

Town of Meeker, Oklahoma
Financial Statements and Report
of Independent Accountants
As of and For the Year Ending
June 30, 2012

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Report of Independent Accountants

To the Board of Trustees
Town of Meeker, Oklahoma

We 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 Meeker, Oklahoma as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities and the aggregate remaining fund information of the Town of Meeker, Oklahoma, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2012 on our consideration of the Town's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to 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 our audit.

Management has elected to not present a management, discussion, and analysis, a budget to actual comparison and employee pension and retirement plan information as is required by generally accepted accounting principles in the United States of America.

Casey J. Russell CPA, Inc.

July 15, 2012

**Town of Meeker
Statement of Net Assets
As of June 30, 2012**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash in bank	\$ 179,168.75	\$ 29,030.99	\$ 208,199.74
Restricted Cash	4,332.38	24,357.89	28,690.27
Net receivables	56,510.61	27,139.99	83,650.60
Total Current Assets	<u>240,011.74</u>	<u>80,528.87</u>	<u>320,540.61</u>
Noncurrent Assets:			
Net Capital Assets	179,449.02	1,435,038.84	1,614,487.86
Net Property and Equipment	179,449.02	1,435,038.84	1,614,487.86
TOTAL ASSETS	<u>\$ 419,460.76</u>	<u>\$ 1,515,567.71</u>	<u>\$ 1,935,028.47</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 13,817.31	\$ 9,723.77	\$ 23,541.08
Meter Deposits	-	25,355.00	25,355.00
Current Portion of LTD	-	10,992.06	10,992.06
Total Current Liabilities	<u>13,817.31</u>	<u>46,070.83</u>	<u>59,888.14</u>
Noncurrent Liabilities:			
Notes Payable	-	254,885.85	254,885.85
Total Long-Term Liabilities	<u>-</u>	<u>254,885.85</u>	<u>254,885.85</u>
Total Liabilities	<u>\$ 13,817.31</u>	<u>\$ 300,956.68</u>	<u>\$ 314,773.99</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	\$ 179,449.02	\$ 1,169,160.93	\$ 1,348,609.95
Net Assets - Unrestricted	226,194.43	45,450.10	271,644.53
Total Net Assets	<u>405,643.45</u>	<u>1,214,611.03</u>	<u>1,620,254.48</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 419,460.76</u>	<u>\$ 1,515,567.71</u>	<u>\$ 1,935,028.47</u>

Town of Meeker
Statement of Activities
For the Year Ending June 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (expense) revenue and Changes in net assets		Total
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary Government						
Governmental Activities						
General Government	184,502.14	28,152.91	-	(156,349.23)	-	(156,349.23)
Police Department	270,297.35	110,553.37	-	(159,743.98)	-	(159,743.98)
Fire Department	74,075.48	1,524.75	8,794.77	(63,755.96)	-	(63,755.96)
Lake Road Project	3,970.16	-	-	(3,970.16)	-	(3,970.16)
Street and Alley	25,925.79	-	-	(25,925.79)	-	(25,925.79)
Library	12,931.73	-	3,053.00	(9,878.73)	-	(9,878.73)
Cemetery Maintenance	14,489.69	7,762.28	-	(6,727.41)	-	(6,727.41)
Total Governmental Activities	586,192.34	147,993.31	11,847.77	(426,351.26)	-	(426,351.26)
Business-Type Activities						
Water Department	276,428.52	249,312.92	99,903.60	-	72,788.00	72,788.00
Sewer Department	112,823.45	90,151.28	-	-	(22,672.17)	(22,672.17)
Garbage Department	57,389.10	84,314.17	-	-	26,925.07	26,925.07
Golf Course	46,490.70	16,041.33	-	-	(30,449.37)	(30,449.37)
Economic Development	11,114.83	10,002.75	-	-	(1,112.08)	(1,112.08)
Total Business-Type Activities	504,246.60	449,822.45	99,903.60	-	45,479.45	45,479.45
Total Primary Government	\$ 1,090,438.94	\$ 597,815.76	\$ 8,794.77	\$ (426,351.26)	\$ 45,479.45	\$ (380,871.81)
General Revenues						
Sales Taxes				323,371.00	-	323,371.00
Other Taxes				95,096.91	-	95,096.91
Transfers In/Out				(10,339.57)	10,339.57	-
Interest Income				149.85	31.41	181.26
Total General Government Revenue				408,278.19	10,370.98	418,649.17
Change in Net Assets				(18,073.07)	55,850.43	37,777.36
Net Assets Beginning				423,716.52	1,158,760.60	1,582,477.12
Net Assets Ending				\$ 405,643.45	\$ 1,214,611.03	\$ 1,620,254.48

The accompanying notes are an integral part of these financial statements

**Town of Meeker
Balance Sheet
Governmental Funds
June 30, 2012**

	General Fund	Special Revenue Fund	Total Governmental Fund
ASSETS			
Cash in Bank - Unrestricted	\$ 103,433.31	\$ 75,735.44	\$ 179,168.75
Restricted Cash	4,332.38	-	4,332.38
Accounts Receivable, net	<u>55,686.63</u>	<u>823.98</u>	<u>56,510.61</u>
Total Assets	<u><u>\$ 163,452.32</u></u>	<u><u>\$ 76,559.42</u></u>	<u><u>\$ 240,011.74</u></u>
 LIABILITIES			
Accounts Payable	<u>\$ 13,817.31</u>	<u>\$ -</u>	<u>\$ 13,817.31</u>
Total Liabilities	<u>13,817.31</u>	<u>-</u>	<u>13,817.31</u>
 NET ASSETS			
Unrestricted	\$ 149,635.01	\$ -	\$ 149,635.01
Assigned	-	<u>76,559.42</u>	<u>76,559.42</u>
TOTAL NET ASSETS	<u>149,635.01</u>	<u>76,559.42</u>	<u>226,194.43</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 163,452.32</u></u>	 <u><u>\$ 76,559.42</u></u>	 <u><u>\$ 240,011.74</u></u>

***Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities - June 30, 2012***

Total Governmental Fund Balances	\$ 226,194.43
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>179,449.02</u>
Net Assets of Governmental Activities	<u><u>\$ 405,643.45</u></u>

Town of Meeker
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ending June 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Fund
Revenues			
Taxes	\$ 408,882.13	\$ 9,585.78	\$ 418,467.91
Charges for Services	13,260.75	1,162.28	14,423.03
Fines	-	110,553.37	110,553.37
Interest	141.00	8.85	149.85
Grants	11,847.77	-	11,847.77
Other Revenues	23,016.91	-	23,016.91
Total Revenues	457,148.56	121,310.28	578,458.84
Expenditures			
Current Operations:			
General Government	179,977.65	-	179,977.65
Police Department	256,280.65	3,073.02	259,353.67
Fire Department	53,491.87	-	53,491.87
Library	12,931.73	-	12,931.73
Lake Road Project	3,970.16	-	3,970.16
Cemetery	-	14,489.69	14,489.69
Street Department	-	25,925.79	25,925.79
Capital Expenditures	40,190.00	-	40,190.00
Total Expenses	546,842.06	43,488.50	590,330.56
Excess Revenues over (under) expenditures	(89,693.50)	77,821.78	(11,871.72)
Transfers in/out	40,851.03	(51,190.60)	(10,339.57)
Excess Revenues over (under) expenditures	(48,842.47)	26,631.18	(22,211.29)
Fund Balances at beginning of year	198,477.48	49,928.24	248,405.72
Fund Balances at ending of year	\$ 149,635.01	\$ 76,559.42	\$ 226,194.43

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the Year Ending June 30, 2012

Net Change in fund balances-total governmental funds	(22,211.29)
Depreciation charged to governmental wide financial statements not recorded in the fund financial statements	(36,051.78)
Capital expenditures records as reductions in net assets in the fund financial statements but capitalized as fixed assets in the governmental financial statements	40,190.00
Change in Net Assets of governmental activities	\$ (18,073.07)

**Town of Meeker
Statement of Net Assets
Proprietary Fund
June 30, 2012**

	Public Works Authority	Growth & Economic Development	Totals
ASSETS			
Current Assets:			
Cash in Bank	\$ 25,577.26	\$ 3,453.73	\$ 29,030.99
Cash in Bank - Restricted	24,357.89	-	24,357.89
Accounts Receivable, net	27,139.99	-	27,139.99
Total Current Assets	<u>77,075.14</u>	<u>3,453.73</u>	<u>80,528.87</u>
Noncurrent Assets			
Net Capital Assets	<u>1,435,038.84</u>	<u>-</u>	<u>1,435,038.84</u>
Total Noncurrent Assets	<u>1,435,038.84</u>	<u>-</u>	<u>1,435,038.84</u>
TOTAL ASSETS	<u>\$ 1,512,113.98</u>	<u>\$ 3,453.73</u>	<u>\$ 1,515,567.71</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 9,723.77	\$ -	\$ 9,723.77
Meter Deposits	25,355.00	-	25,355.00
Current Portion of Long Term Debt	10,992.06	-	10,992.06
Total Current Liabilities	<u>46,070.83</u>	<u>-</u>	<u>46,070.83</u>
Noncurrent Liabilities			
Bonds and Notes	<u>254,885.85</u>	<u>-</u>	<u>254,885.85</u>
Total Noncurrent Liabilities	<u>254,885.85</u>	<u>-</u>	<u>254,885.85</u>
TOTAL LIABILITIES	<u>\$ 300,956.68</u>	<u>\$ -</u>	<u>\$ 300,956.68</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,169,160.93	-	1,169,160.93
Unrestricted	<u>41,996.37</u>	<u>3,453.73</u>	<u>45,450.10</u>
TOTAL NET ASSETS	<u>1,211,157.30</u>	<u>3,453.73</u>	<u>1,214,611.03</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,512,113.98</u>	<u>\$ 3,453.73</u>	<u>\$ 1,515,567.71</u>

Town of Meeker
Statement of Revenues Over Expenditures and Changes in Retained Earnings
Proprietary Funds
For the Year Ending June 30, 2012

	Public Works Authority	Growth & Economic Development	Total
Operating Revenues:			
Water Sales	\$ 227,893.43	\$ -	\$ 227,893.43
Sewer Fees	90,151.28	-	90,151.28
Garbage Fees	84,314.17	-	84,314.17
Golf Course	16,041.33	-	16,041.33
Miscellaneous	21,419.49	10,002.75	31,422.24
Total Operating Revenues	<u>439,819.70</u>	<u>10,002.75</u>	<u>449,822.45</u>
Operating Expenses:			
Water Department	276,428.52	-	276,428.52
Sewer Department	112,823.45	-	112,823.45
Garbage Department	57,389.10	-	57,389.10
Golf Course	46,490.70	-	46,490.70
Economic Development	-	11,114.83	11,114.83
Total Operating Expenses	<u>493,131.77</u>	<u>11,114.83</u>	<u>504,246.60</u>
Operating Income (Loss)	<u>\$ (53,312.07)</u>	<u>\$ (1,112.08)</u>	<u>\$ (54,424.15)</u>
Non-operating revenues (expenses)			
Capital Grant	99,903.60	-	99,903.60
Tranfers In/Out	10,339.57	-	10,339.57
Interest Income	31.41	-	31.41
Net non-operating revenues (expenses)	<u>110,274.58</u>	<u>-</u>	<u>110,274.58</u>
Net Income (Loss)	<u>\$ 56,962.51</u>	<u>\$ (1,112.08)</u>	<u>\$ 55,850.43</u>
Retained Earnings, Beginning of Year	<u>1,154,194.79</u>	<u>4,565.81</u>	<u>1,158,760.60</u>
Retained Earnings, End of Year	<u>\$ 1,211,157.30</u>	<u>\$ 3,453.73</u>	<u>\$ 1,214,611.03</u>

**Town of Meeker
Statement of Cash Flows
Proprietary Fund
For the Year Ending June 30, 2012**

	Public Works Authority	Growth & Economic Development	Total
Cash flows from operating activities			
Receipts from customers	\$ 421,993.14	\$ -	\$ 421,993.14
Miscellaneous Revenue	16,041.33	10,002.75	26,044.08
Grants	99,903.60	-	99,903.60
Payments to suppliers	(393,633.02)	(11,114.83)	(404,747.85)
Payments to employees	<u>(120,010.89)</u>	<u>-</u>	<u>(120,010.89)</u>
Net cash provided by operating activities	24,294.16	(1,112.08)	23,182.08
Cash flows from capital and related financing activities			
Meter Deposit Liability	125.00	-	125.00
Due To Other Funds	(4,332.42)	-	(4,332.42)
Principal paid on long term debt	<u>(11,321.12)</u>	<u>-</u>	<u>(11,321.12)</u>
Net cash flows from capital and related financing activities	(15,528.54)	-	(15,528.54)
Cash flows from investing activities			
Fixed Asset Purchases during year	<u>(10,110.65)</u>	<u>-</u>	<u>(10,110.65)</u>
Net cash flows from investing activities	(10,110.65)	-	(10,110.65)
Net increase (decrease) in cash	(1,345.03)	(1,112.08)	(2,457.11)
Cash, Beginning of the Year	<u>51,280.18</u>	<u>4,565.81</u>	<u>55,845.99</u>
Cash, End of the Year	<u>\$ 49,935.15</u>	<u>\$ 3,453.73</u>	<u>\$ 53,388.88</u>
<i>Reconciliation of change in net assets to net cash provided by operations:</i>			
Change in Net Assets	56,962.51	(1,112.08)	55,850.43
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	74,710.24	-	74,710.24
Change in assets and liabilities:			
Accounts receivable	(1,816.64)	-	(1,816.64)
Accounts payable	<u>(105,561.95)</u>	<u>-</u>	<u>(105,561.95)</u>
Net cash provided by operating activities	<u>\$ 24,294.16</u>	<u>\$ (1,112.08)</u>	<u>\$ 23,182.08</u>

**Town of Meeker, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2012**

Note 1-Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Meeker, Oklahoma is a statutory Town Government under Oklahoma Statutes. The Town provides the following services: public safety, streets and highways, sanitation, public improvements, utilities and general administrative services.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, and supervision over the accounting functions. Any separate accounting entities would be considered component units. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity. As of June 30, 2012, the Town had only one component unit, the Meeker Public Works Authority.

Basis of Presentation-Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Town's funds are grouped into two governmental fund types, general funds and special revenue funds. Proprietary funds include enterprise funds. As of June 30, 2012, the Town had governmental funds of general and fixed assets. The proprietary funds consisted of the Meeker Public Works Authority.

Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within one month of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursement due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services and miscellaneous income are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decrease in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

PROPRIETARY FUNDS

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Operating revenues are those that are generated from the proprietary fund's primary activity of the sale of water, sewer service and garbage collection. All other revenues are non-operating in nature. Allocation of costs, such as depreciation, are recorded in proprietary funds. The proprietary funds use standards issued by the Financial Accounting Standard Board whenever possible, if no FASB pronouncement is applicable then Government Accounting Standards Board pronouncements are used.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less for the date of acquisition. Restricted cash consists of meter deposits.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance on the balance sheet. However, it should be noted that the Town did not recognize any outstanding reserves as of June 30, 2012.

Budget

In accordance with Oklahoma Statutes, Title 68, Section 3002, the Town Council formally adopts annual budgets which include substantially all funds. These annual budgets are adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Code.

Risk Management

Significant losses are covered by commercial insurance for all Town operations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2-Deposits with Financial Institutions

The accounts of the Town are required by state law to be secured by collateral pledged by the financial institution and/or FDIC insurance. The Town of Meeker is considered a separate entity from the Meeker Public Works Authority for FDIC deposit insurance.

In accordance with GASB No. 3, deposits are to be classified into the following three categories:

1. Insured or collateralized with securities held by the entity or by its agent or in the entity's name (Referred to as category 1)
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (Referred to as category 2)
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

All of the Town of Meeker's government and enterprise fund cash and investment accounts would be considered as category 1 up to its FDIC limits of \$250,000 for the governmental funds and \$250,000 for the Meeker Public Works Authority. The remaining funds would be category 3.

Note 3-Capital Assets and Depreciation

Capital Asset activity for the year ended June 30, 2012 was as follows:

Governmental Funds

	Beginning Balance	Increases	Decreases	Ending Balance
Vehicles	\$ 55,375.79	-	-	\$ 55,375.79
Furniture & Equipment	39,204.28	-	-	39,204.28
Fire Equipment	299,452.27	17,190.00	-	316,642.27
Park Equipment	87,385.00	-	-	87,385.00
Police Equipment	145,466.91	23,000.00	-	168,466.91
Buildings	266,757.17	-	-	266,757.17
Total	893,641.42			933,831.42
Less: Accumulated Depreciaton	(718,330.62)	(36,051.78)	-	(754,382.40)
Net Assets	<u>\$ 175,310.80</u>			<u>\$ 179,449.02</u>

As of June 30, 2012, the governmental funds had no capitalized assets that were not being depreciated or had not been depreciated. Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available. Depreciation of \$36,052 for the governmental funds was recorded as follows: \$4,524 for general government, \$10,944 for the police department and \$20,584 for the fire department.

Proprietary Fund

	Beginning Balance	Increases	Decreases	Ending Balance
Water and Sewer System	\$ 1,496,327.16	10,110.65	-	\$ 1,506,437.81
Equipment	95,148.14	-	-	95,148.14
Sewer Upgrades	804,099.07	-	-	804,099.07
Total	2,395,574.37			2,405,685.02
Less: Accumulated Depreciation	(944,685.94)	(74,710.24)		(1,019,396.18)
Net Assets	<u>\$ 1,450,888.43</u>			<u>\$ 1,386,288.84</u>

As of June 30, 2012, the proprietary funds had no capitalized assets that were not being depreciated or had not been depreciated. Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available. Depreciation of \$74,710 for the proprietary funds was recorded as follows: \$74,710 for water towers, wells, sewer plant and water and sewer upgrades.

Note 4-Notes Payable

Meeker Public Works Authority

As of June 30, 2012, the Meeker Public Works Authority had three notes outstanding.

The first obligation has an outstanding balance of \$1,454 as of June 30, 2012. The loan is due to mature in February 2013 and carries an interest rate of 5.0%. Principal and interest paid on this obligation for the

year ending June 30, 2012 was \$2,023 and \$125 respectively. Principal required to amortize this note till maturity is as follows:

	Prin	Int		
2012/2013	1,454	688	Balance, Beginning of Year	\$ 3,477
Total	<u>\$ 1,454</u>	<u>\$ 688</u>	Principal Paid during year	<u>2,023</u>
			Balance, End of Year	<u>\$ 1,454</u>

The second obligation has an outstanding balance of \$45,552 as of June 30, 2012. The loan is due to mature in January 2035 and carries an interest rate of 5.25%. Principal and interest paid on this obligation for the year ending June 30, 2012 was \$1,063 and \$2,381 respectively. Principal required to amortize this note till maturity is as follows:

	Prin	Int		
2012/2013	1,078	2,366	Balance, Beginning of Year	\$ 46,615
2013/2014	1,136	2,308	Principal Paid during year	<u>1,063</u>
2014/2015	1,197	2,247	Balance, End of Year	<u>\$ 45,552</u>
2015/2016	1,261	2,183		
2016/2017	1,329	2,115		
2017/2022	7,799	9,421		
2022/2027	10,134	7,086		
2027/2032	13,168	4,052		
2032/2034	8,451	1,881		
Total	<u>\$ 45,552</u>	<u>\$ 33,660</u>		

The third obligation has an outstanding balance of \$175,554 as of June 30, 2012. The loan is due to mature in January 2036 and carries an interest rate of 5.125%. Principal and interest paid on this obligation for the year ending June 30, 2012 was \$4,134 and \$9,545 respectively. Principal required to amortize this note till maturity is as follows:

	Prin	Int		
2012/2013	4,191	9,488	Balance, Beginning of Year	\$ 179,688
2013/2014	4,411	9,268	Principal Paid during year	<u>4,134</u>
2014/2015	4,642	9,037	Balance, End of Year	<u>\$ 175,554</u>
2015/2016	4,886	8,793		
2016/2017	5,142	8,537		
2017/2022	30,053	35,407		
2022/2027	38,809	26,651		
2027/2032	50,117	15,343		
2032/2034	33,302	5,974		
Total	<u>\$ 175,554</u>	<u>\$ 128,497</u>		

The fourth obligation has an outstanding balance of \$43,318 as of June 30, 2012. The loan is due to mature in February 2021 and carries an interest rate of 4%. Principal and interest paid on this obligation

for the year ending June 30, 2012 was \$4,101 and \$1,822 respectively. Principal required to amortize this note till maturity is as follows:

	Prin	Int		
2012/2013	4,268	1,655	Balance, Beginning of Year	\$ 47,419
2013/2014	4,442	1,481	Principal Paid during year	<u>4,101</u>
2014/2015	4,623	1,300	Balance, End of Year	<u>\$ 43,318</u>
2015/2016	4,811	1,112		
2016/2017	5,007	916		
2017/2021	20,168	2,465		
Total	<u>\$ 43,318</u>	<u>\$ 8,929</u>		

The water department was charged with \$9,566 of interest for the year. The sewer department was charged with \$3,720 of interest for the year.

Note 5-Volunteer Firefighter’s Pension Plan

The Town participates in the Oklahoma State Firefighters Pension and Retirement system which applies only to the Town’s volunteer firefighters. Vesting occurs after 10 years of service and payments begin at age 50, or after 20 years of service, whichever is later. Contributions are made by the Town at the rate of \$60 per volunteer firefighter per year. The total contribution for 2011/2012 was \$1,200 and covered 20 volunteers.

Note 6-Defined Benefit Pension Plan

Plan Description: The Town of Meeker contributes to the Oklahoma Municipal Retirement Fund, (the Fund), a cost-sharing multiple-employer defined benefit pension plan. The Fund provides retirement, death and disability benefits to plan members who are regular full-time employees of participating municipalities, except for employees covered under other retirement plans. The authority to establish and amend benefit provisions to the Fund rests with the Fund’s board of directors. The Oklahoma Municipal Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund, including 10 year historical information. That report may be obtained from the state auditor.

Funding Policy – Plan employers are required to contribute 8.16% of gross monthly salary and employees 3.00% of gross salary. These rates are actuarially determined. The Town’s contribution to the Fund for the year ending June 30, 2012 was \$23,806. The employee’s portion was \$8,752. Total covered payroll was \$291,740. These amounts were equal to the required contributions. Total payroll for the Town and Public Works Authority was \$323,486 for the year ending June 30, 2012.

Funding Progress – As of January 1, 2012, the actuarial value of the plan assets was \$411,825. The actuarial accrued liability was \$485,850 leaving an unfunded balance of \$74,025. The funded ratio equaled 84.8% and the unfunded actuarial accrued liability as a percentage of covered payroll was 28.2%.

Note 7 – Subsequent Events

Subsequent events have been evaluated through July 15, 2012, which is the date the financial statements were issued.

Casey J. Russell CPA, Inc.

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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 Board of Trustees
Town of Meeker
Meeker, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Meeker, as of and for the year ended June 30, 2012, which collectively comprise the Town of Meeker's basic financial statements and have issued our report thereon dated July 15, 2012. We conducted our 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

Management of Town of Meeker, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Meeker's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Meeker's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Meeker's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying

schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 2012-1 & 2012-2. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Meeker's financial statements are free of material misstatement, we 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 our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town of Meeker's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Town of Meeker's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Trustees, 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.



Casey J. Russell CPA, Inc.
Oklahoma City, Oklahoma
July 15, 2012

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Schedule of Current Findings and Questioned Costs

2012 - 1 Recording of All Fund Activity and Balances (Repeat Finding)

Condition: The balances and activity of funds or separate bank accounts are not recorded in the general ledger accounting records of the Town of Meeker. The cemetery and municipal court funds are not being incorporated into the general fund accounting records. In addition, balances and activity for the meter deposit funds are not being recorded in the general ledger.

Criteria: Proper recording of all funds and the balances, transactions, and other activity thereof, helps ensure complete and accurate financial reports can be prepared.

Cause and effect: Unauthorized transactions or activities within the accounts could be conducted without the knowledge of management or the governing board. Financial reports prepared from the Town's general ledger accounting records are incomplete without the inclusion of these separate funds.

Recommendation: All accounts and funds of the Town should be included and properly recorded in the Town of Meeker's general ledger accounting records. All supporting documentation for deposits, receipts, and disbursements, as well as bank statements, for all the accounts should be provided to the treasurer for posting to the general ledger at least on a monthly basis. Bank reconciliations should be prepared on each bank account.

Management's Response: The Town of Meeker will discuss this matter with the town treasurer to insure that all balances and transactions are properly reflected in the future.

2012 - 2 Lack of Segregation of Duties (Internal Control Issues) (Repeat Finding)

Condition: During our review of the internal control structure, we noted that several procedures lacks the control of having duties segregated. We understand that due to the size of the town and number of personnel, many aspects related to segregation of duties cannot be implemented.

Criteria: We believe that internal control procedures would be strengthened by reviewing the individual tasks to determine whether internal control procedures could be improved.

Cause and effect: The cause is due to a relaxed internal control system and the full effect is unknown.

Recommendation: The town should implement a policy of not accepting cash payments at town hall for utility payments and court fines. The town should also implement more internal controls by having more separation of duties. This could be done by having the personnel write receipts for all payments made regardless of type and then recording these payments on a daily payment ledger. All payments, receipts, and a copy of the daily receipt ledger should be given directly to the Treasurer at the end of the day. The town clerk or other personnel, except for the Treasurer, should then take the original daily payment ledger to record the payments in the system. Once all payments have been recorded in the system, the town clerk or other personnel should print off a payment listing from the system as well as a daily adjustment history to insure that no unnecessary adjustments have been made, the town clerk or other personnel should also prepare the deposit slip at this time and retain

the carbon copy. These reports along with the original daily payment ledger and original of the deposit slip should be given to the Treasurer who should then compare the total payments and receipts written to the daily payment ledger, daily payment listing from system, and daily adjustment history. The Treasurer should then staple all documents together and give these back to the town clerk or other personnel. When the Treasurer returns from the bank she should give the bank deposit receipt to the town clerk or other personnel who should compare the receipt to the previous documents given to her by the Treasurer and also compare the carbon copy of the deposit slip to the bank deposit receipt. The town clerk or other personnel should then staple everything together and maintain for the audit files.

Management's Response: A no cash policy for utility payments and ticket fines will be implemented.