Town of Bethel Acres, Oklahoma

Annual Financial Statements and
Accompanying

Independent Auditor's Report

June 30, 2013

Town of Bethel Acres, Oklahoma

Annual Financial Statements
And Accompanying Independent Auditor's Report
For the Year Ended June 30, 2013

Table of Contents

	Page
Board of Trustees	1
Independent Auditor's Report	2-4
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis	5
Statement of Activities – Cash Basis	6
Fund Financial Statements:	
Balance Sheet – Cash Basis – Governmental Funds	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Cash Basis – Governmental Funds	8
Notes to Financial Statements	9-13
Required Supplementary Information	
Budgetary Comparison Schedule – Cash Basis – General Fund	14-15
Notes to Required Supplementary Information – Budgetary Comparison Schedule	16

Town of Bethel Acres, Oklahoma
Annual Financial Statements
And Accompanying Independent Auditor's Report
For the Year Ended June 30, 2013

Table of Contents

	Page
Other Supplementary Information	
Combining Balance Sheet – Cash Basis- Non-major Governmental Funds	17
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Cash Basis – Non-major Governmental Funds	18
Budgetary Comparison Schedule – Cash Basis – Budgeted Non-Major Governmental Funds	19
Internal Control and Compliance	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed In Accordance with *Governmental Auditing Standards*	20-21
Schedule of Findings	22

Town of Bethel Acres, Oklahoma
June 30, 2013

BOARD OF TRUSTEES

Mayor

Neal Davis, Ward 5

Members

Melvin Potter, Ward 1

Ryan Sharp, Ward 2

Mike Jackson, Ward 3

Curt Lamastus, Ward 4

Clerk / Treasurer

Jane Schuster

SAMUEL S ALEXANDER

Certified Public Accountant

304 South Hayes
Wagoner, Oklahoma 74467
918.485.2733 – Facsimile 918.485.3666
E-mail: ndncpa@samuelalexandercpa.com

INDEPENDENT AUDITOR'S REPORT

To Mayor Neal Davis and
The Board of Trustees
Town of Bethel Acres
Bethel Acres, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of the Town of Bethel Acres, Oklahoma as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Bethel Acres' 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 accounting principles generally accepted in the United States of America; this includes 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

My responsibility is to express opinions of these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate top provide a basis for my audit opinions.

Basis for Qualified Opinion on Governmental Activities

Management has not recorded capital assets, including general infrastructure assets, in the governmental activities and, accordingly has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that capital assets, including general infrastructure assets, be capitalized and depreciated, which would increase the assets, net assets and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets and expenses of the governmental activities is not reasonably determinable.

In addition, the financial statements are prepared using the cash-basis method of accounting, an other comprehensive basis of accounting that recognizes income as collected and expenses and expenditures as they are paid. Accounting principles generally accepted in the United States of America require that the financial statements be presented under the accrual method of accounting, under which current revenues are appropriately matched with current expenses and expenditures.

Qualified Opinion

In my opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Town of Bethel Acres, Oklahoma, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basis financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The Town of Bethel Acres, Oklahoma, has not presented Management's Discussion and Analysis, which is not a part of the basic financial statements.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bethel Acres' basic financial statements. The combining and individual nonmajor fund financial statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Except for the effects on the combining and individual statements and schedules of revenues, expenditures, and changes in fund balances, statements of revenues, expenses and changes in net assets, and statements of cash flows for management having not recorded capital assets and the related depreciation expense on those assets in the General Fund, the combining and individual nonmajor fund financial statements and budgetary schedules, in my opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Wagoner, Oklahoma
June 29, 2015

Town of Bethel Acres, Oklahoma

Statement of Net Assets - Cash Basis

June 30, 2013

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	$ 85,231
Investments	500,510
Total current assets	585,741
Noncurrent assets:	
Capital assets:	
Equipment	580,495
Less: Accumulated depreciation	(72,167)
Total capital assets	508,328
Total assets	1,094,069
LIABILITIES	
Current liabilities:	
Bank overdraft	18,005
Notes payable	33,868
Total liabilities	51,873
NET ASSETS	
Invested in capital assets, net	508,328
Unrestricted	533,868
Total net assets	$ 1,042,196

See accompanying notes to the basic financial statements.

Statement 2

Town of Bethel Acres, Oklahoma

Statement of Activities - Cash Basis
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues: Expenses	Program Revenues: Charges for Services	Program Revenues: Contributions & Reimbursements	Net (Expense) Revenues & Changes in Net Assets: Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	$ 223,918	37,688	11,484	(174,746)
General revenues:				
Taxes				
Franchise and public service fees				85,938
Motor vehicle and gasoline excise tax				26,650
Alcohol beverage tax				10,651
Investment income				808
Miscellaneous				3,024
Total general revenues and transfers				127,071
Changes in net assets				(47,675)
Net assets - beginning of period				1,089,871
Net assets - end of period				$ 1,042,196

See accompanying notes to basic financial statements.

Town of Bethel Acres, Oklahoma

Balance Sheet - Cash Basis
Governmental Funds
June 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 6,617	78,614	85,231
Investments	350,510	150,000	500,510
Capital assets, net of depreciation	356,068	152,260	508,328
Total Assets	$ 713,195	380,874	1,094,069
LIABILITIES AND FUND BALANCES			
Liabilities			
Bank overdraft	$ 18,005		18,005
Notes payable	33,868	-	33,868
Total liabilities	51,873		51,873
Fund balances:			
Invested in capital assets	356,068		356,068
Unreserved	305,254	-	305,254
Unreserved, reported in nonmajor special revenue funds	-	380,874	380,874
Total Fund Balances	661,322	380,874	1,042,196
Total Liabilities and Fund Balances	$ 713,195	380,874	1,094,069

See accompanying notes to the basic financial statements.

Town of Bethel Acres, Oklahoma

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

	General Funds	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 10,651	26,650	37,301
Franchise fees	85,938	-	85,938
Licenses and permits	37,688	-	37,688
Investments	585	223	808
Contributions, refunds	7,000	-	7,000
Grants, reimbursements	4,484	-	4,484
Miscellaneous	3,024	-	3,024
Total Revenues	149,370	26,873	176,243
Expenditures			
Current			
General government			
Oil & gas inspector	10,600	-	10,600
City clerk/treasurer	4,980	-	4,980
Attorney	10,525	-	10,525
Auditor	3,100	-	3,100
Mowing contractor	4,940	-	4,940
General	68,867	21,960	90,827
Depreciation	32,359		32,359
Public Safety			-
Fire and police	66,587	-	66,587
Total Expenditures	201,958	21,960	223,918
Excess (deficiency) of revenues over expenditures	(52,588)	4,913	(47,675)
Transfers in and out	(2,195)	2,195	-
Fund balances - beginning of period	716,105	373,766	1,089,871
Fund balances - end of period	$ 661,322	380,874	1,042,196

See accompanying notes to basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note A- Summary of Significant Accounting Policies

The Town of Bethel Acres, Oklahoma (the Town) is a "Board of Trustees" form of Government under Title 11 of the Oklahoma Statutes. The Town provides the following services.

Public safety (Fire and Police protection)
Streets and highways
Public improvements
General administrative services

As discussed further, the accounting and reporting policies of the Town relating to the fund types included in the financial statements are presented under the cash-basis method of accounting and do not conform to generally accepted accounting principles, defined as those principles prescribed by the Governmental Accounting Standards Board (GASB). The following represent the more significant accounting and reporting policies and practices of the Town.

Fund Accounting

The accounts of the Town are organized on the basis of funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The various funds are grouped in this report into two generic fund types and one broad category as follows.

Governmental Funds

General Fund-the general fund is used to account for all of the general revenues of the Town not specifically levied or collected for other Town funds and for expenditures primarily related to the rendering of the general services to the Town.

Special Revenue Funds-the special revenue funds are established to account for revenues derived from specific taxes or other earmarked revenues. The Town had a Street and Alley Fund during the 2012-2013 fiscal year.

Method of Accounting

Method of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Method of accounting relates to the timing of the measurements made regardless of the measurement focus applied. The cash-basis method of accounting is employed by all the funds of the Town. Under the cash-basis method of accounting, revenues are recorded when received instead of when susceptible to accrual or when earned. Expenses and expenditures are recorded when paid rather than when the obligations are incurred. This method of accounting is not in compliance with generally accepted accounting principles in the United States of America.

Investments

All investments are stated at cost, which approximates market value unless otherwise indicated.

Encumbrances

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not employed in the governmental funds. Encumbrances under generally accepted accounting principles are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances would be reported as part of the fund balance on the balance sheet.

Comparative Data

Comparative data for the prior year is not presented in the accompanying financial statements.

Budget

In accordance with Oklahoma Statutes, Title 68, Section 2483, the Town's Board of Trustees formally adopt annual budgets including all funds. The annual budget is adopted consistent with guidelines established by the Oklahoma Municipal Code.

Note B – Fixed Assets

In the past, the Town recorded all fixed asset acquisitions as expenditures (Capital Outlay) and has not maintained detailed records of the fixed assets.

Note B – Fixed Assets (Continued)

In the past, the fixed assets of the Town were not accounted for. In recent years, expenditures for fixed asset acquisitions have been capitalized as assets. Depreciation has been recorded ratably. Accordingly, the fixed assets presented are incomplete, which is at variance with generally accepted accounting principles in the United States of America.

Note C – Interfund Transactions

During the course of normal operations, the Town has transactions between funds including expenditures and transfers of resources to provide services, purchase assets, and service debt. Transactions that are normal and recurring between funds are recorded as operating transfers. Transactions that are nonrecurring and represent a transfer of equity between funds are recorded as a change in fund balance.

Note D – Notes Payable

Notes payable consists of a lending from Arvest Bank for the acquisition of warning sirens by the Town. The loan is for a period of 24 months bearing interest at an annual rate of 2.9%, and is collateralized by an executed security agreement. Monthly installment payments in the amount of $1,658.42 service this debt. The original debt amount was $38,574. As of June 30, 2013, the loan balance is $33,868. Loan interest expense in the current period was $268.

Note E – Litigation

The Town has no known pending claims or litigation as of June 30, 2011. In the event the Town is held liable for damages in any litigation that may arise, the resulting judgment will be paid from ad valorem taxes levied over a three-year period through the Town's debt service fund.

Note F – Collateral Pledged

The Town's investment policies are governed by statute. Permissible investments include direct obligations of the United States Governmental agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the Town. Collateral is required to be pledged for demand deposits and certificates of deposit for all amounts not covered by FDIC insurance.

Note G - Cash

The Town's cash deposits at June 30, 2013, are categorized to give an indication of the level of risk assumed by the Town at year-end. Cash on hand of $ 197 is not included.

Investments

The Town's investments at June 30, 2013, consist of cash and equities held by Arvest Asset Management and are categorized below to give an indication of the level of risk assumed by the Town at year-end.

Deposit Categories of Credit Risk – Defined

(A) Insured by the FDIC
(B) Collateralized with securities held by the pledging financial institution's trust department or agent
(C) Uncollateralized

Deposit Categories of Credit Risk

	Category			Bank	Carrying
	(A)	(B)	(C)	Balance	Amount
Cash	$ 85,033	-	-	85,030	85,033
Investments	-	-	500,510	500,510	500,510
Total	$ 85,033	-	500,510	585,540	585,543

Note H – Grants and Reimbursements

The Town received grants and reimbursements from the State of Oklahoma in the amount of $ 4,484 in the current period.

Note I – Capital Assets

As of June 30, 2013, capital assets consist of the following.

Radios and accessories	$ 24,272
Storm sirens, installation	115,649
Lights, baseball field	4,981
Fire truck, vehicles	219,936
Equipment	6,107
Air conditioner	5,845
Tractor & loader	16,500
Parking lot @ Memorial Park	34,945
Current year acquisitions, at cost	428,235
Less: Accumulated depreciation	72,167
Capital assets, net of depreciation	$356,068

Depreciation is computed utilizing the straight-line method over lives ranging from ten to twenty years.

Note J – Subsequent Events

Subsequent events have been evaluated through the financial statement issuance date of June 29, 2015, with no items reported.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information (RSI) includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedule – General Fund

Notes to RSI – Budgetary Comparison Schedule

Town of Bethel Acres, Oklahoma

Budgetary Comparison Schedule - Cash Basis

General Fund

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Resources (inflows)				
Taxes				
Franchise fees	84,750	84,750	85,938	1,188
Intergovernmental: Sales & Alcoholic beverage tax	9,500	9,500	10,651	1,151
Licenses, permits	1,600	1,600	1,888	288
Investment income	40,000	40,000	585	(39,415)
Petroleum industry fees	30,000	30,000	35,800	5,800
Grants			4,484	4,484
Contributions, refunds	-	-	10,024	10,024
Total resources (inflows)	165,850	165,850	149,370	(16,480)

(Continued)

Town of Bethel Acres, Oklahoma

Budgetary Comparison Schedule - Cash Basis

General Fund

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Charges to appropriations (Outflows)				
City Clerk/Treasurer	$ 2,500	2,500	8,324	(5,824)
Attorney	6,000	6,000	10,525	(4,525)
General governement				
Other services, charges	71,300	71,300	66,867	4,433
Depreciation	-	-	32,359	(32,359)
Total General Government	79,800	79,800	118,075	(38,275)
Police & Fire				
Fire:				
Materials, supplies	72,550	72,550	66,587	5,963
Auditor	3,500	3,500	3,100	400
Oil & gas inspector	8,000	8,000	10,600	(2,600)
Mowing contractor	8,400	8,400	4,940	3,460
Travel, mileage	200	200	-	200
	20,100	20,100	18,640	1,460
Appropriations	172,450	172,450	203,302	(30,852)
Excess or deficit, revenues less expenses	(6,600)	(6,600)	(53,932)	(47,332)
Carryover of prior year	6,600	6,600		
	-	-		

Town of Bethel Acres, Oklahoma
Notes to Required Supplemental Information
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

Budgetary Accounting

The Town prepares its budget for the General Fund on the cash basis of accounting. This basis is consistent with the basis of accounting used in presenting the General Fund in the basic financial statements. All unexpended appropriations lapse at year end.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Combining Statements – Non-major governmental funds

Budgetary Comparison Schedules - Non-major governmental funds

Schedule 1

Town of Bethel Acres, Oklahoma

Combining Balance Sheet - Cash Basis
Nonmajor Governmental Funds
June 30, 2013

ASSETS	Special Revenue Fund Street and Alley
Cash and cash equivalents	$ 78,614
Investments	150,000
Total Assets	$ 228,614

FUND BALANCE	
Unreserved, reported in nonmajor special revenue funds	$ 228,614

Town of Bethel Acres, Oklahoma

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Cash Basis
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Fund Street and Alley
Revenues	
Intergovernmental	$ 26,650
Investment income	223
Total Revenues	26,873
Expenditures	
Street and alley expense	174,221
Excess (deficiency) of revenues over expenditures	(147,348)
Transfers in (out) - General Fund	2,196
Fund balance - beginning of period	373,766
Fund balance - end of period	$ 228,614

Town of Bethel Acres, Oklahoma

Budgetary Comparison Schedule - Cash Basis
Budgeted Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Fund Street and Alley			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Resources (Inflows):				
Taxes	22,500	22,500	26,650	4,150
Investment income	-	-	223	223
Amounts available for appropriation	22,500	22,500	26,873	4,373
Streets:				
Material & supplies	2,000	2,000	174,221	(172,221)
Total charges to Appropriations	2,000	2,000	174,221	(172,221)
Excess (deficit) Revenues Over expenses	20,500	20,500	(147,348)	(167,848)

SAMUEL S ALEXANDER
Certified Public Accountant

304 South Hayes
Wagoner, Oklahoma 74467
918.485.2733 – Facsimile 918.485.3666
E-mail: ndncpa@samuelalexandercpa.com

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*

Mayor Neal Davis and the Board of Trustees
Town of Bethel Acres, Oklahoma

I have audited, 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, the financial statements of governmental activities of the Town of Bethel Acres, Oklahoma (the "Town") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Bethel Acres' basic financial statements, and have issued my report thereon dated June 29, 2015.

My report included an explanatory paragraph related to required supplementary information. I conducted my 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

In planning and performing my audit of the financial statements, I considered the Town of Bethel Acres' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Town of Bethel Acres' internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Bethel Acres' 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.

My 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 my audit I identified deficiencies in internal control that I consider to be material weaknesses. Other material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bethel Acres' financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 my audit, an accordingly, I do not express such an opinion. The results of my 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 my 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 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. According, this communication is not suitable for any other purpose.

Wagoner, Oklahoma
June 29, 2013

Town of Bethel Acres, Oklahoma

Schedule of Findings
Year Ended June 30, 2013

Reportable Conditions of Internal Control

13-01 Lack of Accounting Expertise

Criteria: The failure to reconcile and agree balance sheet and income statement accounts to correct amounts is important to adequately protect the Town's assets and ensure accurate financial reporting.

Condition: Presently the balance sheet and income statement accounts are not periodically reconciled to correct or actual amounts.

Cause: The Town's limited population and resources result in its inability to provide sufficient staffing to fully perform the important job of following through the accounting processes in a manner to suitably reconcile the books and accounts to correct or actual amounts.

Effect: Without the proper reconciliations important to these basic accounting functions, the risk increases that material and significant financial statement misstatements could occur and not be detected within a timely basis.

Recommendation: Efficient reconciliation of the books of accounts to actual or correct amounts is often difficult. However, the governing body and Town management should be aware of this risk associated with the failure to perform these duties as a part of the ongoing accounting function and process.

I recommend that an outside accountant be engaged to provide periodic accounting assistance and supervision unless and until the necessary accounting expertise is acquired internally that can provide regular reconciliation duties associated with the accounting processes.