Town of Meeker, Oklahoma

Financial Statements and Report of Independent Accountants

As of and For the Year Ending June 30, 2013

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Independent Auditor's Report

To the Board of Trustees
Town of Meeker, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash-basis 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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash-basis of accounting described in Note 1. This includes determining that the modified cash-basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Meeker, as of June 30, 2013, and the respective changes in modified cash-basis financial position, and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require 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 considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 16, 2013, on our consideration of the Town of Meeker'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Meeker's internal control over financial reporting and compliance.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with the respect to this matter.

Casey J. Russell CPA, PLLC

Oklahoma City, Oklahoma
August 16, 2013

Town of Meeker
Statement of Net Position - Modified Cash Basis
As of June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash in bank	$ 301,553.83	$ 59,883.93	$ 361,437.76
Restricted Cash	17,294.02	27,600.70	44,894.72
Net receivables	66,428.14	29,364.65	95,792.79
Total Current Assets	385,275.99	116,849.28	502,125.27
Noncurrent Assets:			
Net Capital Assets	180,287.77	1,370,205.02	1,550,492.79
Net Property and Equipment	180,287.77	1,370,205.02	1,550,492.79
TOTAL ASSETS	$ 565,563.76	$ 1,487,054.30	$ 2,052,618.06
LIABILITIES			
Current Liabilities:			
Meter Deposits	-	28,605.00	28,605.00
Current Portion of LTD	-	9,988.43	9,988.43
Total Current Liabilities	-	38,593.43	38,593.43
Noncurrent Liabilities:			
Notes Payable	-	245,080.30	245,080.30
Total Long-Term Liabilities	-	245,080.30	245,080.30
Total Liabilities	$ -	$ 283,673.73	$ 283,673.73
NET POSITION			
Invested in Capital Assets, net of related debt	$ 180,287.77	$ 1,115,136.29	$ 1,295,424.06
Restricted	17,294.02	27,600.70	44,894.72
Unrestricted	367,981.97	60,643.58	428,625.55
Total Net Position	565,563.76	1,203,380.57	1,768,944.33
TOTAL LIABILITIES AND NET POSITION	$ 565,563.76	$ 1,487,054.30	$ 2,052,618.06

The accompanying notes are an integral part of these financial statements

Town of Meeker
Statement of Activities - Modified Cash Basis
For the Year Ending June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (expense) revenue and Changes in net position — Primary Government: Governmental Activities	Net (expense) revenue and Changes in net position — Primary Government: Business-Type Activities	Total
Primary Government						
Governmental Activities						
General Government	133,725.10	77,479.25	-	(56,245.85)	-	(56,245.85)
Police Department	270,686.31	147,931.00	-	(122,755.31)	-	(122,755.31)
Fire Department	51,311.57	2,900.00	4,484.35	(43,927.22)	-	(43,927.22)
Lake Road Project	5,185.76	-	-	(5,185.76)	-	(5,185.76)
Street and Alley	53,420.57	-	-	(53,420.57)	-	(53,420.57)
Library	29,340.06	-	3,371.00	(25,969.06)	-	(25,969.06)
Cemetary Maintenance	4,173.91	16,889.65	-	12,715.74	-	12,715.74
Total Governmental Activities	547,843.28	245,199.90	7,855.35	(294,788.03)	-	(294,788.03)
Business-Type Activities						
Water Department	303,701.08	248,412.79	8,162.00	-	(47,126.29)	(47,126.29)
Sewer Department	124,365.77	98,926.36	-	-	(25,439.41)	(25,439.41)
Garbage Department	58,546.10	87,083.45	-	-	28,537.35	28,537.35
Economic Development	7,754.07	11,168.74	-	-	3,414.67	3,414.67
Total Business-Type Activities	494,367.02	445,591.34	8,162.00	-	(40,613.68)	(40,613.68)
Total Primary Government	$ 1,042,210.30	$ 690,791.24	$ 4,484.35	$ (294,788.03)	$ (40,613.68)	$ (335,401.71)
General Revenues						
Sales Taxes				379,363.69	-	379,363.69
Other Taxes				106,695.46	-	106,695.46
Transfers In/Out				(29,347.26)	29,347.26	-
Interest Income				202.02	35.96	237.98
Total General Government Revenue				456,913.91	29,383.22	486,297.13
Change in Net Position				162,125.88	(11,230.46)	150,895.42
Net Position Beginning				403,437.88	1,214,611.03	1,618,048.91
Net Position Ending				$ 565,563.76	$ 1,203,380.57	$ 1,768,944.33

The accompanying notes are an integral part of these financial statements

Town of Meeker
Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund	Total Governmental Fund
ASSETS			
Cash in Bank - Unrestricted	$ 233,320.30	$ 68,233.53	$ 301,553.83
Restricted Cash	17,294.02	-	17,294.02
Accounts Receivable, net	66,278.68	149.46	66,428.14
Total Assets	$ 316,893.00	$ 68,382.99	$ 385,275.99
LIABILITIES			
Accounts Payable	$ -	$ -	$ -
Total Liabilities	-	-	-
FUND BALANCES			
Assigned	$ -	$ 68,382.99	$ 68,382.99
Restricted	17,294.02	-	17,294.02
Unrestricted	299,598.98	-	299,598.98
TOTAL FUND BALANCES	316,893.00	68,382.99	385,275.99
TOTAL LIABILITIES AND FUND BALANCES	$ 316,893.00	$ 68,382.99	$ 385,275.99

Reconcilation of Total Governmental Fund Balance to Net Assets of Governmental Activities - June 30, 2013

Total Governmental Fund Balances	$ 385,275.99
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.	180,287.77
Net Assets of Governmental Activities	$ 565,563.76

The accompanying notes are an integral part of these financial statements

Town of Meeker
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ending June 30, 2013

	General Fund	Special Revenue Fund	Total Governmental Fund
Revenues			
Taxes	$ 477,136.06	$ 8,923.09	$ 486,059.15
Charges for Services	15,544.00	9,889.65	25,433.65
Fines	-	147,931.00	147,931.00
Interest	164.50	37.52	202.02
Grants	7,855.35	-	7,855.35
Other Revenues	71,835.25	-	71,835.25
Total Revenues	572,535.16	166,781.26	739,316.42
Expenditures			
Current Operations:			
General Government	126,386.70	-	126,386.70
Police Department	238,584.94	19,300.54	257,885.48
Fire Department	29,495.12	-	29,495.12
Library	29,340.06	-	29,340.06
Lake Road Project	5,185.76	-	5,185.76
Cemetary	-	4,173.91	4,173.91
Street Department	-	53,420.57	53,420.57
Capital Expenditures	45,000.00	-	45,000.00
Total Expenses	473,992.58	76,895.02	550,887.60
Excess Revenues over (under) expenditures	98,542.58	89,886.24	188,428.82
Transfers in/out	68,715.41	(98,062.67)	(29,347.26)
Excess Revenues over (under) expenditures	167,257.99	(8,176.43)	159,081.56
Fund Balances at beginning of year	149,635.01	76,559.42	226,194.43
Fund Balances at ending of year	$ 316,893.00	$ 68,382.99	$ 385,275.99

Reconcilation 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, 2013

Net Change in fund balances-total governmental funds	159,081.56
Depreciation charged to governmental wide financial statements not recorded in the fund financial statements	(41,955.68)
Capital expenditures records as reductions in net assets in the fund financial statements but capitalized as fixed assets in the governmental financial statements	45,000.00
Change in Net Position of governmental activities	$ 162,125.88

The accompanying notes are an integral part of these financial statements

Town of Meeker
Statement of Net Position - Modified Cash Basis
Proprietary Fund
June 30, 2013

	Public Works Authority	Growth & Economic Development	Totals
ASSETS			
Current Assets:			
Cash in Bank	$ 53,015.53	$ 6,868.40	$ 59,883.93
Cash in Bank - Restricted	27,600.70	-	27,600.70
Accounts Receivable, net	29,364.65	-	29,364.65
Total Current Assets	109,980.88	6,868.40	116,849.28
Noncurrent Assets			
Net Capital Assets	1,370,205.02	-	1,370,205.02
Total Noncurrent Assets	1,370,205.02	-	1,370,205.02
TOTAL ASSETS	$ 1,480,185.90	$ 6,868.40	$ 1,487,054.30
LIABILITIES			
Current Liabilities:			
Meter Deposits	28,605.00	-	28,605.00
Current Portion of Long Term Debt	9,988.43	-	9,988.43
Total Current Liabilities	38,593.43	-	38,593.43
Noncurrent Liabilities			
Bonds and Notes	245,080.30	-	245,080.30
Total Noncurrent Liabilities	245,080.30	-	245,080.30
TOTAL LIABILITIES	$ 283,673.73	$ -	$ 283,673.73
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,115,136.29	-	1,115,136.29
Unrestricted	81,375.88	6,868.40	88,244.28
TOTAL NET POSITION	1,196,512.17	6,868.40	1,203,380.57
TOTAL LIABILITIES AND NET POSITION	$ 1,480,185.90	$ 6,868.40	$ 1,487,054.30

The accompanying notes are an integral part of these financial statements

Town of Meeker
Statement of Revenues, Expenditures, and Changes in Net Position - Modifed Cash Basis
Proprietary Funds
For the Year Ending June 30, 2013

	Public Works Authority	Growth & Economic Development	Total
Operating Revenues:			
Water Sales	$ 238,973.95	$ -	$ 238,973.95
Sewer Fees	98,926.36	-	98,926.36
Garbage Fees	87,083.45	-	87,083.45
Miscellaneous	9,438.84	11,168.74	20,607.58
Total Operating Revenues	434,422.60	11,168.74	445,591.34
Operating Expenses:			
Water Department	303,701.08	-	303,701.08
Sewer Department	124,365.77	-	124,365.77
Garbage Department	58,546.10	-	58,546.10
Economic Development	-	7,754.07	7,754.07
Total Operating Expenses	486,612.95	7,754.07	494,367.02
Operating Income (Loss)	$ (52,190.35)	$ 3,414.67	$ (48,775.68)
Non-operating revenues (expenses)			
Capital Grant	8,162.00	-	8,162.00
Tranfers In/Out	29,347.26	-	29,347.26
Interest Income	35.96	-	35.96
Net non-operating revenues (expenses)	37,545.22	-	37,545.22
Changes in Net Position	$ (14,645.13)	$ 3,414.67	$ (11,230.46)
Net Position, Beginning of Year	1,211,157.30	3,453.73	1,214,611.03
Net Position, End of Year	$ 1,196,512.17	$ 6,868.40	$ 1,203,380.57

The accompanying notes are an integral part of these financial statements

Town of Meeker
Statement of Cash Flows - Modified Cash Basis
Proprietary Fund
For the Year Ending June 30, 2013

	Public Works Authority	Growth & Economic Development	Total
Cash flows from operating activities			
Receipts from customers	$ 432,233.90	$ -	$ 432,233.90
Miscellaneous Revenue	-	11,168.74	11,168.74
Grants	8,162.00	-	8,162.00
Payments to suppliers	(257,351.03)	(7,754.07)	(265,105.10)
Payments to employees	(144,804.61)	-	(144,804.61)
Net cash provided by operating activities	38,240.26	3,414.67	41,654.93
Cash flows from capital and related financing activities			
Meter Deposit Liability	3,250.00	-	3,250.00
Principal paid on long term debt	(10,809.18)	-	(10,809.18)
Net cash flows from capital and related financing activities	(7,559.18)	-	(7,559.18)
Cash flows from investing activities			
Adjustments to Retained Earnings	-	-	-
Fixed Asset Purchases during year	-	-	-
Net cash flows from investing activities	-	-	-
Net increase (decrease) in cash	30,681.08	3,414.67	34,095.75
Cash, Beginning of the Year	49,935.15	3,453.73	53,388.88
Cash, End of the Year	$ 80,616.23	$ 6,868.40	$ 87,484.63
Reconcilement of change in net position to net cash provided by operations:			
Change in Net Position	(14,645.13)	3,414.67	(11,230.46)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	64,833.82	-	64,833.82
Change in assets and liabilities:			
Accounts receivable	(2,224.66)	-	(2,224.66)
Accounts payable	(9,723.77)	-	(9,723.77)
Net cash provided by operating activities	$ 38,240.26	$ 3,414.67	$ 41,654.93

The accompanying notes are an integral part of these financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash-basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

1.A. 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, 2013, the Town has two component units, the Meeker Public Works Authority and the Meeker Growth & Development Authority.

1.B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues, and expenditures or expenses. The Town's funds are organized into two major categories: governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

a. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.

b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds, all of which are reported as nonmajor funds: Street & Alley Fund, Cemetery, and Municipal Court.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund: Meeker PWA and Meeker Growth & Development Authority.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present

sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

BASIS OF ACCOUNTING

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

1.D. FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

INVESTMENTS

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

CAPITAL ASSETS

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of $500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	10-25 years
Machinery, furniture, and equipment	3-20 years
Utility property and improvements	10-50 years
Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

LONG-TERM DEBT

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components:

1. *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or

improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Town's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable. Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

Restricted. Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed. Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Town's highest level of decision-making authority. (In the case of the Town of Example, commitments are evidenced by adoption of an ordinance by the Town Council.)

Assigned. Amounts constrained by the Town's intent to be used for specific purposes but that are neither restricted nor committed. (In the case of the Town of Example, assignments are evidenced either by resolution of the Town Council or by the Town Manager in written form as approved by vote of the Town Council pursuant to Town policy.)

Unassigned. The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the Town's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also Town policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The Town has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Proprietary Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, modified cash-basis revenues that are derived directly from each activity or from parties outside the Town's taxpayers are reported as program revenues. The Town has the following program revenues in each activity: General Government, Streets, and Public Works.

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

GASB 34 IMPLEMENTATION

The Town has implemented the new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as of June 30, 2004.

1.G. USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash basis of accounting used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations. The following instances of noncompliance are considered material to the financial statements.

NOTE 3. 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 4. CAPITAL ASSETS AND DEPRECIATION

Capital Asset activity for the year ended June 30, 2013 was as follows:

Governmental Funds

	Beginning Balance	Increases	Decreases	Ending Balance
Vehicles	$ 55,375.79	37,500.00	(15,586.80)	$ 77,288.99
Furniture &Equipment	39,204.28	-	-	39,204.28
Fire Equipment	316,642.27	7,500.00	-	324,142.27
Park Equipment	87,385.00	-	-	87,385.00
Police Equipment	168,466.91	-	-	168,466.91
Buildings	266,757.17	-	-	266,757.17
Total	933,831.42			963,244.62
Less: Accumulated Depreciaton	(756,587.97)	(41,955.68)	15,586.80	(782,956.85)
Net Assets	$ 177,243.45			$ 180,287.77

As of June 30, 2013, 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 $41,956 for the governmental funds was recorded as follows: $7,338 for general government, $12,801 for the police department and $21,816 for the fire department.

Proprietary Fund	Beginning Balance	Increases	Decreases	Ending Balance
Water and Sewer System	$ 1,506,437.81	-	-	$ 1,506,437.81
Building	48,750.00	-	-	48,750.00
Equipment	95,148.14	-	(22,037.14)	73,111.00
Sewer Upgrades	804,099.07	-	-	804,099.07
Total	2,454,435.02			2,432,397.88
Less: Accumulated Depreciation	(1,019,396.18)	(64,833.82)	22,037.14	(1,062,192.86)
Net Assets	$ 1,435,038.84			$ 1,370,205.02

As of June 30, 2013, 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 $64,834 for the proprietary funds was recorded as follows: $64,834 for water towers, wells, sewer plant and water and sewer upgrades.

NOTE 5. NOTES PAYABLE

Meeker Public Works Authority

As of June 30, 2013, the Meeker Public Works Authority had three notes outstanding.

The first obligation has an outstanding balance of $44,512 as of June 30, 2013. 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, 2013 was $1,040 and $2,404 respectively. Principal required to amortize this note till maturity is as follows:

	Principal	Interest
2013/2014	1,136	2,308
2014/2015	1,197	2,247
2015/2016	1,261	2,183
2016/2017	1,329	2,115
2017/2018	1,401	2,043
2018/2023	8,218	9,002
2023/2028	10,679	6,541
2028/2033	13,876	3,344
2033/2035	5,415	1,473
	$ 44,512	$ 31,256

Balance at Beginning of Year	$ 45,552
Principal Paid During Year	1,040
Balance at End of Year	$ 44,512

The second obligation has an outstanding balance of $171,506 as of June 30, 2013. 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, 2013 was $4,048 and $9,631 respectively. Principal required to amortize this note till maturity is as follows:

	Principal	Interest
2013/2014	4,411	9,268
2014/2015	4,642	9,037
2015/2016	4,886	8,793
2016/2017	5,142	8,537
2017/2018	5,412	8,267
2018/2023	31,630	36,765
2023/2028	40,846	27,549
2028/2033	52,747	15,648
2033/2035	21,790	5,568
	$ 171,506	$ 129,432

Balance at Beginning of Year	$ 175,554
Principal Paid During Year	4,048
Balance at End of Year	$ 171,506

The third obligation has an outstanding balance of $39,051 as of June 30, 2013. 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, 2013 was $4,268 and $1,655 respectively. Principal required to amortize this note till maturity is as follows:

	Principal	Interest
2013/2014	4,442	1,481
2014/2015	4,623	1,300
2015/2016	4,811	1,112
2016/2017	5,007	916
2017/2018	5,211	712
2018/2022	14,957	2,812
	$ 39,051	$ 8,333

Balance at Beginning of Year	$ 43,318
Principal Paid During Year	4,267
Balance at End of Year	$ 39,051

The water department was charged with $8,019 of interest for the year. The sewer department was charged with $3,275 of interest for the year.

NOTE 6. 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 2012/2013 was $900 and covered 15 volunteers.

NOTE 7. 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 11.05% 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, 2013 was $31,412. The employee's portion was $9,374. Total covered payroll was $284,272. These amounts were equal to the required contributions. Total payroll for the Town and Public Works Authority was $347,094 for the year ending June 30, 2013.

NOTE 8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 16, 2013, which is the date the financial statements were issued.

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INDEPENDENT AUDITOR'S 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

We have audited, in accordance with the 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, the accompanying modified cash basis 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, 2013, and the related notes to the financial statements, which collectively comprise Town of Meeker's basic financial statements, and have issued our report thereon dated August 16, 2013.

The report was a special report on the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Meeker's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Town of Meeker's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. 2013-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Meeker's financial statements are free from 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Casey J. Russell CPA, Inc.

Oklahoma City, Oklahoma
August 16, 2013

Schedule of Current Findings and Responses

2013 - 1 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.