

TOWN OF MOORELAND, OKLAHOMA

FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT

JUNE 30, 2011

TOWN OF MOORELAND, OKLAHOMA  
TOWN OFFICIALS  
JUNE 30, 2011

Richard Burrow	Mayor
Darrel Loghry	Vice Mayor
Anne Prather	Trustee
Jeremy Eilers	Trustee
Gerry Hand	Trustee
Eileen Hensley	Town Administrator
Karen Fox	Town Clerk/Treasurer

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**INDEPENDENT AUDITOR'S REPORT**

To the Town Trustees  
Town of Mooreland, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mooreland, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the Town of Mooreland, Oklahoma, at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 21, 2012, on our consideration of the Town of Mooreland, Oklahoma, internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Town has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information on pages 33-34 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying financial information presented in the Other Supplementary Information section is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Mooreland, Oklahoma. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Town of Mooreland, Oklahoma. The Other Supplementary Information section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the basic financial statements as a whole.

*McCulley & McCulley*

Weatherford, Oklahoma

August 21, 2012

**TOWN OF MOORELAND, OKLAHOMA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	PRIMARY GOVERNMENT		
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash on Hand	\$ 325	\$ 100	\$ 425
Cash in Bank, Including Time Deposits	1,003,698	1,154,409	2,158,107
Accounts Receivable, Net:			
Services	1,264	212,730	213,994
Taxes	44,729		44,729
Intergovernmental	189,052		189,052
Prepaid Assets	5,660	3,395	9,055
Restricted Assets:			
Cash in Bank, Including Time Deposits		62,930	62,930
Debt Service Funds		45,945	45,945
Account Receivable		5	5
Capital Assets - Net of Accumulated Depreciation	1,607,786	1,871,387	3,479,173
<b>TOTAL ASSETS</b>	<u>2,852,514</u>	<u>3,350,901</u>	<u>6,203,415</u>
<b>LIABILITIES</b>			
Accounts Payable	218,210	85,448	303,658
Accrued Interest Payable	105	12,896	13,001
Accrued Compensated Absences	4,390	9,703	14,093
Customer Deposits		62,935	62,935
Long-term Liabilities:			
Due Within One Year	17,767	69,129	86,896
Due in More Than One Year	33,299	1,359,475	1,392,774
<b>TOTAL LIABILITIES</b>	<u>273,771</u>	<u>1,599,586</u>	<u>1,873,357</u>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Related Debt	1,556,720	442,783	1,999,503
Restricted Net Assets - Restricted for Debt Service		45,945	45,945
Unrestricted Net Assets	1,022,023	1,262,587	2,284,610
<b>TOTAL NET ASSETS</b>	<u>\$ 2,578,743</u>	<u>\$ 1,751,315</u>	<u>\$ 4,330,058</u>

The accompanying notes are an integral part of these statements.

**TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2011**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CON- TRIBUTIONS	CAPITAL GRANTS AND CON- TRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities:</b>							
Municipal Court	\$ 10,592	\$	\$	\$	\$ (10,592)	\$	\$ (10,592)
General Government	39,881		5,254	28,565	(6,062)		(6,062)
Library	0				0		0
Park	34,057	8,442			(25,615)		(25,615)
Police Department	159,066	53,765			(105,301)		(105,301)
Fire Department	33,244		4,398	14,960	(13,886)		(13,886)
Airport	20,990	8,001		538,269	525,280		525,280
Emergency Management	2,683				(2,683)		(2,683)
Street and Alley	27,204		11,285		(15,919)		(15,919)
Cemetery	20,315	6,400			(13,915)		(13,915)
Interest Payment	5,441				(5,441)		(5,441)
Depreciation Expense	122,611				(122,611)		(122,611)
Capital Outlay	0				0		0
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>476,084</b>	<b>76,608</b>	<b>20,937</b>	<b>581,794</b>	<b>203,255</b>	<b>0</b>	<b>203,255</b>
<b>Business-type Activities:</b>							
Administration Department	67,117					(67,117)	(67,117)
Electric Department	825,508	945,653	20,000			140,145	140,145
Sewer Department	61,427	77,576				16,149	16,149
Trash Department	55,411	92,489				37,078	37,078
Water Department	217,055	208,191		99,999		91,135	91,135
Interest Expense	46,061					(46,061)	(46,061)
Bad Debt Expense	5,825					(5,825)	(5,825)
Former Nursing Home Related		6,192				6,192	6,192
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>1,278,404</b>	<b>1,330,101</b>	<b>20,000</b>	<b>99,999</b>	<b>0</b>	<b>171,696</b>	<b>171,696</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 1,754,488</b>	<b>\$ 1,406,709</b>	<b>\$ 40,937</b>	<b>\$ 681,793</b>	<b>203,255</b>	<b>171,696</b>	<b>374,951</b>
<b>General Revenues</b>							
Sales and Use Taxes					225,083		225,083
Cigarette Taxes					2,947		2,947
Intergovernmental Revenue					11,429		11,429
Franchise Taxes					13,866		13,866
License, Permits, and Inspections					2,006		2,006
Donations					1,997		1,997
Interest Income					1,758	3,893	5,651
Late Penalties						20,331	20,331
Property Sales and Dispositions						(3,008)	(3,008)
Insurance Proceeds					3,983		3,983
Other Income					4,557	21,264	25,821
<b>Transfers, Net</b>					<b>154,925</b>	<b>(154,925)</b>	<b>0</b>
<b>Total General Revenues and Transfers</b>					<b>422,551</b>	<b>(112,445)</b>	<b>310,106</b>
<b>Change in Net Assets</b>					<b>625,806</b>	<b>59,251</b>	<b>685,057</b>
<b>NET ASSETS</b>							
Beginning of Year					1,952,937	1,692,064	3,645,001
End of Year					<b>\$ 2,578,743</b>	<b>\$ 1,751,315</b>	<b>\$ 4,330,058</b>

The accompanying notes are an integral part of these statements.

**TOWN OF MOORELAND, OKLAHOMA  
BALANCE SHEET - GOVERNMENTAL FUNDS -  
MODIFIED ACCRUAL BASIS  
JUNE 30, 2011**

	GENERAL FUND	FAA GRANT 3-40- 0061-002-2010 FUND	OTHER GOVERN- MENTAL FUNDS	TOTAL GOVERN- MENTAL FUNDS
<b>ASSETS</b>				
Cash on Hand	\$ 325	\$	\$	\$ 325
Cash in Bank, Including Time Deposits	856,931		146,767	1,003,698
Accounts Receivable, Net:				
Services	1,264			1,264
Taxes	44,729			44,729
Intergovernmental	2,060	186,992		189,052
Due from (to) Other Funds	(9,842)	9,842		0
Prepaid Assets	5,660			5,660
<b>TOTAL ASSETS</b>	<b>\$ 901,127</b>	<b>\$ 196,834</b>	<b>\$ 146,767</b>	<b>\$ 1,244,728</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 21,347	\$ 196,834	\$ 29	\$ 218,210
Accrued Interest Payable			105	105
Accrued Compensated Absences	4,390			4,390
<b>TOTAL LIABILITIES</b>	<b>25,737</b>	<b>196,834</b>	<b>134</b>	<b>222,705</b>
<b>FUND BALANCES</b>				
Unreserved, Reported in:				
General Fund	875,390			875,390
Debt Service Fund			(105)	(105)
Permanent Funds			12,643	12,643
Special Revenue Funds			134,095	134,095
<b>TOTAL FUND BALANCES</b>	<b>875,390</b>	<b>0</b>	<b>146,633</b>	<b>1,022,023</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 901,127</b>	<b>\$ 196,834</b>	<b>\$ 146,767</b>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Governmental capital assets are expended in the funds. Accumulated capital assets are reported in the General Fixed Assets Account Group. This amount less accumulated depreciation is

1,607,786

Long-term capital lease obligations are reported in the General Long-term Debt Account Group and therefore are not reported in the funds.

(51,066)

Net Assets of Governmental Activities

**\$ 2,578,743**

The accompanying notes are an integral part of these statements.

**TOWN OF MOORELAND, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS - MODIFIED ACCRUAL**  
**YEAR ENDED JUNE 30, 2011**

	<u>GENERAL FUND</u>	<u>FAA GRANT 3-40- 0061-002-2010 FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
<b>REVENUES</b>				
Sales and Use Tax	\$ 225,083	\$	\$	\$ 225,083
Cigarette Taxes	2,947			2,947
Intergovernmental Revenue	27,112	538,269	68,779	634,160
Franchise Tax	13,866			13,866
Licenses, Permits & Inspections	2,006			2,006
Fines	53,765			53,765
Swimming Pool	5,052			5,052
Short-term Rental of Facilities	3,390			3,390
Airport	8,001			8,001
Interest	1,484		274	1,758
Property Sales			350	350
Insurance Proceeds	3,983			3,983
Charges for Services			6,050	6,050
Donations	1,200		797	1,997
Other Income	4,557			4,557
<b>TOTAL REVENUES</b>	<u>352,446</u>	<u>538,269</u>	<u>76,250</u>	<u>966,965</u>
<b>EXPENDITURES</b>				
Municipal Court	10,592			10,592
General Government	34,627		5,254	39,881
Library				0
Parks Department	34,057			34,057
Police Department	159,066			159,066
Fire Department	33,244			33,244
Airport	20,990			20,990
Emergency Management	2,683			2,683
Street and Alley	27,204			27,204
Cemetery			20,315	20,315
Public Works Authority			20,000	20,000
Capital Outlays	32,050	566,962	47,650	646,662
Principal Payment			14,521	14,521
Interest Payment			5,441	5,441
<b>TOTAL EXPENDITURES</b>	<u>354,513</u>	<u>566,962</u>	<u>113,181</u>	<u>1,034,656</u>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>(2,067)</u>	<u>(28,693)</u>	<u>(36,931)</u>	<u>(67,691)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	155,141	28,693	44,992	228,826
Operating Transfers (Out)	(73,685)		(216)	(73,901)
<b>TOTAL OTHER FINANCING</b>	<u>81,456</u>	<u>28,693</u>	<u>44,776</u>	<u>154,925</u>
<b>NET CHANGE IN FUND BALANCES</b>	79,389	0	7,845	87,234
<b>FUND BALANCE</b>				
Beginning of Year	796,001		138,788	934,789
End of Year	<u>\$ 875,390</u>	<u>\$ 0</u>	<u>\$ 146,633</u>	<u>\$ 1,022,023</u>

The accompanying notes are an integral part of these statements.



**TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF NET ASSETS  
ALL PROPRIETARY FUND TYPES  
MOORELAND PUBLIC WORKS AUTHORITY  
JUNE 30, 2011**

<b>ASSETS</b>	<b>UTILITY FUND</b>
<b>Current Assets:</b>	
Cash on Hand	\$ 100
Cash in Bank	813,538
Certificate of Deposit	340,871
Accounts Receivable, Net	212,730
Prepaid Assets	3,395
<b>Restricted Assets:</b>	
Cash in Bank	34,830
Certificate of Deposit	28,100
Account Receivable	5
Debt Service Fund Investments	45,945
<b>Total Current Assets</b>	<b>1,479,514</b>
<b>Noncurrent Assets:</b>	
Capital Assets, Net	1,871,387
<b>Total Noncurrent Assets</b>	<b>1,871,387</b>
 <b>TOTAL ASSETS</b>	 <b>3,350,901</b>
 <b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts Payable	85,448
Accrued Compensated Absences	9,703
Accrued Interest Payable	12,896
Customer Meter Deposits	62,935
Notes and Bonds Payable, Including Capital Lease Obligations	69,129
<b>Total Current Liabilities</b>	<b>240,111</b>
<b>Noncurrent Liabilities</b>	
Notes and Bonds Payable, Including Capital Lease Obligations	1,359,475
<b>Total Noncurrent Liabilities</b>	<b>1,359,475</b>
 <b>TOTAL LIABILITIES</b>	 <b>1,599,586</b>
 <b>NET ASSETS</b>	
Investment in Capital Assets	
Net of Related Debt	442,783
Restricted for Debt Service	45,945
Unrestricted Net Assets	1,262,587
<b>TOTAL NET ASSETS</b>	<b>\$ 1,751,315</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS - ALL PROPRIETARY FUNDS  
MOORELAND PUBLIC WORKS AUTHORITY  
YEAR ENDED JUNE 30, 2011**

	<b>UTILITY FUND</b>
<b>OPERATING REVENUES</b>	
Electricity Sales	\$ 945,653
Sewer	77,576
Trash Collection	92,489
Water Sales	208,191
Late Penalties	20,331
Collections on Former Nursing Home Receivables	6,192
Other Operating Revenue	21,264
<b>TOTAL OPERATING REVENUES</b>	<b>1,371,696</b>
<b>OPERATING EXPENSES</b>	
Administration Department	67,117
Electric Department	805,508
Sewer Department	61,427
Trash Department	55,411
Water Department	217,055
Bad Debt Expense	5,825
Other Expenses	
<b>TOTAL OPERATING EXPENSES</b>	<b>1,212,343</b>
<b>INCOME FROM OPERATIONS</b>	<b>159,353</b>
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Interest Income	3,893
OWRB REAP Grant Revenue	99,999
Loss on Disposition of Assets	(3,008)
Interest Expense	(46,061)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<b>54,823</b>
<b>INCOME BEFORE CONTRIBUTED CAPITAL AND OPERATING TRANSFERS</b>	<b>214,176</b>
<b>CONTRIBUTED CAPITAL AND OPERATING TRANSFERS</b>	
Operating Transfer (Out)	<b>(154,925)</b>
<b>INCREASE IN NET ASSETS</b>	<b>59,251</b>
<b>NET ASSETS</b>	
Beginning of Year	1,692,064
End of Year	<b>\$ 1,751,315</b>

The accompanying notes are an integral part of these financial statements.

**TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
MOORELAND PUBLIC WORKS AUTHORITY  
YEAR ENDED JUNE 30, 2011**

	<b>UTILITY FUND</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers or Others	\$ 1,318,764
Cash Paid for Goods and Services	(849,014)
Cash Paid to Employees	(245,466)
	224,284
<b>Net Cash Provided by Operating Activities</b>	
<b>Cash Flows from Noncapital Financing Activities</b>	
Operating Transfers (Out)	(154,925)
<b>Net Cash (Used in)</b>	
<b>Noncapital Financing Activities</b>	(154,925)
<b>Cash Flows from Capital and Related Financing Activities</b>	
Proceeds from OWRB Reap Grant Revenue	99,999
Interest Paid on Notes Payable and Capital Leases	(50,559)
Principal Paid on Notes Payable and Capital Leases	(93,653)
Acquisition and Construction of Capital Assets	0
	(44,213)
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	
<b>Cash Flows from Investing Activities</b>	
Interest Received on Cash and Cash Equivalents	3,893
	3,893
<b>Net Cash Provided by Investing Activities</b>	
<b>Increase in Cash and Cash Equivalents</b>	29,039
<b>Balance of Cash and Cash Equivalents</b>	
Beginning of Year	1,234,345
End of Year	\$ 1,263,384

The accompanying notes are an integral part of these financial statements.

**TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE  
MOORELAND PUBLIC WORKS AUTHORITY  
YEAR ENDED JUNE 30, 2011**

(Continued)

		<u>UTILITY FUND</u>
<b>Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities:</b>		
Increase in Net Assets	\$	<u>59,251</u>
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Interest Income		(3,893)
OWRB Reap Grant Revenue		(99,999)
Loss on Sale of Assets		3,008
Depreciation		103,109
Interest Expense		46,061
Operating Transfer Out		154,925
Changes in Assets and Liabilities:		
(Increase) in Accounts Receivable		(58,309)
Increase in Allowance for Bad Debts		5,826
Decrease in Prepaid Assets		3,605
Increase in Accounts Payable		6,207
(Decrease) in Accrued Compensated Absences		(884)
Increase in Customer Deposits		<u>5,377</u>
Total Adjustments		<u>165,033</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$</b>	<b><u><u>224,284</u></u></b>

The accompanying notes are an integral part of these financial statements.

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

1. Summary of Significant Accounting Policies.

The accounting policies of the Town of Mooreland, Oklahoma, (the Town), conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies and changes.

**A. Reporting Entity.**

The Town of Mooreland, Oklahoma, is an incorporated Town under the provisions of the State of Oklahoma. It operates under the Statutory Town Board of Trustees form of government and provides the following services: public safety (fire & police), streets, sanitation, recreation, and general administrative services. Other services include utilities operations.

The Town, for financial purposes, includes all of the funds and account groups relevant to the operations of the Town of Mooreland. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Mooreland.

The financial statements of the Town include those of any separately administered organization that is controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board, and financial interdependency. Based on the foregoing criteria, the financial statements of the Mooreland Public Works Authority (the Authority) is included in the accompanying financial statements. The Mooreland Public Works Authority was established on September 15, 1966, under and pursuant to Title 60 of Oklahoma Statutes 1961 and the Oklahoma Trust Act. This trust indenture was amended in its entirety on December 16, 1991. On November 21, 2002, the trust indenture was amended to delete Article VIII, paragraph 36, in its entirety. This Article had previously restricted the Authority's borrowing authority. The purposes of the trust are to provide utility services and facilities and to promote, develop, and finance the development of commercial and industrial, agri-business, cultural and recreational, educational, medical and health care activities and facilities. The Town Trustees also serve as the trustees of the Authority. Operations of the Mooreland Public Works Authority are reported as a proprietary fund type. The Mooreland Public Works Authority

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

1. Summary of Significant Accounting Policies (continued).

A. Reporting Entity (continued).

operates one enterprise fund - the PWA Utility Fund. The PWA Utility Fund provides electric, water, sewer, and trash collection services to the Town and its citizens. The Town of Mooreland is the beneficiary of the Mooreland Public Works Authority trust.

B. Basic Financial Statements.

Basic financial statements include a Statement of Net Assets and Statement of Activities for the government-wide and business-type activities. The government-wide financial statements report on the Town as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustain-ability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effects of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Town. It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt are capital assets net of accumulated depreciation and reduced by the outstanding balances of any mortgages or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

1. Summary of Significant Accounting Policies (continued).

B. Basic Financial Statements (continued).

through debt covenants, grantors, or contributors), or laws or regulations of other governments, or 2) imposed by law through constitutional provision or enabling legislation. All net assets not otherwise classified as restricted are shown as unrestricted. Generally, the Town would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grant and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues. General revenues normally support the net costs of the functions and programs not covered by program revenues.

Basic financial statements also include fund financial statements for the governmental and proprietary funds. The focus of the fund financial statements is on major funds. This reporting model sets forth minimum criteria for determination of major funds based upon a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined. It also gives governments the option of displaying other funds as major funds. Other nonmajor funds are combined in a single column on the fund financial statements.

The following are presented as major funds for the Town:

Governmental Funds.

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted in another fund.

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

1. Summary of Significant Accounting Policies (continued).

B. Basic Financial Statements (continued).

FAA Grant Fund - This fund is used to account for the Federal Aviation Administration grant for airport improvement project.

Other Governmental Funds - This column is the summarization of all the nonmajor governmental funds. These were known as special revenue funds, debt service fund, and fiduciary fund under the previous reporting model. Special revenue funds were used to account for all proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The debt service fund was used to accumulate resources to make payments on general long-term debt. The cemetery perpetual care fund is presented as a permanent fund. Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Proprietary Fund Type.

The Town of Mooreland has one proprietary fund type and is operated under the name of the Mooreland Public Works Authority. The Mooreland Public Works Authority operates one enterprise fund - PWA Utility Fund, which is presented as a major fund.

**Enterprise Funds** - Enterprise Funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises (ie. where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Measurement Focus and Basis of Accounting.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

1. Summary of Significant Accounting Policies (continued).

C. Measurement Focus and Basis of Accounting (continued).

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period (normally within 60 days). Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Capital Assets.

All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair market value at the time of donation. On March 12, 2007, the Town Board of Trustees approved a capitalization policy of only capitalizing assets with a value of \$5,000 or greater for the governmental funds and the utility fund. Depreciation on capital assets are computed using the straight line method over the estimated useful life of the related asset.

Governmental capital assets are shown in the governmental funds as capital outlay expenditures and were previously shown in the pre-GASB 34 reporting model in the general fixed asset account group. Under this previous reporting model, they were not depreciated. Under GASB 34 reporting model, they are now depreciated and shown in the government-wide financial statements under governmental activities. Infrastructure assets (roads, sidewalks, bridges, etc) were previously not reported in the financial statements but now are reported and depreciated. According to GASB statement 34, retroactively reporting of infrastructure assets is not required by the Town. However, the Town has elected to include those infrastructure assets acquired since July 1, 1993, in these financial statements.

E. Allowance for Bad Debts.

Management periodically reviews its accounts receivables to determine if an account is collectible. An allowance for bad debts is established for those accounts where collection is deemed to be uncertain.

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

1. Summary of Significant Accounting Policies (continued).

**F. Accrued Compensated Absences.**

Full-time Town and Mooreland Public Works Authority Utility fund employees earn up to 160 hours of vacation time depending upon their length of service. No more than five days of vacation can be carried over to a subsequent year. Payment of unused vacation time will be paid upon termination of an employee. Sick leave can be accumulated up to 13 weeks or 520 hours. Compensation of accumulated sick leave will not be paid upon termination or retirement of an employee.

In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources as they are considered matured, ie. when an employee resigns or retires. The proprietary funds report the liability as it is incurred. Accrued compensated absences represents the accumulated vacation time at June 30, 2011.

**G. Policy Regarding use of Financial Accounting Standard Board (FASB) Pronouncements - Proprietary Funds.**

The Town applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the pronouncements issued on or before November 30, 1989, by the FASB or predecessor Boards, unless those pronouncements conflict with or contradict GASB pronouncements.

**H. Intergovernmental Revenue.**

Intergovernmental revenue represents revenue received or earned from other governmental agencies. These include such items as alcoholic beverage taxes, motor vehicle taxes, gas excise taxes, and grant funds.

**I. Operating Revenues and Expenses.**

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the respective enterprise funds. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities.

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

1. Summary of Significant Accounting Policies (continued).

J. Fund Balance Classifications.

The following fund balance classifications have been required by the Governmental Accounting Standards Board:

Nonspendable - Amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Amounts that can be spent only for the specific purposes stipulated by external resource providers, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed - Amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned - Amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

Generally, the Town would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011**

**2. Cash in Bank, Including Time Deposits and Cash Equivalents.**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town has a policy of requiring collateral for amounts in excess of FDIC insurance levels. At June 30, 2011, the carrying amount of the Town's deposits and certificate of deposits was \$2,221,037 and the bank balance was \$2,255,366. Of the bank balance, \$743,689 was covered by Federal Depository Insurance, since the insurance was increased to \$250,000. The Town had \$1,405,849 covered by collateral pledged to secure the deposits. This collateral is held by the respective bank (or their correspondent bank) in the Town's name. \$105,828 was uninsured and uncollateralized.

Authorized investments by state statute include certificate of deposits, obligations of the U. S. Treasury, and funds secured by obligations of the U. S. Treasury.

Restricted cash and other assets in the proprietary fund type consists of assets restricted for customer meter deposits and debt service requirements. The customer meter deposits are offset by a related liability payable.

Following is a schedule of restricted assets at June 30, 2011:

Assets Restricted for Customer Deposits:		
Cash in Bank	\$ 34,830	
Certificate of Deposit	28,100	
Account Receivable	<u>5</u>	
Total Customer Deposits		\$ 62,935
Assets Restricted for Debt Service:		
Debt Service Funds - Investments for Oklahoma Water Resource Loans		<u>45,945</u>
Total Assets Restricted		<u>\$108,880</u>

Cash and cash equivalents for cash flow presentation purposes includes the entity's cash on hand, cash in bank, including time deposits and restricted assets. The debt reserve funds are investments which cost approximates market.

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

**3. Accounts Receivable, Net.**

Accounts Receivable, Net, consists of the accounts receivable for the entity less its allowance for bad debts as follows:

	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Charges for Services	\$ 4,950	\$236,010	\$ 240,960
Taxes	44,729		44,729
Intergovernmental	189,052		189,052
Less Allowance for Bad Debts	<u>(3,686)</u>	<u>(23,275)</u>	<u>( 26,961)</u>
Total Accounts Receivable, Net	<u>\$235,045</u>	<u>\$212,735</u>	<u>\$ 447,780</u>

**4. Capital Assets.**

Capital asset activity for the year ending June 30, 2011 was as follows:

<u>CAPITAL ASSETS</u>	<u>Primary Government</u>			<u>Balance June 30, 2011</u>
	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>(Deletions)</u>	
Governmental Activities:				
Land*	\$ 64,000	\$	\$	\$ 64,000
Building	220,979	51,450		272,429
Equipment & Vehicles	639,936	8,250		648,186
Infrastructure	<u>1,045,870</u>	<u>586,962**</u>		<u>1,632,832</u>
Total Cost	<u>1,970,785</u>	<u>646,662</u>		<u>2,617,447</u>
Less Accumulated Depreciation:				
Building	(122,778)	(8,996)		(131,774)
Equipment & Vehicles	(505,160)	(40,540)		(545,700)
Infra- Structure	<u>(259,112)</u>	<u>(73,075)</u>		<u>(332,187)</u>
Total Accum- ulated Depr.	<u>(887,050)</u>	<u>(122,611)</u>		<u>(1,009,661)</u>
Net Govern- mental Activ- ities	<u>\$1,083,735</u>	<u>\$524,051</u>	<u>\$</u>	<u>\$1,607,786</u>

**TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011**

**4. Capital Assets (continued).**

Gross amount of governmental activities capital assets recorded as equipment and vehicles under capital leases totaled \$180,278 with accumulated amortization of \$137,554. Amortization expense of \$15,081 and accumulated amortization is shown as depreciation expense and accumulated depreciation in these financial statements.

Depreciation expense is not allocated between functions/programs within the governmental activities/funds. Total depreciation expense for governmental activities/funds is \$122,611.

Some of the above governmental activities capital assets are used to secure indebtedness for capital lease obligation as more fully discussed in Note 5 below.

<u>CAPITAL ASSETS</u>	<u>Primary Government</u>			<u>Balance June 30, 2011</u>
	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>(Deletions)</u>	
Business-type Activities:				
Land*	\$ 4,730	\$	\$	\$ 4,730
Buildings	71,628			71,628
Water & Sewer System	2,194,842			2,194,842
Equipment & Vehicles	261,509		( 7,700)	253,809
Total Costs	<u>2,532,709</u>		<u>( 7,700)</u>	<u>2,525,009</u>
Less Accumulated Depreciation:				
Buildings	(64,226)	(3,392)		(67,618)
Water & Sewer System	(309,373)	(79,708)		(389,081)
Equipment & Vehicles	<u>(181,606)</u>	<u>(20,009)</u>	<u>4,692</u>	<u>(196,923)</u>
Total Accum. Depreciation	<u>(555,205)</u>	<u>(103,109)</u>	<u>4,692</u>	<u>(653,622)</u>
Net Business- type Activ- ities	<u>\$1,977,504</u>	<u>\$ (103,109)</u>	<u>\$ (3,008)</u>	<u>\$1,871,387</u>

\* non-depreciable      \*\* additions include \$566,962 non-depreciable construction in progress

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

4. Capital Assets (continued).

Total depreciation expense for business-type activities at June 30, 2011, is allocated as follows:

Utility Operations:	
Administration	\$ 2,532
Electric	11,418
Sewer	5,591
Water	<u>83,568</u>
 Total Depreciation Expense	 <u>\$103,109</u>

Gross amount of business-type activities capital assets recorded as equipment and vehicles under capital leases totaled \$40,359 with accumulated amortization of \$24,435. Amortization expense of \$8,072 and accumulated amortization is shown as depreciation expense and accumulated depreciation in these financial statements.

Depreciation for capital assets is computed using the straight line method over the estimated useful life of the related asset.

All of the above business-type capital assets are used to secure indebtedness as more fully discussed below.

5. Long-Term Liabilities.

Governmental Activities.

The Town of Mooreland entered into a lease-purchase agreement as more fully described below:

- a) On April 21, 2003, and approved by the Town on May 12, 2003, the Town had a lease purchase commitment for a fire truck. The Town began making payments on May 1, 2004. Noted the lessor had capitalized interest from the inception of the lease commitment and added the unpaid amount to the loan principal balance. The implicit

TOWN OF MOORELAND, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING JUNE 30, 2011

5. Long-term Liabilities (continued).

interest rate was initially 5% and may be adjusted every five years. Lease is for a 9 year term and calls for quarterly payments of \$4,998. Total original cost of the fire truck was \$150,810. \$ 51,066

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2011.

<u>Year Ending</u> <u>June 30</u>	<u>Town</u>	<u>Due Within One Year</u>
2012	\$ 19,992	Principal \$17,767
2013	19,992	
2014	<u>14,994</u>	
Net Minimum Lease Payments	54,978	
Less Amount Representing Interest	<u>( 3,912)</u>	
Present Value of Net Minimum Lease Payments		<u>\$ 51,066</u>

**Business-type Activities.**

The Mooreland Public Works Authority (PWA) entered into various agreements to finance improvements to its water system and purchase assets. Summarized below are the notes and bonds payable for the Mooreland Public Works Authority:

The Mooreland PWA have bonds payable to the Oklahoma Water Resources Board (OWRB) originated on December 9, 2002. These bonds are secured by a first mortgage (both presently owned and acquired in the future) on the water system, water well sites and equipment, water distribution lines, water rights, and pledge and assignment of the revenues and receipts derived from such system. The Authority

**TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011**

**5. Long-term Liabilities (continued).**

cannot incur additional debts on the secured property without written consent of the Water Board and it is subordinate debt. Original terms call for semi-annual payments at a variable rate of interest. On January 23, 2004, the Board of Trustees voted to exercise its option to convert this loan to a fixed interest rate. Interest rates change annually and range from 1.145% to 4.695%. Principal payments are per a set schedule. Maturity is September 15, 2022. The Authority has to fund a reserve account and make monthly payments to a trustee bank to accumulate the funds necessary to make the semi-annual bond payments. These are noted in these financial statements as the debt reserve funds.

Original bonds payable balance was \$205,000.

Outstanding balance at June 30, 2011, was \$ 135,000

The Mooreland PWA has a note payable to the Oklahoma Water Resources Board for water and sidewalk improvements. Original amount due was \$324,255 also known as the Series 2003 Small Community Drinking Water SRF Promissory Note. This loan will be subordinate to the \$205,000 bonds payable. Security for this note is the same as the \$205,000 note payable above. Terms are semi-annual payments of \$10,186 beginning 3/15/05 at 1.795% interest and .50% admin fee. Semi-annual payments prior to 3/15/05 were made according to the Oklahoma Water Resources Board calculations. Maturity is March 15, 2024.

227,370

The Mooreland PWA has another bond payable to the Oklahoma Water Resources Board for the construction of an Ion Exchange Plant to remove the nitrates from the water supply. Original amount due was \$1,150,000 also known as the Series 2009 Drinking Water SRF Promissory Note. This loan will be subordinate to the \$205,000 bonds payable and on parity with the \$324,255 note payable. Security for this note is the same as the \$205,000 note payable above. Terms are semi-annual payments

TOWN OF MOORELAND, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING JUNE 30, 2011

5. Long-term Liabilities (continued).

of principal, interest, and administrative fees beginning 3/15/10. Interest rate is 2.99% and 0.50% admin fee. Semi-annual payments of principal were \$28,750 up to March 15, 2011. After March 15, 2011, the Authority has to fund a reserve account and make monthly payments to a trustee bank to accumulate the funds necessary to make the semi-annual bond payments. These are noted in these financial statements as the debt reserve funds. Future bond semi-annual payments are \$39,436 per the amortization schedule received from the Oklahoma Resources Water Board. Maturity is September 15, 2029. 1,063,750

The Mooreland PWA entered into a capital lease obligation with a bank to purchase two pickups. Original note amount was for \$23,071. Terms call for monthly payments of \$686 for 36 months with interest at 4.5%. Outstanding balance at June 30, 2011 -0-

The Mooreland PWA entered into a capital lease obligation with a bank to purchase one pickup. Original note amount was for \$17,343. Terms call for monthly payments of \$515 for 36 months with interest at 4.35%. Outstanding balance at June 30, 2011 2,484

Total Mooreland PWA Long Term Liabilities \$1,428,604

As of June 30, 2011, accrued interest on the above notes payable for the Mooreland PWA was \$12,896.

**TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011**

**5. Long-term Liabilities (continued).**

The following is a summary of the Mooreland PWA long-term liabilities transactions for the year ended June 30, 2011:

	<u>Balance June 30, 2010</u>	<u>New Debt</u>	<u>(Repay- ments)</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
Utility Fund:					
Oklahoma Water Resources	\$ 145,000	\$	\$(10,000)	\$ 135,000	\$10,000
Oklahoma Water Resources	242,192		(14,822)	227,370	15,155
Oklahoma Water Resources	1,121,250		(57,500)	1,063,750	41,490
Bank	5,398		( 5,398)	-0-	
Bank	<u>8,417</u>		<u>( 5,933)</u>	<u>2,484</u>	<u>2,484</u>
<b>TOTAL</b>	<u><b>\$1,522,257</b></u>	<u><b>\$</b></u>	<u><b>\$(93,653)</b></u>	<u><b>\$1,428,604</b></u>	<u><b>\$69,129</b></u>

Annual requirements to amortize all of the June 30, 2011, PWA long-term liabilities are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 69,129	\$ 48,156	\$ 117,285
2013	68,596	45,836	114,432
2014	70,497	43,573	114,070
2015	72,461	41,232	113,693
2016	74,398	38,904	113,302
2017-2021	410,269	154,744	565,013
2022-2026	405,778	81,113	486,891
2027-2030	<u>257,476</u>	<u>18,578</u>	<u>276,054</u>
<b>Total</b>	<u><b>\$ 1,428,604</b></u>	<u><b>\$ 472,136</b></u>	<u><b>\$ 1,900,740</b></u>

Interest on these notes payable for disclosure purposes are assumed to be paid at the first of the month. The Oklahoma Water Resources bonds and notes interest include the admin fee as interest for each semi-annual payment. Consequently, actual interest paid may differ from the above table.

TOWN OF MOORELAND, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING JUNE 30, 2011

**5. Long-term Liabilities (continued).**

The following is a schedule by years of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of June 30, 2011.

<u>Year Ending</u> <u>June 30</u>	<u>Town</u>	<u>Due Within One Year</u>
2012	\$ <u>2,510</u>	Principal \$ 2,484
Net Minimum Lease Payments	2,510	
Less Amount Representing Interest	( <u>26</u> )	
Present Value of Net Minimum Lease Payments	<u>\$ 2,484</u>	

**6. Pension Plan - Volunteer Firefighters.**

**Plan Description.** The Town participates in the Oklahoma Firefighters Pension and Retirement System (the Plan) pension plan for its volunteer firefighters. The Plan provides retirement, death and disability benefits to plan members and beneficiaries. The Plan is an agent multiple-employer (or municipality) contributory defined benefit pension plan. The authority to amend and establish the benefit provisions of the plan rests with the Board of Trustees of the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oklahoma Fire Pension and Retirement System, c/o Oklahoma State Fire Fighters Association, 4545 Lincoln Blvd., Oklahoma City, OK 73105-3414.

**Funding Policy.** Voluntary firemen do not contribute to the Plan. The Town contributes \$ 60 for each volunteer fireman as set by the Oklahoma Statutes. The State contributes 34% of the Insurance Premium Tax to the plan.

**Annual Pension Cost.** During the year ended June 30, 2011, the Town contributed \$1,320 to the Plan. The actuarial valuation report, dated July 1, 2011, does not give disclosure information by municipality or employer.

**TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011**

**6. Pension Plan - Volunteer Firefighters (continued).**

**Actuarial Assumptions.** The actuarial assumptions used include: (a) a rate of return on the investment of present and future assets of 7.5% and (b) a constant benefit level for voluntary fire fighters. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The Plan's unfunded actuarial accrued liability is calculated using the entry age actuarial cost method. It is being amortized as a level percentage of the insurance premium tax allocation fund on a closed basis. The remaining amortization period at July 1, 2011, was 22 years.

Historical three and ten year trend information are not available.

**7. Pension Plan - Town and Authority Utility Fund Employees.**

**Plan Description.** The Town and the Authority Utility Fund employees participate in the Town of Mooreland Plan and Trust (the Plan), a defined benefit pension plan. The Plan provides retirement benefits with no cost-of-living adjustments to plan members and beneficiaries. The Plan is affiliated with the Oklahoma Municipal Retirement Fund (the Fund), an agent multiple-employer pension plan administered by the Fund's Board of Trustees. The authority to establish and amend the benefit provisions of the plans that participate in the Fund at times is granted to the employer entities; for the Plan, that authority rests with the Town of Mooreland's Board of Trustees. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Plan.

That report may be obtained by writing to Oklahoma Municipal Retirement Fund, P.O. Box 25848, Oklahoma City, OK 73125, or by calling 1-800-395-2662 or 405-231-6313.

**Funding Policy.** The Town is required to contribute at an actuarially determined rate. The current actuarially determined rate is 20.25% of annual covered payroll. For fiscal year 2012 this rate is 18.31%. Employees are required to contribute 4.0% of their annual covered salary (as set by the plan) and the Town is required to contribute the difference between the employee rate and the required contribution rate (16.25% for fiscal year 2011). The contribution requirements of plan members and the Town are established and may be amended by the Fund's Board of Trustees.

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2011

7. Pension Plan - Town and Authority Utility Fund Employees  
(continued).

**Annual Pension Cost.** For the fiscal year ended June 30, 2011, the Town and Authority's annual pension cost of \$16,939 and \$25,191, respectively, was equal to the Town and Authority Utility Fund's normal required contributions. The required contributions were determined as part of the December 31, 2010, actuarial valuation using the aggregate actuarial entry age cost method. The actuarial assumptions include: (a) a rate of return on the investment of present and future assets of 7.5%, (b) projected salary increases at predetermined rates per year based upon participants age, and (c) no cost-of-living adjustments. The actuarial value of the Plan assets was determined using techniques that smooth the effect of fluctuations in market value on plan funding requirements. Currently the plan is under funded since its actuarial value of assets at December 31, 2010, is \$972,902 and its actuarial accrued liability is \$1,202,574, with the difference being \$229,672.

The actuarial report shows a accumulated benefit obligation (a measure of the benefits actually accrued under the plan to date) of \$1,017,801 and when compared to the market value of the plan assets of \$927,466, shows the plan being under funded by \$90,335.

8. Net Assets - Restricted.

Net Assets - Restricted are amounts restricted for debt service obligations.

9. Risk Management.

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town purchases commercial insurance to reduce their risk of loss. These insurance policies have a deductible ranging from zero to \$1,000, depending upon the particular type of coverage. There have not been any settlements that exceeded insurance coverage for each of the past three years.

TOWN OF MOORELAND, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING JUNE 30, 2011

**10. Interfund Transfers, Receivables and Payables.**

The Town periodically makes transfers to different funds to move funds from the other funds to increase their liquidity and ability to purchase goods and services. Interfund transfers for the year ending June 30, 2011, consisted of funds as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
Other Governmental	\$ 44,992	\$( 216)
FAA Grant Fund	28,693	
General Fund	155,141	( 73,685)
PWA		<u>(154,925)</u>
Totals	<u>\$228,826</u>	<u>\$(228,826)</u>

**11. Contingencies and Commitments.**

The Town has a \$600,000 grant with the Federal Aviation Administration for airport improvements. At June 30, 2011, the contractor's payment number 4 was refused since the concrete did not pass the test requirements. Various avenues were pursued to resolve the issue, and at its June 11, 2012, Board of Trustee meeting, the Board approved accepting the contract as complete and a 50% final payment on the concrete. The final pay request would be calculated and submitted to the airport engineers for approval.

TOWN OF MOORELAND, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

12. Fund Balance Classifications.

	<u>GENERAL FUND</u>	<u>FAA GRANT 3-40- 0061-002-2010 FUND</u>	<u>OTHER GOVERN- MENTAL FUNDS</u>	<u>TOTAL GOVERN- MENTAL FUNDS</u>
<b>FUND BALANCES:</b>				
Nonexpendable:				
Prepaid Expenses	\$ 5,660	\$	\$	\$ 5,660
Permanent Fund Principal			10,149	10,149
Restricted for:				
Cemetery Improvements			39,026	39,026
Assigned to:				
Cemetery Improvements			3,538	3,538
Cemetery Maintenance			94,025	94,025
Unassigned:				
Total Fund Balances	<u>\$ 875,390</u>	<u>\$ 0</u>	<u>\$ (105)</u>	<u>\$ 869,625</u>
	<u>\$ 875,390</u>	<u>\$ 0</u>	<u>\$ 146,633</u>	<u>\$ 1,022,023</u>

Restricted fund balances are special revenue funds with resources restricted by state statutes or federal guidelines.

Assigned fund balances are special revenue funds that have earned interest and represents the unexpended accumulated interest and transfers obtained from the readily available records since fiscal year 1997.

The Town of Mooreland has not established a formal policy on the order of spending. This report assumes that restricted resources will be expended first, then unrestricted (in this order - committed, assigned, and unassigned).

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2011**

	BUDGET		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Sales and Use Tax	\$ 219,000	\$ 219,000	\$ 225,083	\$ 6,083
Cigarette Taxes	3,000	3,000	2,947	(53)
Franchise Taxes	15,500	15,500	13,866	(1,634)
Intergovernmental Revenue	21,550	21,550	27,112	5,562
Licenses & Permits	3,700	3,700	2,006	(1,694)
Fines	30,000	30,020	53,765	23,745
Swimming Pool	4,000	4,000	5,052	1,052
Rent	2,000	2,000	3,390	1,390
Airport	9,575	9,575	8,001	(1,574)
Fire Department	200	200	0	(200)
Interest	1,500	1,500	1,484	(16)
Property Sales	200	200	0	(200)
Insurance Proceeds			3,983	3,983
Donations			1,200	1,200
Other Miscellaneous	10,000	10,000	4,557	(5,443)
<b>TOTAL REVENUES</b>	<u>320,225</u>	<u>320,245</u>	<u>352,446</u>	<u>32,201</u>
<b>EXPENDITURES</b>				
Municipal Court	15,600	15,600	10,592	5,008
General Government	45,700	45,700	34,627	11,073
Library	5,500	1,000	0	1,000
Park	64,480	64,480	34,057	30,423
Police Department	190,282	190,282	159,066	31,216
Fire Department	31,500	31,500	33,244	(1,744)
Airport	26,014	26,014	20,990	5,024
Emergency Management	7,569	7,569	2,683	4,886
Street & Alley	51,100	51,600	27,204	24,396
Capital Outlays	187,500	191,500	32,050	159,450
<b>TOTAL EXPENDITURES</b>	<u>625,245</u>	<u>625,245</u>	<u>354,513</u>	<u>270,732</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>				
	<u>(305,020)</u>	<u>(305,000)</u>	<u>(2,067)</u>	<u>302,933</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	200,000	200,000	155,141	(44,859)
Operating Transfers (Out)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(73,685)</u>	<u>(48,685)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>175,000</u>	<u>175,000</u>	<u>81,456</u>	<u>(93,544)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>				
	<u>\$ (130,020)</u>	<u>\$ (130,000)</u>	79,389	<u>\$ 209,389</u>
<b>FUND BALANCE</b>				
Beginning of Year			<u>796,001</u>	
End of Year			<u>\$ 875,390</u>	

See the accompanying auditor's report and notes to required supplementary information.

**TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
FAA GRANT 3-40-0061-002-2010 FUND  
YEAR ENDED JUNE 30, 2011**

	BUDGET		ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 600,000	\$ 600,000	\$ 538,269	\$ (61,731)
Interest				0
<b>TOTAL REVENUES</b>	<u>600,000</u>	<u>600,000</u>	<u>538,269</u>	<u>(61,731)</u>
<b>EXPENDITURES</b>				
Personal Services				0
Materials & Supplies				0
Other Services & Charges				0
Capital Outlay	<u>600,000</u>	<u>632,179</u>	<u>566,962</u>	<u>65,217</u>
<b>TOTAL EXPENDITURES</b>	<u>600,000</u>	<u>632,179</u>	<u>566,962</u>	<u>65,217</u>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>0</u>	<u>(32,179)</u>	<u>(28,693)</u>	<u>3,486</u>
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Operating Transfers In, Net		<u>32,179</u>	<u>28,693</u>	<u>(3,486)</u>
<b>TOTAL OTHER FINANCIAL SOURCES (USES)</b>	<u>0</u>	<u>32,179</u>	<u>28,693</u>	<u>(3,486)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
<b>FUND BALANCE</b>				
Beginning of Year				
End of Year			<u>\$ 0</u>	

See the accompanying auditor's report and notes to required supplementary information.

**TOWN OF MOORELAND, OKLAHOMA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDING JUNE 30, 2011**

The Budget and Actual statement reports the original budget as approved and the final budget as amended. The Town prepares budgets for almost all its funds in accordance with the State of Oklahoma's Municipal Budget Act. The Town's budget is adopted the month prior to the beginning of each fiscal year and published in the local or regional newspaper. Unused appropriations lapse at the end of the year. Amendments to the budgetary data can be made by a vote of the Board of Trustees. Total estimated revenues and expenditures (expenses) are budgeted for the next fiscal year.

Only the general fund and major special revenue funds are required to be presented by generally accepted accounting principles. Accordingly, only the general fund and FAA grant fund budget to actual comparisons are presented in these financial statements.

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF MOORELAND, OKLAHOMA  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS - MODIFIED ACCRUAL BASIS  
JUNE 30, 2011**

	<u>SPECIAL REVENUE FUNDS</u>							
	<u>GENERAL CEMETERY FUND</u>	<u>CEMETERY CARE FUND</u>	<u>REAP - OEDA 10-120 FUND</u>	<u>REAP - OEDA 10-138 FUND</u>	<u>REAP - OEDA 11-221 FUND</u>	<u>DEBT SERVICE FUND</u>	<u>PERMANENT FUND</u>	<u>TOTAL</u>
<b>ASSETS</b>								
Cash in Bank	\$ 91,560	\$ 35,564	\$	\$	\$	\$	\$ 8,143	\$ 135,267
Certificate of Deposits		7,000					4,500	11,500
Accounts Receivable								0
<b>TOTAL ASSETS</b>	<u>\$ 91,560</u>	<u>\$ 42,564</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,643</u>	<u>\$ 146,767</u>
<b>LIABILITIES</b>								
Accounts Payable	\$ 29	\$	\$	\$	\$	\$	\$	\$ 29
Due to Other Funds								0
Accrued Interest Payable						105		105
<b>TOTAL LIABILITIES</b>	<u>29</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>105</u>	<u>0</u>	<u>134</u>
<b>FUND BALANCE</b>	<u>91,531</u>	<u>42,564</u>				<u>(105)</u>	<u>12,643</u>	<u>146,633</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 91,560</u>	<u>\$ 42,564</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,643</u>	<u>\$ 146,767</u>

See accompanying auditor's report.

**TOWN OF MOORELAND, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS - MODIFIED ACCRUAL BASIS  
YEAR ENDED JUNE 30, 2011**

	SPECIAL REVENUE FUNDS							TOTAL
	GENERAL CEMETERY FUND	CEMETERY CARE FUND	REAP - OEDA 10-120 FUND	REAP - OEDA 10-138 FUND	REAP - OEDA 11-221 FUND	DEBT SERVICE FUND	PERMANENT FUND	
<b>REVENUES</b>								
Intergovernmental Revenue	\$	\$	\$ 33,819	\$ 14,960	\$ 20,000	\$	\$	\$ 68,779
Property Sales	306	44						350
Charges for Services	5,069	981						6,050
Donations		797						797
Interest	23	35					216	274
<b>TOTAL REVENUES</b>	<u>5,398</u>	<u>1,857</u>	<u>33,819</u>	<u>14,960</u>	<u>20,000</u>	<u>0</u>	<u>216</u>	<u>76,250</u>
<b>EXPENDITURES</b>								
Personal Services	11,431							11,431
Materials & Supplies	4,480		5,254		20,000			29,734
Other Services & Charges	4,404							4,404
Principal Payment						14,521		14,521
Interest Payment						5,441		5,441
Capital Outlay	4,125		28,565	14,960				47,650
<b>TOTAL EXPENDITURES</b>	<u>24,440</u>	<u>0</u>	<u>33,819</u>	<u>14,960</u>	<u>20,000</u>	<u>19,962</u>	<u>0</u>	<u>113,181</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(19,042)	1,857	0	0	0	(19,962)	216	(36,931)
<b>OTHER FINANCING SOURCES (USES)</b>								
Operating Transfers In	25,000					19,992		44,992
Operating Transfers (Out)							(216)	(216)
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	5,958	1,857	0	0	0	30	0	7,845
<b>FUND BALANCE</b>								
Beginning of Year	85,573	40,707				(135)	12,643	138,788
End of Year	<u>\$ 91,531</u>	<u>\$ 42,564</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (105)</u>	<u>\$ 12,643</u>	<u>\$ 146,633</u>

See accompanying auditor's report.

**TOWN OF MOORELAND, OKLAHOMA  
COMPARATIVE BALANCE SHEET  
MOORELAND PUBLIC WORKS AUTHORITY  
UTILITY FUND - ENTERPRISE FUND  
JUNE 30, 2011 AND 2010**

<b>ASSETS</b>	<u>2011</u>	<u>2010</u>
<b>Current Assets:</b>		
Cash on Hand	\$ 100	\$ 100
Cash in Bank	813,538	809,778
Certificate of Deposit	340,871	340,756
Accounts Receivable, Net	212,730	160,252
Prepaid Assets	3,395	7,000
Due from Other Funds		
<b>Restricted Assets:</b>		
Cash in Bank	34,830	29,458
Certificate of Deposit	28,100	28,100
Account Receivable	5	
Debt Service Funds	45,945	26,153
<b>Total Current Assets</b>	<u>1,479,514</u>	<u>1,401,597</u>
<b>Noncurrent Assets:</b>		
Capital Assets, Net	<u>1,871,387</u>	<u>1,977,504</u>
<b>Total Noncurrent Assets</b>	<u>1,871,387</u>	<u>1,977,504</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,350,901</u>	<u>\$ 3,379,101</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 85,448	\$ 79,241
Accrued Compensated Absences	9,703	10,587
Accrued Interest Payable	12,896	17,394
Customer Meter Deposits	62,935	57,558
Notes and Bonds Payable, Including Cap. Lease Obligations	<u>69,129</u>	<u>93,653</u>
<b>Total Current Liabilities</b>	<u>240,111</u>	<u>258,433</u>
<b>Noncurrent Liabilities</b>		
Notes and Bonds Payable, Including Cap. Lease Obligations	<u>1,359,475</u>	<u>1,428,604</u>
<b>TOTAL LIABILITIES</b>	<u>1,599,586</u>	<u>1,687,037</u>
<b>NET ASSETS</b>		
Investment in Capital Assets, Net of Related Debt	442,783	455,247
<b>Net Assets:</b>		
Restricted	45,945	26,153
Unrestricted	<u>1,262,587</u>	<u>1,210,664</u>
<b>TOTAL NET ASSETS</b>	<u>1,751,315</u>	<u>1,692,064</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,350,901</u>	<u>\$ 3,379,101</u>

See accompanying auditor's report.

**TOWN OF MOORELAND, OKLAHOMA  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS - UTILITY FUND  
MOORELAND PUBLIC WORKS AUTHORITY  
YEAR ENDED JUNE 30, 2011 AND 2010**

<b>OPERATING REVENUES</b>	<b>2011</b>	<b>2010</b>
Electricity Sales	\$ 945,653	\$ 831,622
Sewer	77,576	75,556
Trash Collection	92,489	87,162
Water Sales	208,191	202,259
Late Penalties	20,331	16,362
Collections on Former Nursing Home Receivables	6,192	5,094
Donations		
Other Operating Revenue	21,264	28,377
<b>TOTAL OPERATING REVENUES</b>	<u>1,371,696</u>	<u>1,246,432</u>
<b>OPERATING EXPENSES</b>		
Administration Department	67,117	55,417
Electric Department	805,508	718,360
Sewer Department	61,427	48,984
Trash Department	55,411	55,913
Bad Debt Expense	5,825	3,574
Water Department	217,055	185,921
<b>TOTAL OPERATING EXPENSES</b>	<u>1,212,343</u>	<u>1,068,169</u>
<b>INCOME FROM OPERATIONS</b>	<u>159,353</u>	<u>178,263</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>		
Interest Income	3,893	5,696
OWRB Grant Revenue	99,999	
Contributed Capital		39,017
(Loss) Gain on Disposition of Assets	(3,008)	1,413
Interest Expense	(46,061)	(38,791)
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>54,823</u>	<u>7,335</u>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	214,176	185,598
<b>OPERATING TRANSFERS (OUT), NET</b>	<u>(154,925)</u>	<u>(200,000)</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	59,251	(14,402)
<b>NET ASSETS</b>		
Beginning of Year	1,692,064	1,706,466
End of Year	<u>\$ 1,751,315</u>	<u>\$ 1,692,064</u>

See accompanying auditor's report.

**TOWN OF MOORELAND, OKLAHOMA  
COMPARATIVE STATEMENT OF CASH FLOWS - UTILITY FUND  
MOORELAND PUBLIC WORKS AUTHORITY  
YEAR ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers Or Others	\$ 1,318,764	\$ 1,245,176
Cash Paid for Goods and Services	(849,014)	(767,263)
Cash Paid to Employees	(245,466)	(218,129)
<b>Net Cash Provided by Operating Activities</b>	<u>224,284</u>	<u>259,784</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Cash Received Due From Other Funds		20,320
Operating Transfers (Out)	(154,925)	(200,000)
<b>Net Cash (Used in) Noncapital Financing Activities</b>	<u>(154,925)</u>	<u>(179,680)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Sales of Capital Assets		1,413
Proceeds from Capital Leases		1,150,000
Proceeds from OWRB Reap Grant Revenue	99,999	
Interest Paid on Notes Payable and Capital Leases	(50,559)	(24,972)
Principal Paid on Notes Payable and Capital Leases	(93,653)	(66,713)
Acquisition and Construction of Fixed Assets		(1,252,981)
<b>Net Cash (Used In) Capital and Related Financing Activities</b>	<u>(44,213)</u>	<u>(193,253)</u>
<b>Cash Flows from Investing Activities</b>		
Interest Received on Cash and Cash Equivalents	3,893	5,696
<b>Net Cash Provided by Investing Activities</b>	<u>3,893</u>	<u>5,696</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	29,039	(107,453)
<b>Balance of Cash and Cash Equivalents</b>		
Beginning of Year	<u>1,234,345</u>	<u>1,341,798</u>
End of Year	<u>\$ 1,263,384</u>	<u>\$ 1,234,345</u>

See accompanying auditor's report.

**TOWN OF MOORELAND, OKLAHOMA  
COMPARATIVE STATEMENT OF CASH FLOWS - UTILITY FUND  
MOORELAND PUBLIC WORKS AUTHORITY  
YEAR ENDED JUNE 30, 2011 AND 2010**

(Continued)

	<b>2011</b>	<b>2010</b>
<b>Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ 59,251	\$ (14,402)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Interest Income	(3,893)	(5,696)
OWRB Reap Grant Revenue	(99,999)	
(Gain) Loss on Disposition of Assets	3,008	(1,413)
Contributed Capital		(39,017)
Depreciation	103,109	63,182
Interest Expense	46,061	38,791
Operating Transfer Out	154,925	200,000
Changes in Assets and Liabilities:		
(Increase) in Accounts Receivable	(58,309)	(3,019)
Increase of Allowance for Loss on Receivables	5,826	3,574
(Increase) Decrease in Prepaid Assets	3,605	(4,826)
Increase in Accounts Payable	6,207	20,537
(Decrease) in Accrued Expenses		(2,811)
Increase (Decrease) in Accrued Compensated Absences	(884)	3,121
Increase in Customer Deposits Payable	5,377	1,763
Total Adjustments	165,033	274,186
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 224,284</b>	<b>\$ 259,784</b>

Note:

Contributed capital were grants recorded in the government funds for the benefit of the Utility Fund for capital assets. Amounts shown above as purchases for capital assets in 2010 does not include the contributed capital amounts but does include the \$251,230 shown as accounts payable in fiscal year 2009 but paid in fiscal year 2010.

The 2010 cash paid to employees amount and 2010 cash paid for goods and services amount was amended to correct amounts shown in prior reports.

See accompanying auditor's report.

**Oklahoma Municipal Retirement Fund  
Employee Retirement System of Mooreland, Oklahoma**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Value of Assets</b>	<b>Asset Valuation Basis</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Type</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
1/1/2002	685,055	Actuarial	583,439	EAN	(101,616)	117.4%	131,905	-77.0%
1/1/2003	638,293	Actuarial	587,160	EAN	(51,133)	108.7%	176,702	-28.9%
1/1/2004	664,486	Actuarial	634,720	EAN	(29,766)	104.7%	200,701	-14.8%
1/1/2005	701,889	Actuarial	681,526	EAN	(20,362)	103.0%	189,043	-10.8%
1/1/2006	746,310	Actuarial	750,330	EAN	4,020	99.5%	200,269	2.0%
1/1/2007	806,708	Actuarial	788,467	EAN	(18,241)	102.3%	208,887	-8.7%
1/1/2008	876,438	Actuarial	954,645	EAN	78,207	91.8%	195,772	39.9%
1/1/2009	854,705	Actuarial	1,088,993	EAN	234,288	78.5%	237,616	98.6%
1/1/2010	896,146	Actuarial	1,175,435	EAN	279,289	76.2%	247,717	112.7%
1/1/2011	972,902	Actuarial	1,202,574	EAN	229,672	80.9%	256,370	89.6%

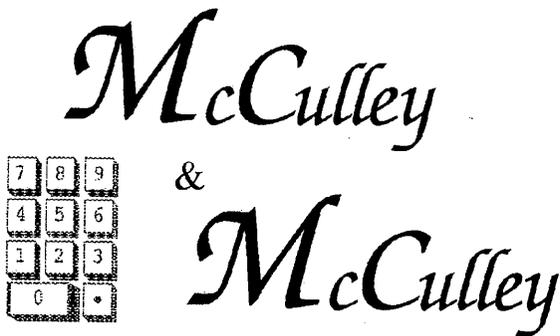
Covered payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year.

**TOWN OF MOORELAND, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

<u>FEDERAL OR STATE AGENCY/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THOUGH GRANTOR NUMBER/ OR GRANT ID NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
United States Department of Transportation:			
Federal Aviation Administration	20.106	3-40-0061-002-2010	\$ <u>538,269</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u><u>538,269</u></u></b>

Note 1 This Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Expenditures are limited to the amount of Federal awards paid and owed by the granting agency, and does not include expenditures of local matching funds.

See accompanying auditor's report.



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**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Town Trustees  
Town of Mooreland, Oklahoma

We have audited the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mooreland, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town of Mooreland, Oklahoma's, basic financial statements and have issued our report dated August 21, 2012. The Town has elected to omit the management discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily describe all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying statement of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies #1 and #2 described in the accompanying statement of finding and questioned costs to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider the deficiencies #3, #4, #5, and #6 described in the accompanying statement of findings and questioned costs to be significant deficiencies.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Mooreland, 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 Standards.

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

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, federal awarding agencies, and other grantors. It is not intended

to be and should not be used by anyone other than these specified parties.

*McCulley & McCulley*

Weatherford, Oklahoma

August 21, 2012



Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Town Trustees  
Town of Mooreland, Oklahoma

Compliance

We have audited the Town of Mooreland, Oklahoma's compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Town of Mooreland, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Town of Mooreland, Oklahoma's management. Our responsibility is to express an opinion on Town of Mooreland, Oklahoma's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Mooreland, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit

does not provide a legal determination of the Town of Mooreland, Oklahoma's compliance with those requirements.

In our opinion, the Town of Mooreland, Oklahoma, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

#### Internal Control Over Compliance

The management of the Town of Mooreland, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Mooreland, Oklahoma's, internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Mooreland, Oklahoma's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. Therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #1 to be a material weakness.

The Town of Mooreland, Oklahoma's, response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the

Town of Mooreland, Oklahoma's, response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, grantors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*McCulley + McCulley*

Weatherford, Oklahoma

August 21, 2012

TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

**A. SUMMARY OF AUDITOR'S RESULTS.**

**FINANCIAL STATEMENTS.**

1. The auditor's report issued an unqualified opinion on the financial statements of the Town of Mooreland, Oklahoma.
2. Internal control over financial reporting identified two material weaknesses and four significant deficiencies.
3. No instances of noncompliance material to the financial statements of the Town of Mooreland, Oklahoma, were identified.

**FEDERAL AWARDS.**

1. The auditor's report on compliance for the major federal award programs issued an unqualified opinion.
2. Internal control on compliance over major programs identified one material weakness.
3. Audit findings relative to the major federal award programs are reported in section C of this schedule.
4. The following program was tested as a major program:  

Federal Aviation Administration  
Grant No. 3-40-0061-002-2010
5. The auditor did not use the risk criteria to determine the major programs since this is the only grant that met the criteria for a major program for federal awards and total expenditures for federal awards exceeded \$500,000.
6. Town of Mooreland, Oklahoma, was not considered to be a low risk auditee.

TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

**B. FINANCIAL STATEMENT FINDINGS.**

**Material Weaknesses.**

**1. Adequate Segregation of Duties.**

**CONDITION AND EFFECT** - The Town and Authority do not have adequate segregation of duties for internal control over financial reporting purposes due to a limited amount of personnel. These entities have purchased surety bond insurance to reduce any risk of loss. These conditions could result in material errors or fraud occurring and not be detected on a timely basis.

**RECOMMENDATION** - Recommend that duties be segregated to the extent possible should new employees be hired.

**RESPONSE** - The Town considers the cost of adequately segregating these duties as not being economically feasible.

**2. Accounting Records for Accounts Receivable.**

**CONDITION AND EFFECT** - The utility billing accounts receivable general ledger balance did not agree to the end of month aging report and/or utility billing register totals. Also was true for the prior fiscal year. In the prior year audit, it was noted that some entries were posted after the end of the month but backdated to the previous month. These entries changed the general ledger balance and also the utility billing transaction journals. Since they were posted after the utility billing aging report was printed, it did not affect that report. A corrected accurate aging report cannot be printed after transactions are posted to the accounts subsequent to the effective date of the report. No reconciliations of the utility billing aging reports to the utility billing accounts receivable general ledger account was done after July, 2010.

Other Town account receivable accounts did not have an accurate detail listing of the outstanding receivables nor did the attempted reconciliations to the general ledger balance correctly. Found one entry that was posted to the accounting records on 9/7/11, but backdated to 3/31/11.

TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

B. FINANCIAL STATEMENT FINDINGS (continued).

2. Accounting Records for Accounts Receivable  
(continued).

These conditions could result in material errors or fraud occurring and not be detected on a timely basis.

**RECOMMENDATION** - Print the detail billing registers and an end of the month aging report and reconcile the ending balance with the general ledger account receivable balance each month. These reconciliations should be performed timely to ensure the billing and accounting systems are synchronized and performing properly. Explain all reconciling items and make adjustments, if necessary. All transactions should be posted and processed timely, preferably on the same day in both the accounting and billing systems. There should not be any transactions that are processed and backdated to a previous month.

For other Town accounts receivable accounts, if the computer system can not produce a detail ending accounts receivable balance report, then one should be prepared manually and reconciled to the general ledger balance. These should be done monthly shortly after the end of the month being reconciled. Explain all reconciling items and make adjustments, if necessary, when they are found. Errors found months after the fiscal year should not be backdated to the previous fiscal year. The entry should be made as of the date it was found.

**RESPONSE** - The Town will reconcile the utility and other accounts receivable accounts and correct any known errors in a timely manner.

Significant Deficiencies.

3. Accounting Records for Account Payable Accounts.

**CONDITION AND EFFECT** - Several account payable accounts did not have the proper balance at year end. The Town did not review the general ledger accounts for proper balances and/or reconcile the general ledger to subsidiary accounts, if any. Account payable accounts

TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

**B. FINANCIAL STATEMENT FINDINGS (continued).**

**3. Accounting Records for Account Payable Accounts  
(continued).**

include cleet payable and sales tax payable. The prior year audit of sales tax payable account revealed that the methodology used did not properly compute the amount of sales tax payable for the sales tax reports. Errors in the computation were found. These included computing sales taxes on accounts the Town did not bill sales taxes and vice versa, not including all the numbers needed to compute the amount, and arithmetic errors. Sometimes penalties were incurred that were posted as a debit to the payable account versus posted to an expense account. The effect of these deficiencies could result in inaccurate balances in the general ledger and inaccurate payment of liabilities to the respective vendor.

**RECOMMENDATION** - Payable general ledger accounts should be reviewed at least monthly to ensure all transactions are posted correctly and the ending balance is appropriate. A timely review of the general ledger activity and reconciliations also allow for more timely corrections (if any) to be posted to the accounting records. Cleet payable should be reviewed to make sure the amounts paid to the respective agencies agree to the supporting documentation and that any discount given to the Town is removed from the payable account and posted to income. Sales tax payable computations should be compared to the amounts billed on the billing journals. Technically, the amounts paid to the state should agree to the amounts billed for the month. Recommend the Town prepare a spreadsheet template to compute the sales tax payable and to ensure all the variables are inputted correctly. This template should also compare the computed amounts to the billed amounts to ensure accuracy and assist in preparing the proper general ledger entries. An alternative computation would be to compute the gross numbers from the amounts the billing journal computed as payable to the respective taxing authorities. Recommend the Town review its payable accounts and ensure the end of month balances are appropriate.

**RESPONSE** - The Town will review these accounts and implement these recommendations.

TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

B. FINANCIAL STATEMENT FINDINGS (continued).

4. Customer Meter Deposits Liability.

**CONDITION AND EFFECT** - The customer meter deposits liability general ledger payable account balance did not agree to the end of month meter deposit report. Inquiry of the Town Treasurer revealed that these reports had not been reconciled at any time in the past fiscal year. The Town Administrator has stated that final bills and taking of meter deposits are not being done timely nor are the final amounts due being actively pursued for collection. The effect of not maintaining effective internal control over these accounts could result in uncollectible receivables and/or losing the opportunity to claim and use in its operations forfeited customer deposits.

**RECOMMENDATION** - Print an end of the month meter deposit list and reconcile the ending balance with the general ledger customer meter deposits liability payable account balance each month. These reconciliations should be performed timely to ensure the billing and accounting systems are synchronized and performing properly. Explain all reconciling items and make adjustments, if necessary. All transactions should be posted and processed timely, preferably on the same day in both the accounting and billing systems. There should not be any transactions that are processed and backdated to a previous month. Final bills should be calculated and the meter deposit used to pay the final bill. Any refund owed to the customer should be issued within 30 days following the termination of the utility service in accordance with state statutes (OK Statutes 11-35-107). This statute also contains the procedures to use to claim forfeited customer deposits.

**RESPONSE** - The Town will get these current and implement these recommendations.

5. Court Records and Possible Misappropriation of Funds.

**CONDITION AND EFFECT** - During the process of going through court records by another employee, the Town found that the records were not current and that records were being found all over the desk and inside of magazines. The payment receipts had cash attached

TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

**B. FINANCIAL STATEMENT FINDINGS (continued).**

**5. Court Records and Possible Misappropriation of Funds (continued).**

to them which had not been deposited. Although the employee had not made it through all the records, three receipts were found with cash attached that did not match the amounts the receipts stated were received. The receipts totaled \$430 and the cash totaled \$50, leaving an unknown difference of \$380. Inquiries about the missing cash were inconclusive. These conditions could result in material errors or fraud occurring and not be detected on a timely basis.

**RECOMMENDATION** - The Town should establish internal controls to ensure the monetary funds are deposited to the bank daily in accordance with state laws. The receipts and other documentation should be retained and used to post to the accounting and court records. Concerning the missing funds, the Town should consider whether or not to pursue further investigation and/or prosecution and the cost/benefit of doing it.

**RESPONSE** - The Town is still going through the records and is considering discussing its options with their attorney.

**6. Trustee Statements.**

**CONDITION AND EFFECT** - Trustee statements for the OWRB Series 2009 bonds was not available at the beginning of the audit. Copies were obtained from the trustee. Payments to the trustee account were posted as debits to the loan balance, resulting in an inaccurate loan balance on the general ledger.

**RECOMMENDATION** - Trustee statements should be obtained and retained each month. Payments made to the trustee account should be posted on the books as a debit to a new trustee debt service fund account for these bonds on the books. The general ledger account should be reconciled to the trustee statements.

**RESPONSE** - The Town will implement this recommendation.

TOWN OF MOORELAND, OKLAHOMA  
STATEMENT OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS.**

**1. Adequate Segregation of Duties.**

**CONDITION AND EFFECT** - The Town and Authority do not have adequate segregation of duties for internal control over financial reporting purposes due to a limited amount of personnel. These entities have purchased surety bond insurance to reduce any risk of loss. These conditions could result in material errors or fraud occurring and not be detected on a timely basis.

**RECOMMENDATION** - Recommend that duties be segregated to the extent possible should new employees be hired.

**RESPONSE** - The Town considers the cost of adequately segregating these duties as not being economically feasible.

**Questioned Costs** - None.

TOWN OF MOORELAND, OKLAHOMA  
UPDATE ON PRIOR YEAR FINANCIAL STATEMENT AUDIT FINDINGS  
JUNE 30, 2011

**1. Lack of Segregation of Duties.**

**CONDITION AND EFFECT** - The Town and Authority do not have adequate segregation of duties for internal control over financial reporting purposes due to a limited amount of personnel. These entities have purchased surety bond insurance to reduce any risk of loss. These conditions could result in material errors or fraud occurring and not be detected on a timely basis.

**RECOMMENDATION** - Recommend that duties be segregated to the extent possible should new employees be hired.

**RESPONSE** - The Town considers the cost of adequately segregating these duties as not being economically feasible.

**UPDATED COMMENT** - Condition is the same. Comment repeated.

**2. Accounting Records for Accounts Receivable.**

**CONDITION AND EFFECT** - The billing accounts receivable general ledger balance did not agree to the end of month aging report and/or billing register totals. No review of the general ledger billing accounts receivable account was performed, nor was a reconciliation done for each month to the detail records when an aging report was printed. When performing a reconciliation as of January 31, 2010, noted that the unknown difference between the December 31, 2009, general ledger balance and the December 31, 2009, aging report of \$4,994.67 had increased to \$6,966.10. All of the transactions for January, 2010, per the general ledger transactions and billing transaction records, either agreed to each other or could be explained as a reconciling item. What could not be reconciled nor explained was the difference in the billing records ending balance (computed by using the prior month's aging schedule ending balance as the beginning balance and adding or subtracting, as appropriate, the current month's activity per the billing transaction journals) and the ending balance of the January, 2010, end of month aging schedule. Continuing this reconciliation process through June 30, 2010, the resulting difference is \$1,328.85. During this process, it was noted that some entries were posted after the end of the month but backdated to the previous month. These entries changed the general ledger balance and also the billing transaction journals. Since they were posted after the billing aging report was printed, it did not affect that report. A corrected accurate aging report cannot be printed after transactions are posted to the accounts subsequent to the effective date of the report.

**TOWN OF MOORELAND, OKLAHOMA  
UPDATE ON PRIOR YEAR FINANCIAL STATEMENT AUDIT FINDINGS  
FOR THE YEAR ENDING JUNE 30, 2011**

**2. Accounting Records for Accounts Receivable (continued).**

Other Town account receivable accounts did not have a detail listing of the outstanding receivables nor was the general ledger account reviewed to ensure the ending balance was appropriate.

These conditions could result in material errors or fraud occurring and not be detected on a timely basis.

**RECOMMENDATION** - Print the detail billing registers and an end of the month aging report and reconcile the ending balance with the general ledger account receivable balance each month. These reconciliations should be performed timely to ensure the billing and accounting systems are synchronized and performing properly. Explain all reconciling items and make adjustments, if necessary. All transactions should be posted and processed timely, preferably on the same day in both the accounting and billing systems. There should not be any transactions that are processed and backdated to a previous month.

For other Town accounts receivable accounts, if the computer system can not produce a detail ending accounts receivable balance report, then one should be prepared manually and reconciled to the general ledger balance. No reconciliations were performed since the prior year audit. These should be done monthly. Explain all reconciling items and make adjustments, if necessary, when they are found.

**RESPONSE** - The Town Treasurer will attempt to reconcile the accounts receivable accounts and correct any known errors. With some assistance, the July, 2010, accounts receivable general ledger was balanced to the July, 2010, aging report.

The other account receivable system was not operational on the computer system. A Town employee had gone back and produced the accounts receivable balances by using a spreadsheet for fiscal year 2010. She will continue to keep up with these receivables and balance them monthly. The Town will implement these recommendations by performing the reconciliations monthly.

**UPDATED COMMENT** - Reconciliations were still not being done by the Town after July 2010 for the billing accounts receivable. On the other accounts receivable accounts, the Town attempted to keep up with the accounts receivable balances and reconciliations, but it was not accurate. Comment revised and included in the current year's audit.

**TOWN OF MOORELAND, OKLAHOMA  
UPDATE ON PRIOR YEAR FINANCIAL STATEMENT AUDIT FINDINGS  
FOR THE YEAR ENDING JUNE 30, 2011**

**3. Accounting Records for Account Payable Accounts.**

**CONDITION AND EFFECT** - Several account payable accounts did not have the proper balance at year end. The Town did not review the general ledger accounts for proper balances and/or reconcile the general ledger to subsidiary accounts, if any. Account payable accounts include cleet payable and sales tax payable. The audit of sales tax payable account revealed that the methodology used did not properly compute the amount of sales tax payable for the sales tax reports. Errors in the computation were found. These included computing sales taxes on accounts the Town did not bill sales taxes and vice versa, not including all the numbers needed to compute the amount, and arithmetic errors.

**RECOMMENDATION** - Payable general ledger accounts should be reviewed at least monthly to ensure all transactions are posted correctly and the ending balance is appropriate. A timely review of the general ledger activity and reconciliations also allow for more timely corrections (if any) to be posted to the accounting records. Cleet payable should be reviewed to make sure the amounts paid to the respective agencies agree to the supporting documentation and that any discount owed to any party is removed from the payable account and posted to income. Sales tax payable computations should be compared to the amounts billed on the billing journals. Recommend the Town prepare a spreadsheet template to compute the sales tax payable and to ensure all the variables are inputted correctly. This template should also compare the computed amounts to the billed amounts to ensure accuracy and assist in preparing the proper general ledger entries. Recommend the Town review its payable accounts and ensure the end of month balances are appropriate.

**RESPONSE** - The Town will continue to work on implementing these recommendations.

**UPDATED COMMENT** - The Town did not fully implement these recommendations. Comment repeated for the current year.