

**Financial Statements and Reports of  
Independent Certified Public Accountant  
Town of Lenapah, Oklahoma  
June 30, 2011**

**TURNER & ASSOCIATES, PLC  
Certified Public Accountants  
P.O. Box 378  
Vinita, OK 74301  
918.256.6788**

**Town of Lenapah, Oklahoma**  
**Town Officials**  
**June 30, 2011**

**Board of Trustees**

|        |                |
|--------|----------------|
| Mayor  | Steve Lafferty |
| Member | Danny Jackson  |
| Member | Shane Talbott  |
| Member | Shawn Triebel  |
| Member | KY Cole        |

**Town Clerk**

Lisa Cook

**PWA Superintendent**

Sid Hudson

**PWA Billing Clerk**

Lisa Cook

**Town of Lenapah, Oklahoma  
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## INDEPENDENT ACCOUNTANT'S REPORT

To the Specified Users of the Report:

Honorable Mayor and Town Council  
Town of Lenapah, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, OK

We have compiled the accompanying Summary of Changes in Fund Balances-Accrual Basis of the Town of Lenapah and the Lenapah Public Works Authority, Lenapah, Oklahoma as of June 30, 2011 and the Statement of Revenues, Expenses and Changes in Fund Balance of Public Works Authority-Accrual Basis and the Schedule of Grant Activity-Accrual Basis for the fiscal year ended June 30, 2011 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes that demonstrates compliance with the accrual basis of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting information in the form of financial statements prescribed by Oklahoma Statutes that is the representation of the management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the accrual 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, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated below, which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma, solely to assist you with respect to meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements of the Town and Public Works Authority as of and for the year ended June 30, 2011. The Town of Lenapah's management is responsible for the financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

## **Procedures and Findings**

As to the **Town of Lenapah** as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Town's trial balances, we obtained a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

### **Findings:**

#### Criteria:

Generally accepted accounting standards (GAAP) state that Trial Balances should be in balance.

#### Condition:

The Town's Trial Balance is out of balance by \$288.71.

#### Cause:

The accounting system records are not being reconciled to ensure the trial balance debits and credits posted are in balance.

#### Effect or Potential Effect:

The Town Trial Balance does not balance.

#### Recommendation:

To ensure that the trial balance is in balance it is recommended that the opening balance and any debits and credits be reconciled on a monthly basis.

2. **Procedures Performed:** We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

### **Findings:**

#### Criteria:

State statute 62 O.S. §511-516 states that all funds should be deposited daily and generally accepted accounting standards recommend monthly reconciliations of bank statements to the trial balance.

#### Condition:

The Town's checking account balance is \$510.46 more than the trial balance.

#### Cause:

The accounting system records are not being reconciled with the bank statements.

#### Effect or Potential Effect:

The Town is not in compliance with a State Statute.

Recommendation:

To comply with the State Statute, we recommend that monthly reconciliations be performed not only through the bank statement but through the accounting system as well.

3. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** We performed the above procedures without exception.

4. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** We performed the above procedures without exception.

5. **Procedures Performed:** We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** We performed the above procedures without exception.

6. **Procedures Performed:** We compared the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

**Findings:** We performed the above procedures without exception.

As to the **Lenapah Public Works Authority** as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Public Work's trial balances, we obtained a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 2) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

**Findings:**

Criteria:

Generally accepted accounting standards (GAAP) state that Trial Balances should be in balance.

Condition:

The Public Works Authority's Trial Balance is out of balance by \$563.75.

Cause:

The accounting system records are not being reconciled to ensure the trial balance debits and credits posted are in balance.

Effect or Potential Effect:

The Public Works Authority Trial Balance does not balance.

**Recommendation:**

To ensure that the trial balance is in balance it is recommended that the opening balance and any debits and credits be reconciled on a monthly basis.

- 2. Procedures Performed:** We agreed the Authority's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:**

**Criteria:**

State statute 62 O.S. §511-516 states that all funds should be deposited daily and generally accepted accounting standards recommend monthly reconciliations of bank statements to the trial balance.

**Condition:**

The Public Work Authority's checking account balance is \$100.00 more than the trial balance.

**Cause:**

The accounting system records are not being reconciled with the bank statements.

**Effect or Potential Effect:**

The Town is not in compliance with a State Statute.

**Recommendation:**

To comply with the State Statute, we recommend that monthly reconciliations be performed not only through the bank statement but through the accounting system as well.

- 3. Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** We performed the above procedures without exception.

- 4. Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** We performed the above procedures without exception.

- 5. Procedures Performed:** We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** We performed the above procedures without exception.

6. **Procedures Performed:** We compared the Authority's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

**Findings:** We performed the above procedures without exception.

As to the **Town of Lenapah and Public Works Grant Programs** as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 3) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

**Findings:** We performed the above procedures without exception.

We were not engaged to, and did not; conduct an audit, the objective of which would be the expression of an opinion, on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than those specified parties.

*TURNER & Associates, PLLC*

Vinita, OK  
February 6, 2012

EXHIBIT 1

**Town of Lenapah and Lenapah Public Works Authority, Oklahoma  
 Combined Summary of Changes in Fund Balance-Cash Basis  
 For the Fiscal Year Ended June 30, 2011**

|                       | Beginning of<br>Year<br><u>Fund Balances</u> | Current<br>Year<br><u>Receipts</u> | Current<br>Year<br><u>Disbursements</u> | End of<br>Year<br><u>Fund Balances</u> |
|-----------------------|--|------------------------------------|---|--|
| <b>TOWN:</b>          |  |                                    |   |  |
| General Fund          | \$ 58,883.24                                 | \$ 95,000.93                       | \$ 78,790.98                            | \$ 75,093.19                           |
| <b>PUBLIC WORKS:</b>  |  |                                    |   |  |
| Enterprise Fund       | <u>324,248.76</u>                            | <u>142,583.10</u>                  | <u>141,587.89</u>                       | <u>325,243.97</u>                      |
| <b>Overall Totals</b> | <u>\$ 383,132.00</u>                         | <u>\$ 237,584.03</u>               | <u>\$ 220,378.87</u>                    | <u>\$ 400,337.16</u>                   |

See Accountant's Report

EXHIBIT 2

**Lenapah Public Works Authority**  
**Statement of Revenues, Expenses and Changes in Fund Balance – Cash Basis**  
**For the Fiscal Year Ended June 30, 2011**

**Operating Revenues:**

Charges for services:

|                                 |    |                   |
|---------------------------------|----|-------------------|
| Water Revenue                   | \$ | 77,090.72         |
| Sewer Revenue                   |    | 24,528.00         |
| Trash Revenue                   |    | 33,739.80         |
| Miscellaneous Charges           |    | 3,322.57          |
| <b>Total Operating Revenues</b> |    | <u>138,681.09</u> |

**Operating Expenses:**

|                                 |                   |
|---------------------------------|-------------------|
| Depreciation                    | 24,118.27         |
| Insurance                       | 3,810.82          |
| Licenses and Permits            | 4,404.50          |
| Maintenance and Repairs         | 3,426.88          |
| Salaries                        | 41,670.68         |
| Supplies                        | 25,029.00         |
| Trash Service                   | 25,845.00         |
| Utilities                       | 8,665.93          |
| Miscellaneous                   | 424.03            |
| <b>Total Operating Expenses</b> | <u>137,395.11</u> |

|                         |                 |
|-------------------------|-----------------|
| Operating Income (Loss) | <u>1,285.98</u> |
|-------------------------|-----------------|

**Non-Operating Revenues (Expenses):**

|  |                 |
|--|-----------------|
| Interest Income                                | 3,902.01        |
| Interest Expense                               | (4,192.78)      |
| <b>Total Non-Operating Revenues (Expenses)</b> | <u>(290.77)</u> |

|                        |        |
|------------------------|--------|
| Change in Fund Balance | 995.21 |
|------------------------|--------|

|                               |                      |
|-------------------------------|----------------------|
| Net Assets, Beginning of Year | 324,248.76           |
| Net Assets, End of Year       | <u>\$ 325,243.97</u> |

EXHIBIT 3

**Town of Lenapah and Lenapah Public Works Authority  
 Schedule of Grant Activity – Cash Basis  
 For the Fiscal Year Ended June 30, 2011**

|                   | Beginning of<br>Year Unexpended<br>Grant Funds | Current<br>Year<br>Receipts | Current<br>Year<br>Disbursements | End of<br>Year Unexpended<br>Grant Funds |
|-------------------|--|-----------------------------|----------------------------------|--|
| <b>TOWN:</b>      |  |                             |                                  |  |
| Fire Department   | \$ -   | \$ 44,928.07                | \$ 44,928.07                     | \$ -                                     |
| Cherokee Grant    | -  | 2,462.19                    | 2,462.19                         | -  |
| <b>Town Total</b> | <u>-</u>                                       | <u>47,390.26</u>            | <u>47,390.26</u>                 | <u>-</u>                                 |

See Accountant's Report