

Town of Watts
Watts Public Works Authority
Budget 2016-2017

RECEIVED

JUN 27 2016

State Auditor
and Inspector

Adair

Town of Watts
Watts, Oklahoma
June 20, 2016

To the Board of Trustees and Citizens of Watts:

Included with this Budget Message is the Budget for the Town of Watts and for the Watts Public Works Authority for the fiscal year ending June 30, 2017.

Both the Town of Watts and the Watts Public Works Authority continue to be in good financial condition, despite rising costs. The Town is budgeting lease payments for new police cars as well as for street improvements and repairs. The Town also expects to renovate the exterior of the Town office building during the year.

This budget is presented in accordance with the Oklahoma Municipal Budget Act in Title 11 of the Oklahoma Statutes.

Respectfully submitted,

Gary Nelson
Mayor

A handwritten signature in black ink that reads "Gary Nelson". The signature is written in a cursive style with a large, looped "G" and "N".

The Weekly EXPRESS

PO Box 825

Tahlequah, OK 74465-0825

918-458-8001

weeklyleader@att.net

Date: 6-17-16

ATTN: Town of Watts

**Description: Legal notice for proposed budget
Run date of June 14, 2016**

Amount Due: \$14.00

Keep for your records

-Invoice-

Thanks for your business!

AFFIDAVIT OF PUBLICATION

THE WEEKLY EXPRESS

STATE OF OKLAHOMA

COUNTY OF ADAIR

Mike Malone, of lawful age, being duly sworn and authorized says he is the Publisher of The Weekly Express newspaper printed in the city of Westville, Adair County, Oklahoma, a newspaper qualified to publish legal notices, advertisements and publications as provided in Section 106, Title 25, Oklahoma Statutes, 1971, as amended and complies with reference to legal publication.

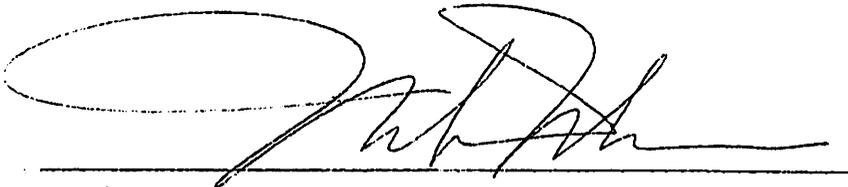
That said notice, a true copy of which is attached hereto was published in the regular edition of said newspaper and not any supplement thereof, for 1 consecutive weeks:

1st insertion: June 14, 2016

2nd insertion: _____, 2016

3rd insertion: _____, 2016

4th insertion: _____, 2016



Publisher

Subscribed and sworn to before me this

17 day of June, 2016

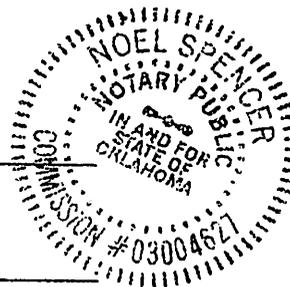


Notary

My commission expires: 4-12-19

My commission number: 03004627

Publication Fee: \$ 14.00



attached

LEGAL NOTICE

LEGAL NOTICE

NOTICE

The Town of Watts will hold a public hearing on its proposed budget for the 2016-2017 fiscal year at 6:00 pm on Monday, June 20, 2016, at the Watts Community Building, 218 Second Street. The public is invited to attend. The Budget Summary is published elsewhere in this issue of this newspaper.

(Published in the Weekly Express June 14, 2016)

Town of Watts Budget 2016-2017

Table of Contents

Accountant's Compilation Report	1
Budget Summary	2
General Fund Revenues	4
General Fund Expenses	5
Restricted Streets Special Revenue Fund	7
Watts Public Works Authority Budget	8
Summaries of Significant Assumptions and Accounting Policies	10

Kris Kirk, CPA

Professional Corporation

To the Board of Directors
Town of Watts
Watts, Oklahoma

P. O. Box 39
314 S. Williams
Westville, OK 74965-0039

Phone: 918-723-4181
Fax: 866-247-5693
Email: kris@kriskirkcpa.com
Website: www.kriskirkcpa.com

Management is responsible for the accompanying financial statements of the Town of Watts, which comprise the statements of revenues and expenses—modified cash basis for the year ended June 30, 2015, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all 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 financial statements, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

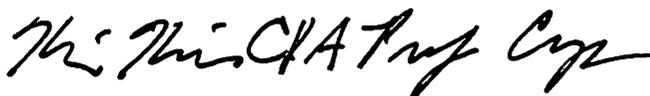
Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has chosen to omit the budgetary comparisons.

Management has omitted Management's Discuss and Analysis that is required by accounting principles generally accepted in the United States of America 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.

I have also compiled the accompanying forecasted statements of revenues and expenditures—modified cash basis of the Town of Watts for the years ending June 30, 2017, and June 30, 2016, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

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.

I am not independent with respect to the Town of Watts.



Kris Kirk, CPA, Professional Corporation

Westville, Oklahoma

June 20, 2016



The CPA. Never Underestimate The Value.®

Budget Summary 2016-2017					
Town of Watts	Forecasted Statement of Revenues and Expenses--Modified Cash Basis				
Watts PWA	Forecasted Statement of Revenues and Expenses--Modified Cash Basis				
	General Fund	Restricted Streets	Town Totals	PWA	Memo Totals
Gas Excise Tax	500		500		500
Cigarette and Tobacco Tax	600		600		600
Franchise Tax	3,500		3,500		3,500
County Taxes	7,000		7,000		7,000
Use Tax	15,000				
Sales Taxes	44,000	14,000	58,000		58,000
Donations	3,100	-	3,100	-	3,100
Interest	-	50	50	5	55
Fines	120,400		120,400		120,400
Grants	22,000		22,000		22,000
Water				314,000	314,000
Sewer				39,000	39,000
Trash				9,800	9,800
Tap Fees					
Refunds	100		100		100
Fire Revenues				1,600	
Penalties				11,000	
Reconnect and Disconnect				1,400	1,400
Other				9,000	
Total Revenues	216,200	14,050	215,250	385,805	579,455
Total Expenditures	236,342	64,000	300,342	413,027	713,369
Increase (Decrease) in Net Assets	(20,142)	(49,950)	(70,092)	(27,222)	(97,314)
Carryover From Previous Year	25,442	50,829	76,271	27,591	103,862
Ending Balance	5,300	879	6,179	369	6,548
Expenditures by Department and Fund					
Fire Department	1,700				
General Government	65,470				
Police	150,472				
Street and Alley	700				
	218,342				
Special Sales Tax	64,000				
Total Town	282,342				
Watts PWA	413,027				
Total	695,369				

General Fund Revenues			
Town of Watts			
Forecasted Statement of Revenues and Expenses--Modified Cash Basis			
	Budget	Budget	Actual
	2016-2017	2015-2016	2014-2015
Revenues			
Cherokee Grant Revenue	-	4,000	-
Use Tax	15,000	17,000	15,205
Refunds	100	(200)	114
Commercial Vehicle Tax	-	-	-
Gas Excise Tax	500	800	589
Cigarette and Tobacco Tax	600	600	690
Other	-	-	-
Franchise Tax	3,500	3,200	3,547
Donations	3,100	-	3,171
Interest	-	-	-
Fire Runs	-	2,000	-
County Taxes	7,000	6,000	7,208
Fines	135,000	115,000	149,429
Less OSBI	(7,500)	(9,000)	(7,494)
Less CLEET	(7,100)	(7,000)	(7,081)
AMS Collection Fines	-	-	2,458
Licenses and Permits	-	-	5
Sales Taxes	44,000	41,000	44,017
Total Revenues	194,200	173,400	211,858
Expenditures	218,342	200,640	218,104
Other Revenue and Expenditures			
REAP Grant	18,000	-	31,585
Grants	-	-	5,000
Gain on Sale of Assets	-	-	3,900
Police Car Lease Proceeds	-	-	100,005
Police Care Operating Lease	-	-	(100,005)
EODD	-	18,000	-
Transfers out to PWA	-	-	(13,585)
REAP Expenditures	(18,000)	-	-
Cherokee Nation Grant Police	4,000	-	-
Net Transfers	4,000	18,000	26,900
Increase (Decrease) in Fund Balance	(20,142)	(27,240)	20,654
Carryover From Previous Year	25,442	69,712	16,628
Ending Fund Balance	5,300	42,472	37,282

General Fund Expenses			
Town of Watts			
Forecasted Statement of Revenues and Expenses--Modified Cash Basis			
	Budget	Budget	Actual
	2016-2017	2015-2016	2014-2015
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	14,180	14,862	14,180
Retirement	-	-	-
Payroll Taxes	-	1,286	-
Total Personal Services	14,180	16,147	14,180
Materials and Supplies			
Supplies	1,000	1,200	992
Office Supplies	-	1,400	2,426
Total Materials and Supplies	1,000	2,600	3,418
Other Services and Charges			
Returned Check	400	800	360
Licenses	-	200	-
Advertising	800	100	715
Auto	1,600	2,500	1,559
Bank Charges	90	300	85

	Budget 2016-2017	Budget 2015-2016	Actual 2014-2015
Directors Fees	1,800	1,700	1,800
Insurance	10,400	3,900	10,335
Repairs and Maintenance	1,000	1,800	973
Memberships, Dues, and Classes	2,000	1,800	1,986
Other	1,900	-	1,840
Professional Fees	8,300	13,000	8,212
Utilities	16,000	17,000	15,683
Penalty	-	-	-
Christmas Fund Distributions	2,100	1,800	2,096
Court Rent	300	-	300
Judge Fees	3,600	-	3,600
Total Other Services	50,290	44,900	49,545
Capital Outlay			
Grant Expenditures	-	-	16,908
Capital Purchases	-	-	-
Debt Service	-	-	-
Total Capital Outlay	-	-	16,908
Transfers out	-	-	1,867
Total General Government	65,470	63,647	85,918
Police Department			
Personal Services			
Wages	99,000	85,421	98,413
Retirement	1,600	900	1,529
Payroll Taxes	9,300	-	9,246
Total Personal Services	109,900	86,321	109,188
Materials and Supplies			
Supplies	3,700	10,000	3,640
Police Fuel	11,000	9,000	10,130
Other	-	-	5,629
Total Materials and Supplies	14,700	19,000	19,400
Other Services and Charges			
Housing Prisoners	2,400	1,600	2,375
Police Class	600	-	522
Total Other Services	3,000	1,600	2,897

	Budget 2016-2017	Budget 2015-2016	Actual 2014-2015
Capital Outlay			
Equipment	-	-	-
Police Car Lease	22,872	22,872	-
Total Capital Outlay	22,872	22,872	-
Total Police	150,472	129,792	131,485
Street and Alley			
Personal Services			
Contract Labor	700	1,300	700
Mowing and Other	-	4,200	-
Total Personal Services	700	5,500	700
Total Street and Alley	700	5,500	700
Total General Fund Expenditures	218,342	200,640	218,104

Restricted Streets Special Revenue Fund			
Town of Watts			
Forecasted Statement of Revenues and Expenses--Modified Cash Basis			
	Budget	Budget	Actual
	2016-2017	2015-2016	2014-2015
Restricted Streets			
Revenues			
Sales Tax	14,000	13,000	14,681
Interest	50	20	52
Sewer Lagoon Revenue	-	-	1,700
Transfers in from General	-	-	1,867
Total Revenues	14,050	13,020	18,301
Expenditures			
Transfers out for Street Improvements	64,000	70,000	5,705
Total Expenditures	64,000	70,000	5,705
Increase (Decrease) in Net Assets	(49,950)	(56,980)	12,596
Carryover From Previous Year	50,829	57,371	49,455
Ending Fund Balance	879	391	62,051

Watts PWA			
Forecasted Statement of Revenues and Expenses and Cash Flows--Modified Cash Basis			
	Budget 2016-2017	Budget 2015-2016	Actual 2014-2015
Revenues			
Water	314,000	320,400	314,817
Insurance Reimbursement	-	-	46,115
Sewer	39,000	37,200	39,510
Trash	9,800	9,600	9,857
Tap Fees	-	-	1,850
Penalties	11,000	11,000	11,261
Reconnect and Disconnect	1,400	1,200	1,408
Interest Income	5	5	6
Town Donation	-	-	24
Fire Revenues	1,600	2,500	1,604
Other and Uncategorized	9,000	13,000	9,337
NSF Fee	20	-	25
Grant Revenue	-	-	38,175
AMS Collections	-	-	253
Water Deposit Revenue	-	-	170
Total charges for services	385,825	394,905	474,413
Total Transfers in (out)	-	-	-
Total Revenues	385,825	394,905	474,413
Cost of Goods Sold			
Water Purchased	194,000	199,000	193,592
Gross Profit	191,825	195,905	280,821
Expenses			
Personal Services			
Salaries	65,280	70,350	63,212
Payroll Taxes	5,647	6,085	5,208
Retirement	8,300	8,800	8,284
Total Personal Services	79,227	85,235	76,704
Materials and Supplies			
Supplies	14,000	18,000	14,166
Office Supplies	7,000	7,000	6,368
Fuel	6,000	2,700	5,960
Total Materials and Supplies	27,000	27,700	26,494
Other Services and Charges			
Reimburse Town	-	-	24
Returned Checks	600	400	511
Maintenance Contract	1,200	-	1,110
Training	-	300	-
Penalties	-	-	-
Dues and Memberships	1,900	4,900	1,892
Advertising	120	200	117

	Budget 2016-2017	Budget 2015-2016	Actual 2014-2015
Bank charges	300	500	297
Fire Contributions	1,700	1,700	1,656
Telephone	6,000	7,000	5,867
Tests	800	900	765
Land Lease	-	600	-
Utilities	16,000	13,000	15,827
Mileage	-	-	-
Repairs and Maintenance	7,000	5,000	6,948
Insurance	12,000	12,000	11,116
Interest	-	11,000	-
Contract and Professional Fees	8,500	9,000	8,200
Director Fees	1,800	1,700	1,800
Mowing and Upkeep	1,400	1,400	1,400
Trash	11,000	10,000	10,104
Lease Payments	-	-	-
DEQ	500	-	426
Pass Thru Expenses	-	-	-
Other	-	-	-
Depreciation	80,000	80,000	-
Total Other Services	150,820	159,600	68,061
Total Expenses	257,047	272,535	171,258
Operating Income	(65,222)	(76,630)	109,563
Transfers in	-	-	17,573
Transfers out	-	-	(1,975)
Total Transfers In (Out)	-	-	15,598
Net Income	(65,222)	(76,630)	125,161
Add back noncash depreciation	80,000	80,000	-
Cash Provided (Used) by Operations	14,778	3,370	125,161
Cash Provided (Used) by Investing Equipment	-	-	(47,115)
Net Cash Provided (Used) by Investing	-	-	(47,115)
Cash Provided (Used) by Financing	(42,000)	(31,000)	(41,637)
Net Cash Provided (Used) by Financing	(42,000)	(31,000)	(41,637)
Change in Cash	(27,222)	(27,630)	36,409
Carryover From Previous Year	27,591	30,281	(1,443)
Ending Balance	369	2,651	34,966

Summary of Significant Assumptions for 2016-2017 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 for budgetary purposes. Accordingly, the forecast reflects management's judgment as of June 20, 2016, 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, 2015, will be available for the Town in the year ending June 30, 2017, with certain modifications. The Town assumes a REAP grant of \$18,000 for the renovation of the outside of the Town office building and a Cherokee Nation police operating grant of \$4000.

B

The Board of Trustees has assumed that, generally, expenditures for the year ending June 30, 2017 will be similar to those budgeted for the year ending June 30, 2016, 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.

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 for budgetary purposes. Accordingly, the forecast reflects management's judgment as of June 20, 2016, 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

Significant Accounting Policies

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 monthly and yearly 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. Payroll liabilities are accrued.

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