
Trash	9,600	11,800	10,595	
Tap Fees	-	-	500	
Penalties	11,000	11,000	11,377	
Reconnect and Disconnect	1,200	2,400	1,222	
Interest Income	5	5	5	
Town Donation	-	-	24	
Fire Revenues	2,500	1,900	2,541	
Other and Uncategorized	13,000	-	13,823	
NSF Fee	-	-	50	
Grant Revenue	-	-	13,000	
Total charges for services	394,905	434,105	384,782	
Total Transfers in (out)	-	-	-	
Total Revenues	394,905	434,105	384,782	
Cost of Goods Sold				
Water Purchased	199,000	196,350	198,983	
Gross Profit	195,905	237,755	185,799	
Expenses				
Personal Services				
Salaries	70,350	80,730	66,451	
Payroll Taxes	6,085	6,983	5,474	
Retirement	8,800	8,000	8,717	
Total Personal Services	85,235	95,713	80,642	
Materials and Supplies				
Supplies	18,000	12,000	17,092	
Office Supplies	7,000	6,000	6,783	
Fuel	2,700	4,800	2,616	
Total Materials and Supplies	27,700	22,800	26,492	
Other Services and Charges				
Reimburse Town	-	-	22	
Returned Checks	400	900	358	
Maintenance Contract	-	700	-	
Training	300	400	204	
Penalties	-	-	-	
Dues and Memberships	4,900	500	4,850	
Advertising	200	100	160	
Bank charges	500	-	455	

Unaudited—See accompanying summaries of significant assumptions and accounting policies and accountants' report
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	Budget 2015-2016	Budget 2014-2015	Actual 2013-2014
Fire Contributions	1,700	2,100	1,668
Telephone	7,000	8,000	6,167
Tests	900	1,000	889
Land Lease	600	-	570
Utilities	13,000	12,000	12,457
Mileage	-	500	-
Repairs and Maintenance	5,000	16,000	12,183
Insurance	12,000	20,000	11,035
Interest	11,000	11,000	10,924
Contract and Professional Fees	9,000	12,000	8,925
Director Fees	1,700	1,400	1,650
Moving and Upkeep	1,400	-	1,400
Trash	10,000	14,000	9,950
Lease Payments	-	-	-
DEQ	-	2,600	1,960
Pass Thru Expenses	-	-	-
Other	-	-	-
Depreciation	80,000	-	79,296
Total Other Services	159,600	103,200	165,122
Total Expenses	272,535	221,713	272,256
Operating Income	(76,630)	16,042	(86,457)
Transfers In	-	-	6,483
Transfers out	-	-	-
Total Transfers In (Out)	-	-	6,483
Net Income	(76,630)	16,042	(79,974)
Add back noncash depreciation	80,000	-	79,296
Cash Provided (Used) by Operations	3,370	16,042	(679)
Cash Provided (Used) by Investing			
Equipment	-	-	(8,390)
Net Cash Provided (Used) by Investing	-	-	(8,390)
Cash Provided (Used) by Financing			
	(31,000)	(25,000)	(38,731)
Net Cash Provided (Used) by Financing	(31,000)	(25,000)	(38,731)
Change in Cash	(27,630)	(8,958)	(47,800)
Carryover From Previous Year	30,281	40,218	77,466
Ending Balance	2,651	31,260	29,666

Unaudited—See accompanying summaries of significant assumptions and accounting policies and accountants' report
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Summary of Significant Assumptions for 2014-2015 Year

This financial forecast presents, to the best of management's knowledge and belief, the Town's expected results of operation for the forecast periods. Accordingly, the forecast reflects management's judgment as of June 8, 2015, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast, but these assumptions may not be all inclusive. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

A

The Board of Trustees has assumed that 100% of the actual revenues for the year ended June 30, 2013 will be available for the Town in the year ending June 30, 2014, with certain modifications.

B

The Board of Trustees has assumed that, generally, expenditures for the year ending June 30, 2015 will be similar to those budgeted for the year ending June 30, 2013, with changes made in consultation with department heads. Sales tax revenues and water revenues are especially sensitive assumptions, because these revenues constitute a large part of total income. Additionally, a part time employee is budgeted for the PWA, a 5% pay raise for employees is budgeted, and also provision is made for the purchase of two used police cars.

Summary of Significant Assumptions for 2015-2016

This financial forecast presents, to the best of management's knowledge and belief, the Town's expected results of operation for the forecast periods. Accordingly, the forecast reflects management's judgment as of June 8, 2015, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast, but these assumptions may not be all inclusive. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

A

The Board of Trustees has assumed that 100% of the actual revenues for the year ended June 30, 2014, will be available for the Town in the year ending June 30, 2016, with certain modifications according to the Town's judgment.

B

The Board of Trustees has assumed that, generally, expenditures for the year ending June 30, 2014 will be similar to those budgeted for the year ending June 30, 2014, with changes made in consultation with department heads.

C

\$22,872 has been budgeted for lease debt service for the police cars, and \$31,000 for lease debt service for the PWA.

Sales tax revenues and water revenues are especially sensitive assumptions, because these revenues constitute a large part of total income.

Unaudited--See accompanying summaries of significant assumptions and accounting policies and accountants' report

Disclosure on Basis of Accounting

The Board of Trustees has prepared these forecasts on the modified cash basis of accounting, which is a comprehensive basis of accounting which differs from generally accepted accounting principles. The Board prepares its interim, monthly statements on the modified cash basis for simplicity, and has chosen to prepare these forecasts on the modified cash basis of accounting for consistency and simplicity. Under modified cash accounting, revenues are recognized when received as cash, and expenses and expenditures are recognized when paid with cash.

For the PWA, equipment is depreciated over a life of seven years.

Unaudited—See accompanying summaries of significant assumptions and accounting policies and accountants' report