

Financial Statements and Reports of
Certified Public Accountant
Town of Langley, Oklahoma
June 30, 2013

Ober & Associates Inc., PC
Certified Public Accountants
124 South Main
Miami, Oklahoma 74354
918-542-4401

**Town of Langley, Oklahoma
Town Officials
June 30, 2013**

Board of Trustees

Mayor	Margaret Rutherford
Member	Dee Anne Grapevine
Member	Tom Hopper
Member	William Long
Member	Phil Bethel

Clerk/Treasurer

Christine Morrison

Town of Langley, Oklahoma
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OBER & ASSOCIATES INC., PC

CERTIFIED PUBLIC ACCOUNTANTS
124 South Main
Miami, Oklahoma 74354
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Trustees
Town of Langley, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Langley, Oklahoma, 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 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

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 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, 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 financial position of the governmental activities, the business-type activities, and each major fund of the Town of Langley, Oklahoma, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The schedule of state and federal financial assistance is the responsibility of management and was derived from and relates 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 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. In our opinion, the schedule of state and federal financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014, on our consideration of the Town of Langley, Oklahoma'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* and should be considered in assessing the results of our audit.

OBER & ASSOCIATES, INC., PC

OBER & ASSOCIATES, INC., PC
CERTIFIED PUBLIC ACCOUNTANTS
March 28, 2014

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**Town of Langley, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Our discussion and analysis of the Town of Langley's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Town's financial statements which begin on page 11.

FINANCIAL HIGHLIGHTS

- The Town's Net Position increased by \$17,925 or almost 1% this fiscal year, resulting in total Net Position of \$1,909,573 as of June 30, 2013.
- Current year general fund revenues totaled \$978,354.
- Current year general fund expenditures were \$538,840.
- The Town purchased several lots at a cost of \$7,559 as well as a mower for the Parks department at a cost of \$3,600. The Fire Department purchased a new tank at a cost of \$2,950 for total general fund asset purchases of \$14,109.
- The Public Works Authority had operating revenues of \$282,266 and an operating loss of \$435,090 for the year. Net non-operating revenues, including \$404,056 in sales tax combined with other non-operating revenues and expenses to produce a total net loss of \$92,175 for the year.
- Also, the PWA purchased new pump equipment at a cost of \$10,710, as well as a dump truck and mower at a combined cost of \$16,400 for total asset purchases of \$27,110.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11-13) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

**Town of Langley, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the Town as a whole begins on page 6. One of the most important questions asked about the Town's finances is, is the Town as a whole better off or worse off as a result of this year's activities? The Statement of Net Position and the Statement of Activities provide information about the Town as a whole and about its activities in a way that helps answer this question. The statements include *all* assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in net position. You can think of the Town's net position—the difference between assets and liabilities—as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- Governmental activities – Most of the Town's basic services are reported here, including the fire, general administration, streets, animal control and police. Sales taxes, franchise fees, fines and state grants finance most of these activities.
- Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system is reported here.

**Town of Langley, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Reporting the Town's Most Significant Funds

Fund Financial Statements

Our analysis of the Town's major funds begins on page 8. The fund financial statements begin on page 14 and provide detailed information about the Town's most significant funds—not the Town as a whole. The Town's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental Funds** – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds.

- **Proprietary Funds** – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise fund is the same as the business-type activities reported in the government-wide statements, but more detail and additional information (such as the Statement of Cash Flows) is provided in the fund financial statements.

**Town of Langley, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

THE TOWN AS A WHOLE

The Town's Net Position is reported in the Statement of Net Position on page 11.

For the year ended June 30, 2013, the net assets for the Town's Governmental and Business-type Activities changed as follows:

Summary of Net Position

	Governmental Activities		Business-type Activities	
	6/30/2012	6/30/2013	6/30/2012	6/30/2013
Current Assets	\$ 149,083	\$ 50,256	\$ 1,018,521	\$ 1,041,242
Restricted Assets		132,568	138,639	139,824
Capital Assets	1,661,866	1,606,101	4,037,488	3,900,373
Other Assets	306,638	319,476	72,902	69,847
Total Assets	<u>2,117,587</u>	<u>2,108,401</u>	<u>5,267,550</u>	<u>5,151,286</u>
Current Liabilities	16,898	20,969	109,499	127,636
Noncurrent Liabilities	209,041	171,817	1,655,659	1,613,433
Total Liabilities	<u>225,939</u>	<u>192,786</u>	<u>1,765,158</u>	<u>1,741,069</u>
Net Assets Invested in Capital				
Assets, net of related debt	1,452,825	1,434,284	2,413,656	2,314,559
Restricted Net Assets	-	126,526	100,424	100,424
Unrestricted Net Assets	438,823	348,763	988,312	995,234
Total Net Position	<u>\$ 1,891,648</u>	<u>\$ 1,909,573</u>	<u>\$ 3,502,392</u>	<u>\$ 3,410,217</u>

This reflects an increase of less than 1% for governmental activities and about a 2.5% decrease for business-type activities.

Unaudited

**Town of Langley, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities	
	6/30/2012	6/30/2013	6/30/2012	6/30/2013
Charges for services	\$ 49,597	\$ 41,881	\$ 300,704	\$ 281,376
Grants and contributions	8,861	9,031	31,628	-
Sales and use taxes	902,664	873,330	-	-
Other taxes	25,267	25,879	-	-
Franchise taxes	14,572	10,939	-	-
Other	24,659	17,294	8,499	9,210
Total Revenues	1,025,620	978,354	340,831	290,586
Expenses:				
General Government	83,663	91,802	-	-
Town Management	43,533	48,952	-	-
Town Clerk	15,025	15,594	-	-
Public Safety and Juciary				
Animal Control	3,667	194	-	-
Town Attorney	2,913	860	-	-
Fire Department	79,330	89,394	-	-
Municipal Court	3,600	3,700	-	-
Police Department	207,951	215,780	-	-
Transportation:				
Street & Alley	29,290	9,534	-	-
Culture, Parks and Recreation				
Library	63,905	65,719	-	-
Parks	17,525	14,844	-	-
Town Utilities	-	-	786,832	786,817
Total Expenses:	550,402	556,373	786,832	786,817
Transfers	(402,569)	(404,056)	402,569	404,056
Loss on Asset Disposal	18,433	-	-	-
Change in Net Position	54,216	17,925	(43,432)	(92,174.62)
Beginning Net Assets	1,837,432	1,891,648	3,545,824	3,502,392
Ending Net Assets	\$ 1,891,648	\$ 1,909,573	\$ 3,502,392	\$ 3,410,217

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Net Position. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Unaudited

**Town of Langley, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Business-type Activities

In reviewing the departmental Net (Expense)/Revenue the PWA is showing a net operating loss of \$435,090. However this number does not reflect the income from grants, interest and sales tax. When these income numbers are included, the PWA shows a net loss for the year of \$92,094.

THE TOWN'S FUNDS

General Fund

The general fund balance sheet and statement of revenues, expenditures and changes in fund balances is presented on pages 14-15 followed by a reconciliation to the government-wide statement on page 16.

General fund revenues of \$978,354 included \$910,147 or 93% in taxes, including sales tax, use tax, franchise tax, occupational tax, motor vehicle collections, alcoholic beverage tax, tobacco tax and gasoline tax.

Proprietary Fund

The proprietary fund statements are presented on pages 17-20. The proprietary fund reported a decrease in net assets of \$92,175, resulting in a balance of net position as of June 30, 2013 of \$3,410,214. The proprietary fund Statement of Cash Flows on page 19 indicates a total net cash inflow for the year from all proprietary activities of \$33,066.

**Town of Langley, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's budget is prepared according to Oklahoma law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the fiscal year, the Town Council authorizes revisions to the original budget if necessary to accommodate differences from the original budget to the actual expenditures of the Town. A schedule showing the Town's original and final budget amounts compared with amounts actually paid and received is provided on page 39.

In the General Fund, actual revenues were \$59,791 more than budgeted and actual expenditures were held to \$234,799 less than budgeted, resulting in a general fund balance carryover of \$294,589.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the Town had \$1,606,101 invested in a broad range of capital assets, including land, buildings, fire trucks, police cars, equipment and its water distribution system. After additions and depreciation this amount represents a decrease of \$55,764 from last year.

More information on the Town's capital assets can be found in Note III D on page 34.

**Town of Langley, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2013**

Debt Administration

At June 30, 2013, the Town had \$1,827,476 in capital leases and notes payable outstanding, with \$67,410 due within one year.

	Governmental Activities	Business-Type Activities	Total
Capital Lease Obligations	\$ 171,817	\$ -	\$ 171,817
Notes Payable	-	1,655,659	1,655,659
Total	<u>\$ 171,817</u>	<u>\$ 1,655,659</u>	<u>\$ 1,827,476</u>

More information on the Town's long-term debt can be found in Note III E on pages 35-36.

The Oklahoma Constitution limits the amount of general obligation debt that municipalities can issue for non-utility or non-street purposes to no more than 10% of the net assessed valuation. For the year ending June 30, 2013, the Town had no outstanding general obligation debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town Council and management considered many factors when setting the fiscal year June 30, 2013 budget, including economic trends and issues, trends in residential growth, and known information about State and Federal grants.

Our Estimate of Needs for General Fund for the year ended June 30, 2013 is \$805,227.

If revenue estimates are realized, we expect to maintain our General Fund balance at the same level as we ended the current fiscal year.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's office at P.O. Box 760, Langley, OK 74350-0760.

Town of Langley, Oklahoma
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 124,248.64	\$ 674,554.78	\$ 798,803.42
Investments	50,000.00	339,703.11	389,703.11
Accounts Receivable	-	21,665.38	21,665.38
Due from Other Governments	186,907.95	-	186,907.95
Prepaid Expenses	2,532.82	5,318.78	7,851.60
Total Current Assets	<u>363,689.41</u>	<u>1,041,242.05</u>	<u>1,404,931.46</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	-	139,823.86	139,823.86
Deposit with Third Party Administrator	132,568.18	-	132,568.18
Capital Assets:			
Property, Plant and Equipment, net	1,606,101.46	3,900,373.13	5,506,474.59
Other Assets:			
Bond and Loan Costs, net	-	69,847.14	69,847.14
Total Noncurrent Assets	<u>1,738,669.64</u>	<u>4,110,044.13</u>	<u>5,848,713.77</u>
TOTAL ASSETS	<u>2,102,359.05</u>	<u>5,151,286.18</u>	<u>7,253,645.23</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	5,932.95	21,750.94	27,683.89
Payroll Taxes and Withholding Payable	1,378.26	4,057.43	5,435.69
Accrued Interest	7,616.06	20,201.23	27,817.29
Payable from Restricted Assets:			
Accounts Payable 3rd Party Administrator	6,042.00	-	6,042.00
Meter Deposits Payable	-	39,400.00	39,400.00
Current Portion of Notes Payable	-	42,226.00	42,226.00
Current Portion of Capitalized Lease Obligation	25,183.95	-	25,183.95
Total Current Liabilities	<u>46,153.22</u>	<u>127,635.60</u>	<u>173,788.82</u>
Noncurrent Liabilities:			
Notes Payable	-	1,613,433.00	1,613,433.00
Capital Lease Obligation	146,633.01	-	146,633.01
Total Noncurrent Liabilities:	<u>146,633.01</u>	<u>1,613,433.00</u>	<u>1,760,066.01</u>
TOTAL LIABILITIES	<u>192,786.23</u>	<u>1,741,068.60</u>	<u>1,933,854.83</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,434,284.50	2,314,561.27	3,748,845.77
Restricted	126,526.18	100,423.86	226,950.04
Unrestricted	348,762.14	995,232.45	1,343,994.59
TOTAL NET POSITION	<u>\$ 1,909,572.82</u>	<u>\$ 3,410,217.58</u>	<u>\$ 5,319,790.40</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Langley, Oklahoma
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government:					
Managerial	\$ 48,951.89	\$ 955.00	\$ -	\$ -	\$ (47,996.89)
City Clerk/Treasurer	15,593.57	-	-	-	(15,593.57)
Maintenance and Operation	89,688.62	-	-	-	(89,688.62)
Capital Outlay	2,113.07	-	-	-	(2,113.07)
Total General Government	156,347.15	955.00	-	-	(155,392.15)
Public Safety and Judiciary:					
City Attorney	860.00	-	-	-	(860.00)
Fire	89,394.18	4,242.67	4,484.35	-	(80,667.16)
Municipal Court	3,700.00	-	-	-	(3,700.00)
Police	215,780.05	36,683.16	-	-	(179,096.89)
Total Public Safety and Judiciary	309,734.23	40,925.83	4,484.35	-	(264,324.05)
Transportation:					
Street and Alley	9,534.05	-	-	-	(9,534.05)
Culture, Parks and Recreation:					
Animal Control	194.11	-	-	-	(194.11)
Parks	14,844.40	-	-	-	(14,844.40)
Library	65,718.60	3,256.80	4,547.00	-	(57,914.80)
Total Culture, Parks & Recreation	80,757.11	3,256.80	4,547.00	-	(72,953.31)
Total Governmental Activities	556,372.54	45,137.63	9,031.35	-	(502,203.56)
Business-Type Activities:					
Utilities	786,816.62	281,376.08	-	-	(505,440.54)
Total	\$ 1,343,189.16	\$ 326,513.71	\$ 9,031.35	\$ -	\$ (1,007,644.10)

(continued)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Langley, Oklahoma
Statement of Activities (continued)
For the Year Ended June 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Changes in Net Position:			
Net (Expense)/Revenue	\$ (502,203.56)	\$ (505,440.54)	\$ (1,007,644.10)
General Revenues:			
Taxes:			
Sales and Use Taxes	873,329.69	-	873,329.69
Franchise and Public Service Taxes	10,938.66	-	10,938.66
Motor Vehicle Collections	5,805.81	-	5,805.81
Alcoholic Beverage Tax	5,902.48	-	5,902.48
Gasoline Tax	3,823.50	-	3,823.50
Tobacco Tax	10,346.98	-	10,346.98
Investment Income	520.28	8,320.17	8,840.45
Sale/Rent of Property	1,246.50	-	1,246.50
Other Income	5,359.72	889.64	6,249.36
Reimbursements	6,911.22	-	6,911.22
Transfers	(404,056.12)	404,056.12	-
Total General Revenues and Transfers	<u>520,128.72</u>	<u>413,265.93</u>	<u>933,394.65</u>
Change in Net Position	17,925.16	(92,174.61)	(74,249.45)
Net Position, Beginning of Year	1,891,647.66	3,502,392.19	5,394,039.85
Net Position, End of Year	<u>\$ 1,909,572.82</u>	<u>\$ 3,410,217.58</u>	<u>\$ 5,319,790.40</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Langley, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2013

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 124,248.64
Investments	50,000.00
Deposit with Third Party Administrator	132,568.18
Due from Other Governments	186,907.95
Prepaid Expenses	2,532.82
TOTAL ASSETS	<u>\$ 496,257.59</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ 11,974.95
Payroll Taxes and Withholdings Payable	1,378.26
Total Liabilities	<u>13,353.21</u>
Fund Balances:	
Cash Fund Balance, Unassigned	356,378.20
Cash Fund Balance, Assigned	126,526.18
Total fund Balances	<u>482,904.38</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 496,257.59</u>
 <u>Reconciliation to the Statement of Net Position</u>	
Total Governmental Funds Balance	\$ 482,904.38
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$2,062,277.77 and the accumulated depreciation is \$456,176.31 for a net book value of \$1,606,101.46 .	
	1,606,101.46
Long-term liabilities, including capitalized lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Accrued Interest Payable	(7,616.06)
Capitalized Lease Obligations Payable	<u>(171,816.96)</u>
 Net Position of Governmental Activities	 <u>\$ 1,909,572.82</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Langley, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2013

	<u>General Fund</u>
Revenues:	
Taxes	\$ 910,147.12
Grants	9,031.35
Charges for Services	8,454.47
Fines and Forfeitures	36,683.16
Investment Income	520.28
Reimbursements	6,911.22
Sale/Lease of Property	1,246.50
Other Revenue	5,359.72
Total Revenues	<u>978,353.82</u>
Expenditures:	
General Government:	
City Clerk/Treasurer	15,593.57
Managerial	48,951.89
Maintenance and Operation	81,342.40
Capital Outlay	9,672.42
Public Safety and Judiciary:	
City Attorney	860.00
Fire	73,197.95
Municipal Court	3,700.00
Police	221,703.62
Transportation:	
Street and Alley	9,534.05
Parks and Recreation:	
Animal Control	194.11
Parks	12,288.64
Library	61,801.31
Total Expenditures	<u>538,839.96</u>
Excess (deficiency) of Revenues over Expenditures	439,513.86
Other Financing Sources (Uses):	
Transfer In (out)	<u>(404,056.12)</u>
Net Change in Fund Balance	35,457.74
Fund Balance, Beginning of Year	447,446.64
Fund Balance, End of Year	<u>\$ 482,904.38</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Langley, Oklahoma
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2013

Net Change in Fund Balances - Governmental Funds	\$	35,457.74
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Amounts reported for governmental activities in the Statement of Activities are different because:

In the governmental funds, capital outlays are reported as expenditures while in the government-wide statement of activities, depreciation expense is reported to allocate those expenditures over the life of the assets.

Capital asset purchases		14,109.35
Depreciation expense		(69,873.66)

Cost of capital assets disposals - Under the current financial resources focus, in the funds disposals of capital assets are unreported. In the government-wide statement, however, the assets disposed of had been capitalized previously and thus have a "book value" that needs to be removed.

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statements.

Accrued Interest Payable		1,007.43
Capital lease obligation principal payments		<u>37,224.30</u>

Change in Net Position of Governmental Activities	\$	<u><u>17,925.16</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Langley, Oklahoma
Statement of Net Position – Proprietary Fund
June 30, 2013

	Utilities Authority Enterprise Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 674,554.78
Investments	339,703.11
Accounts Receivable	21,665.38
Prepaid Insurance	5,318.78
Total Current Assets	1,041,242.05
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	139,823.86
Capital Assets:	
Property, Plant and Equipment, net of Accumulated Depreciation	3,900,373.13
Other Assets:	
Bond and Loan Costs, net of Accumulated Amortization	69,847.14
Total Noncurrent Assets	4,110,044.13
TOTAL ASSETS	5,151,286.18
 LIABILITIES	
Current Liabilities:	
Accounts Payable	21,750.94
Payroll Taxes and Withholdings Payable	4,057.43
Accrued Interest	20,201.23
Payable from Restricted Assets:	
Meter Deposits Payable	39,400.00
Current Portion of Notes Payable	42,226.00
Total Current Liabilities	127,635.60
Noncurrent Liabilities:	
Notes Payable	1,613,433.00
TOTAL LIABILITIES	1,741,068.60
 NET POSITION	
Invested in Capital Assets, Net of Related Debt	2,314,561.27
Restricted	100,423.86
Unrestricted	95,232.45
TOTAL NET ASSETS	\$ 3,410,217.58

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Langley, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2013

	Utilities Authority Enterprise Fund
Operating Revenues:	
Utility Revenue	\$ 281,376.08
Other Revenues	889.64
Total Operating Revenues	282,265.72
Operating Expenses:	
Salaries and Benefits	148,509.37
Depreciation & Amortization	167,279.61
Utilities and Telephone	36,256.30
Insurance	83,602.84
Supplies	121,595.57
Maintenance and Repairs	43,608.94
Other Expenses	27,140.27
Professional Fees	49,038.16
Water Purchased	1,669.71
Truck Expense	7,053.51
Licenses and Permits	26,122.27
Uniforms	3,710.25
Office Supplies and Postage	1,769.30
Total Operating Expenses	717,356.10
Operating Income (Loss)	(435,090.38)
Non-Operating Revenues (Expenses):	
Interest Income	8,320.17
Transfer of Sales Tax Income from General Fund	404,056.12
Interest Expense	(69,460.52)
Total Non-Operating Revenues (Expenses)	342,915.77
Change in Net Position	(92,174.61)
Net Assets, Beginning of Year	3,502,392.19
Net Assets, End of Year	\$ 3,410,217.58

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Langley, Oklahoma
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2013

	Utilities Authority Enterprise Fund
Cash Flows from Operating Activities	
Cash Inflows:	
Payments Received from Customers	\$ 292,281.08
Other Income	889.64
Meter Deposits Received	6,850.00
Total Cash Provided	300,020.72
Cash Outflows:	
Payments for Salaries and Benefits	148,121.96
Payments for Goods and Services	387,101.26
Meter Deposits Refunded	5,665.00
Total Cash Used	540,888.22
Net Cash Provided (Used) by Operating Activities	(240,867.50)
 Cash Flows from Non-Capital Financing Activities	
Sales Tax from Town	404,056.12
 Cash Flows from Capital and Related Financing Activities	
Grant Income	-
Purchase of Capital Assets	(27,110.00)
Principal Paid on Capital Debt	(41,072.00)
Interest Paid on Capital Debt	(69,878.86)
Net Cash Provided (Used) by Capital and Related Financing Activities	(138,060.86)
 Cash Flows from Investing Activities	
Interest	7,937.95
 Net Cash Inflow (Outflow) from All Activities	33,065.71
 Cash and Cash Equivalents, Beginning of Year	781,312.93
Cash and Cash Equivalents, End of Year	\$ 814,378.64
 Unrestricted	\$ 674,554.78
Restricted	139,823.86
Cash and Cash Equivalents, End of Year	\$ 814,378.64

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Langley, Oklahoma
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2013

	<u>Utilities Authority</u> <u>Enterprise Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (435,090.38)
Depreciation	167,279.61
(Increase) Decrease in:	
Accounts Receivable	10,905.00
Prepaid Insurance	(1,362.57)
Increase (Decrease) in:	
Accounts Payable	15,828.43
Payroll Taxes and Withholdings Payable	387.41
Meter Deposits Payable	<u>1,185.00</u>
 Net Cash Provided (Used) by Operating Activities	 <u>\$ (240,867.50)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the Town’s financial statements.

The Town’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. As permitted by generally accepted accounting principles, in the government-wide Statement of Net Position and Statement of Activities, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

A. Reporting Entity

The Town’s financial reporting entity is comprised of the following:

Primary Government: Town of Langley

Blended Component Unit: Langley Public Works Authority

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity” and includes all component units of which the Town appointed a voting majority of the units’ board and the Town is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit’s fund is blended into those of the Town’s by appropriate activity type to comprise the primary government presentation.

Component units that are blended into the reporting activity types of the Town’s reports are presented below:

Component Unit	Brief Description/Inclusion Criteria	Reporting
Langley Public Works Authority	Created to finance, develop and operate the water and sewer services activities.	Enterprise Fund

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole. 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 in 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 separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. 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, liabilities, revenues or expenditure/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, and
- b. Total assets, liabilities, revenues or expenditure/expenses of that 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 below:

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 activities except those legally or administratively required to be accounted for in other funds.

Proprietary Fund

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:

Langley Public Works Authority	Accounts for activities of the public trust in providing water and sewer services to the public.
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**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

The funds of the financial reporting entity are described below (continued):

Major and Non-Major Funds

Major: General Fund
 Proprietary Fund: Langley Public Works Authority

Non-Major: None

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions 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 as defined in item b. below.

- a. All governmental funds utilize a “current financial resources” measurement focus. 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. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applied to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including

Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Basis of Accounting (continued)

capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Equity

Cash and Investments

For the purpose of the Statement of Net Assets, "cash, including time deposits" includes all demand, savings accounts and certificates of deposit of the Town. For the purposes of the proprietary fund Statement of Cash Flows, "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.

Encumbrances

Encumbrance accounting, under which purchase orders, contract, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds.

Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost, which is recorded as an expenditure at the time individual inventory items are used. Proprietary funds and similar component unit inventories are recorded at the lower of cost or market on a first-in, first-out basis. The Town has not maintained inventory records; however, the value of inventory on hand at June 30, 2013 is not believed to be material.

Deposits with Third-Party Administrator

Certain sales tax revenues designated for the Fire Department are received and disbursed by the Mayes County Clerk. For the year ended June 30, 2013, \$55,571.97 was received and \$38,666.64 was disbursed by Mayes County on behalf of the Town of Langley Fire Department. The cash fund balance as of June 30, 2013 was \$132,568.18.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report water charges as its major receivable.

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

Receivables (continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax and other intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables.

Fixed Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

Fixed assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

Management determines on an item-by-item basis whether to capitalize or expense.

The range of estimated useful lives by type of asset is as follows:

Buildings	20-60 years
Improvements	20-60 years
Machinery and Equipment	3-20 years
Utility System	20-60 years
Infrastructure	20-60 years

Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

Fixed Assets (continued)

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. Restricted assets include funds on deposit representing utility customer meter deposits which are refundable to the customer and funds on deposit required to be reserved by terms of promissory notes.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of note payable and capitalized lease obligations.

Long term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payments of principal and interest are reported as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences (when material) is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred

Recent Accounting Pronouncements

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* (GASB 61). GASB 61 modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that were previously required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

Recent Accounting Pronouncements (continued)

component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, GASB 61 clarifies the matter in which that determination should be made and the types of relationships that generally should be considered in making the determination.

GASB 61 amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantially the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

The District adopted GASB 61 on July 1, 2012, which did not have a significant impact on the District's financial statements.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). The objective of GASB 63 is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The pronouncement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The provisions of this statement were effective for financial statements for periods beginning after December 15, 2011. The District adopted GASB 63 effective July 1, 2012. The adoption of the statement required the District to adopt the term "net position" as required. In addition, as required by GASB 63, the District determined as of June 30, 2013, there were no items of deferred inflows or outflows of resources, as presently defined, to be reported.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of GASB 65 is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this statement were effective for financial statements for periods beginning after December 15, 2012.

Equity Classifications

Net Assets/Fund Balance

In the government-wide financial statement, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

Equity Classifications (continued)

Net Assets/Fund Balance (continued)

are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints places on the use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e, fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

Committed fund balance represents amounts that are usable only for specific purposes by formal action of the government's highest level of decision making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The Town's Board of Trustees is the highest level of decision making authority of the Town.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Resource Use Policy

It is in the Town's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the Town considers the restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the Town's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the Town considers committed, amounts to be spent first, followed by assigned amounts, and lastly, unassigned amounts.

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

E. Revenues, Expenditures and Expenses

Sales Tax

The Town presently levies a sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund. Sales taxes collected by the State in June and July (which represent sales for May and June) and received by the Town in July and August have been accrued and are included under the caption "Due from other governments."

Use Tax

The Town levies a use-tax on personal property purchased outside the town limits but stored, used or consumed within the town. The use tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund. Use taxes collected by the State in June and July and received by the Town in July and August are included under the caption "Due from other governments."

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character: Current (further classified by function), Debt Service, Capital Outlay

Proprietary Funds – By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the Town and its component unit are subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

A. Fund Accounting Requirements

The Town complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the Town include the following:

<u>Fund</u>	<u>Required By</u>
Public Works Authority Fund	Trust Indenture

B. Deposit and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. As reflected in note III A., all deposits were fully insured or collateralized.

Investments of the Town (excluding Public Trusts) whose population exceeds 3,000 according to the latest census information are limited by state law to the following:

- a. Direct obligations of the U.S. government or its agencies or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

II. Stewardship, Compliance and Accountability (continued)

B. Deposit and Investments Laws and Regulations (continued)

- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator and in obligation of national mortgage associations.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2013, the Town and its public trusts complied, in all material respects, with these investment restrictions.

C. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Special Sales Tax	Fire Department Purposes
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes
Water and Sewer Revenue	Debt Service and Utility Operations

For the year ended June 30, 2013, the Town complied, in all material respects, with these revenue restrictions.

D. Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2013, the Town had no outstanding general obligation debt.

Other Long-Term Debt

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2013, the Town incurred no such indebtedness.

Notes Payable

The various loan agreements relating to the notes payable issuances of Langley Public Works Authority contain some financial restrictions or covenants. These include covenants such as the required reserve account balances.

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

II. Stewardship, Compliance and Accountability (continued)

D. Debt Restrictions and Covenants (continued)

The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance thereon as of June 30, 2013.

<u>Requirement</u>	<u>Level of Compliance</u>
Reserve Account Requirement (OWRB Loan Agreements) Account balances should be equal to \$100,423.86	Account balances at June 30, 2013 are \$100,507.41

The Langley Public Works Authority has over funded the reserve account by \$83.55.

Meter Deposits Payable

The Langley Public Works Authority is required to have reserved funds available for the amount of meter deposits held. The following is a brief summary of the requirements and the Authority's level of compliance thereon as of June 30, 2013.

<u>Requirement</u>	<u>Level of Compliance</u>
Reserve Account Requirement Account balance should be equal to the total meter deposits payable of \$39,400.	Account balance at June 30, 2013 is \$68,278.11.

The Langley Public Works Authority has over funded the reserve account by \$28,878.11.

E. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town complied with this statute in all material respects for the year ended June 30, 2013.

III. Detailed Notes on Transaction Classes/Accounts

A. Cash and Investments

Authorized Investments

Town policy for eligible investments is governed by State statutes which, in general, allow the Town to invest in obligations of the United States and insured or collateralized Certificate of Deposits. Investment income is recorded in the fund in which it is earned.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposits are maintained in financial institutions. As of June 30, 2013 \$22,601.55 of the Public Works Authority's deposits were exposed to custodial credit risk.

Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

III. Detailed Notes on Transaction Classes/Accounts (continued)

A. Cash and Investments (continued)

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. Restricted Assets

The amounts reported as restricted assets are comprised of cash held in trust on behalf of the Public Works Authority related to their required note payable reserve account and amounts held in trust for customer utility meter deposits.

The restricted assets as of June 30, 2013 are as follows:

Meter Deposits	\$	39,400.00
Reserve Accounts		100,423.86
Total	\$	<u>139,823.86</u>

C. Accounts Receivable

Accounts receivable of the governmental activities consists of franchise tax, occupation tax, sales tax (including fire department funds held at the county), motor vehicle collections and gasoline tax, and alcoholic beverage tax. Accounts receivable of the business-type activities consists of utilities receivable.

Accounts receivable as of June 30, 2013 is as follows:

	Governmental Activities	Business-Type Activities	Total
Total	\$ 186,907.95	\$ 21,665.38	\$ 208,573.33

Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

III. Detailed Notes on Transaction Classes/Accounts (continued)

D. Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 519,338.02	\$ 7,559.35	\$ -	\$ 526,897.37
Depreciable assets:				
Buildings/Improvements	673,095.72	-	-	673,095.72
Machinery and Equipment	855,734.68	6,550.00	-	862,284.68
	<u>1,528,830.40</u>	<u>6,550.00</u>	<u>-</u>	<u>1,535,380.40</u>
Total	<u>2,048,168.42</u>	<u>14,109.35</u>	<u>-</u>	<u>2,062,277.77</u>
Accumulated Depreciation	(386,302.65)	(69,873.66)	-	(456,176.31)
Net Capital Assets	<u>\$ 1,661,865.77</u>	<u>\$ (55,764.31)</u>	<u>\$ -</u>	<u>\$ 1,606,101.46</u>
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 110,364.10	\$ -	\$ -	\$ 110,364.10
Depreciable assets:				
Sewer System	2,826,829.31	-	-	2,826,829.31
Water System	2,993,873.30	10,710.00	-	3,004,583.30
Machinery and Equipment	204,385.38	16,400.00	-	220,785.38
Buildings/Improvements	177,799.97	-	-	177,799.97
Total	<u>6,313,252.06</u>	<u>27,110.00</u>	<u>-</u>	<u>6,340,362.06</u>
Accumulated Depreciation	(2,275,764.20)	(164,224.73)	-	(2,439,988.93)
Total Depreciation & Amortization	<u>(2,275,764.20)</u>	<u>(164,224.73)</u>	<u>-</u>	<u>(2,439,988.93)</u>
Net Capital Assets	<u>\$ 4,037,487.86</u>	<u>\$ (137,114.73)</u>	<u>\$ -</u>	<u>\$ 3,900,373.13</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 8,346.22
Public Safety and Judiciary	
Fire	44,084.12
Police	7,370.27
Culture, Parks and Recreation	
Library	3,917.29
Parks	6,155.76
Total Depreciation Expense	<u>\$ 69,873.66</u>

Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

III. Detailed Notes Concerning the Funds (continued)

E. Long-Term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of June 30, 2013, the governmental long-term debt of the financial reporting entity consisted of the following:

The Town executed a lease to purchase a 2008 International Fire Truck on September 23, 2008. The truck was purchased for \$294,627.00. The amount of the lease is \$294,627.00 with interest at 5.12%, payable in annual installments of \$33,986.61 and maturing August 18, 2018. The payments will be made using the sales tax money held by a third party administrator. Future payments are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 25,183.95	\$ 8,802.66	\$ 33,986.61
2014	26,474.20	7,512.41	33,986.61
2015	27,830.54	6,156.07	33,986.61
2016	29,243.42	4,743.19	33,986.61
2017	30,754.60	3,232.01	33,986.61
2018	32,330.25	1,656.36	33,986.61
	<u>\$ 171,816.96</u>	<u>\$ 32,102.70</u>	<u>\$ 203,919.66</u>

The Town executed a lease to purchase a 2007 Chevrolet Silverado and a 2007 Dodge Charger for the police department on May 26, 2010. The amount of the lease is \$38,500.00 with interest at 3.35%, payable in monthly installments of \$1,125.81 and maturing June 5, 2013. This lease was paid off during the year.

Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

III. Detailed Notes Concerning the Funds (continued)

E. Long-Term Debt (continued)

Business-Type Activities

As of June 30, 2013, the long-term debt payable from proprietary fund resources consisted of the following:

A note payable due to the Oklahoma Water Resources Board in the principal amount of \$1,840,000.00. The note bears a variable interest rate.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 42,226.00	\$ 68,298.36	\$ 110,524.36
2015	43,387.00	66,663.02	110,050.02
2016	45,555.00	64,770.91	110,325.91
2017	47,767.00	62,605.48	110,372.48
2018	48,988.00	60,356.35	109,344.35
2019-2023	278,444.00	267,332.42	545,776.42
2024-2028	340,781.00	204,117.08	544,898.08
2029-2033	414,621.00	126,071.83	540,692.83
2034-2036	393,890.00	33,382.83	427,272.83
	<u>\$ 1,655,659.00</u>	<u>\$ 953,598.28</u>	<u>\$ 2,609,257.28</u>

F. Changes in Long-Term Debt

The following is a summary of the changes in general long-term debt for the fiscal year ended June 30, 2013:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Lease Obligations	\$ 209,041.26	\$ -	\$ 37,224.30	\$ 171,816.96	\$ 25,183.95
Business-Type Activities					
Notes Payable	\$ 1,696,731.00	\$ -	\$ 41,072.00	\$ 1,655,659.00	\$ 42,226.00

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Town purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

IV. Other Information (continued)

B. Proprietary Fund Rates and Charges

Water Rates and Charges

Residential Base Rate first 1,000 gallons-Inside City Limits	\$	18.50
Residential Base Rate first 1,000 gallons-Outside City Limits		20.50
Use From 1,001-3,000 Gallons - per 1,000		3.60
Use from 3,001-5,000 Gallons - per 1,000		3.80
Use from 5,001 Gallons - per 1,000		4.10
Use from 5,001 Gallons - per 1,000 Outside City Limits		4.15
Industrial Base Rate first 1,000 gallons		22.00
Use From 1,001-3,000 Gallons - per 1,000		3.65
Use from 3,001-5,000 Gallons - per 1,000		3.85
Use from 5,001 Gallons - per 1,000		4.25

Sewer Rates and Charges

Residential Base Rate first 3,000 gallons	\$	12.50
Use from 3,001-5,000 gallons - per 1,000		1.50
Use from 5,001-10,000 gallons - per 1,000		1.25
Use from 10,001 gallons - per 1,000		1.00
Industrial Base Rate first 1,000 gallons		15.00
Use from 1,001-5,000 gallons - per 1,000		1.50
Use from 5,001-10,000 gallons - per 1,000		1.75
Use from 10,001 gallons - per 1,000		2.00

C. Contingent Liabilities

The governing board of the Town is not aware of any pending or threatened legal actions against it. However, any such actions would probably be covered by insurance.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

D. Subsequent Events

Management has evaluated subsequent events through March 28, 2014, which is the date the financial statements were available to be issued.

**Town of Langley, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

IV. Other Information (continued)

E. Correction of an Error

During the current year, it was determined that the beginning fund balance of the General Fund was understated by \$218.50. This was due to old outstanding checks. To correct this error, the beginning fund balance of the General Fund of \$447,446.64, as originally reported on July 1, 2012 has been increased to \$447,446.64.

The beginning net assets of the Proprietary Fund were understated by \$256.31. This was due to old outstanding checks in the amount of \$202.40, depreciation adjustment of \$2.76 and a duplicate entry in the amount of \$51.15. To correct this error, the beginning net assets of the Proprietary Fund of \$3,502,135.88, as originally reported on July 1, 2012 have been increased to \$3,305,392.19.

F. Employee Retirement System and Plan

The Town and PWA have a savings incentive match plan for employees (Simple IRA) with nine employees participating. Employees are deferring between 3 and 9 percent of wages with the Town matching 3 percent of wages. All employees are eligible after 30 days. The Town and PWA matched with \$8,707.28 in 2012-13.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Langley, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and
Changes in Fund Balances - Budget and Actual -
Regulatory Basis - General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Budget Variance	
	Original	Final	Actual	Original to Final	Final to Actual
Revenues:					
Charges for Services	\$ 4,464.59	\$ 4,464.59	\$ 5,197.67	\$ -	\$ 733.08
Local Sources	59,983.13	59,983.13	50,699.27	-	(9,283.86)
State Sources	452,003.47	452,003.47	508,226.64	-	56,223.17
Miscellaneous	1,944.56	1,944.56	14,062.72	-	12,118.16
Total Revenues Collected	518,395.75	518,395.75	578,186.30	-	59,790.55
Expenditures:					
Managerial	64,000.00	65,500.00	60,062.43	1,500.00	5,437.57
City Clerk	18,100.00	18,100.00	15,633.08	-	2,466.92
Municipal Court	4,500.00	4,500.00	3,700.00	-	800.00
City Attorney	5,150.00	5,150.00	860.00	-	4,290.00
Library	67,000.00	67,300.00	61,801.31	300.00	5,498.69
General Government	108,555.13	105,455.13	80,689.09	(3,100.00)	24,766.04
Street and Alley	35,500.00	35,500.00	9,534.05	-	25,965.95
Animal Control	6,000.00	6,000.00	194.11	-	5,805.89
Park	22,500.00	22,500.00	12,288.64	-	10,211.36
Police	235,000.00	235,000.00	221,703.62	-	13,296.38
Fire Department	35,000.00	36,300.00	28,845.85	1,300.00	7,454.15
Fire Dept. Sales Tax	173,157.47	173,157.47	44,351.52	-	128,805.95
Total Expenditures Paid	774,462.60	774,462.60	539,663.70	-	234,798.90
Excess (Deficit)	(256,066.85)	(256,066.85)	38,522.60	-	294,589.45
Cash Fund Balance					
Beginning of Year	256,066.85	256,066.85	256,066.85	-	-
Cash Fund Balance					
End of Year	\$ -	\$ -	\$ 294,589.45	\$ -	\$ 294,589.45
Amounts reported for general fund cash fund balance in the Balance Sheet of Governmental Funds is different because this schedule is prepared on a regulatory basis of accounting. The differences are attributable to:					
Due from other governments			186,907.95		
Prepaid Expenses			2,532.82		
Accounts Payable			(11,974.95)		
Payroll Taxes Payable			(1,378.26)		
Cash difference between budget and audit			12,227.37		
Cash Fund Balance - General Fund			\$ 482,904.38		

The accompanying Notes to the Financial Statements are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

Town of Langley, Oklahoma
Schedule of State and Federal Financial Assistance
For the Year Ended June 30, 2013

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Revenue Collected	Total Expenditures
State of Oklahoma Programs:				
Passed through the Oklahoma Department of Agriculture Rural Fire Defense Grant		\$ 4,484.35	\$ 4,484.35	\$ 4,484.35
Passed through the Oklahoma Department of Libraries State Library Grant		<u>4,547.00</u>	<u>4,547.00</u>	<u>4,547.00</u>
Total Expenditures of State Awards		<u><u>\$ 9,031.35</u></u>	<u><u>\$ 9,031.35</u></u>	<u><u>\$ 9,031.35</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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OBER & ASSOCIATES INC., PC

CERTIFIED PUBLIC ACCOUNTANTS
124 South Main
Miami, Oklahoma 74354
918-542-4401

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 Mayor and Board of Trustees
Town of Langley, Oklahoma

We 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 Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Langley, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Langley, Oklahoma's basic financial statements, and have issued our report thereon dated March 28, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Langley, Oklahoma'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 Langley, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Langley, Oklahoma'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

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Town of Langley, Oklahoma'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 Standard*.

To the Mayor and Board of Trustees
Town of Langley, Oklahoma
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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.

OBER & ASSOCIATES, INC., PC

OBER & ASSOCIATES, INC., PC
CERTIFIED PUBLIC ACCOUNTANTS
March 28, 2014