

**TOWN OF EARLSBORO  
Earlsboro, Oklahoma**

**BASIC FINANCIAL STATEMENTS  
June 30, 2011**

**AUDITED BY**

**WILSON, DOTSON & ASSOCIATES, P.L.L.C.  
SHAWNEE, OKLAHOMA**

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

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**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

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# **WILSON, DOTSON & ASSOCIATES, P.L.L.C.**

**Certified Public Accountants**

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

November 28, 2011

Honorable Mayor and  
Members of the Town Council  
Town of Earlsboro  
Earlsboro, 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 Earlsboro, Oklahoma, (Town) as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Town has not maintained accurate capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, except for the effects, if any, on the financial statements of improper capital asset record keeping described in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Town of Earlsboro, Oklahoma, as of June 30, 2011 and 2010, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Town of Earlsboro  
November 28, 2011

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major governmental fund and the aggregate remaining governmental fund information of the Town of Earlsboro, Oklahoma, as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Town of Earlsboro has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB had determined is necessary to supplement, although not required to be part, of the basic financial statements. Additionally, budgetary comparison schedules have not been included since a budget was not adopted.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Earlsboro's basic financial statements. The combining and individual non-major governmental fund statements listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected this information to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

*Wilson, Dotson & Associates*

Wilson, Dotson & Associates, P.L.L.C.  
Certified Public Accountants

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and investments			
Cash and cash equivalents	\$ 472,451	35,958	508,409
Receivables			
Accounts receivable	39,423	1,020	40,443
<b>CAPITAL ASSETS</b>			
Depreciable buildings, property and equipment net of depreciation	448,685	350,181	798,866
<b>TOTAL ASSETS</b>	<b>\$ 960,559</b>	<b>387,159</b>	<b>1,347,718</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,366	555	4,921
Accrued interest payable	-	80	80
Notes payable	-	60,805	60,805
<b>TOTAL LIABILITIES</b>	<b>4,366</b>	<b>61,440</b>	<b>65,806</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	448,685	289,376	738,061
Restricted	216,380	8,263	224,643
Unrestricted	291,128	28,080	319,208
<b>TOTAL NET ASSETS</b>	<b>\$ 956,193</b>	<b>325,719</b>	<b>1,281,912</b>

The accompanying notes to the financial statements are an integral part of these financial statements

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

PRIMARY GOVERNMENT		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
481,027	4,810	485,837
16,927	1,020	17,947
399,811	352,586	752,397
897,765	358,416	1,256,181
6,731	-	6,731
-	80	80
-	62,436	62,436
6,731	62,516	69,247
399,811	290,150	689,961
-	8,263	8,263
491,223	40,817	532,040
891,034	339,230	1,230,264

The accompanying notes to the financial statements are an integral part of these financial statements

TOWN OF EARLSBORO  
Earlsboro, Oklahoma

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2011 AND 2010

FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Governmental Activities:					
General government	\$ 116,198	-	-	-	(116,198)
Business-Type Activities:					
General administration	26,301	12,624	-	-	(13,677)
Totals	\$ 142,499	12,624	-	-	(129,875)

	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Net (Expense)/Revenue	\$ (116,198)	(13,677)	(129,875)
General Revenues			
Taxes	174,859	-	174,859
Intergovernmental	4,398	-	4,398
Miscellaneous	2,100	166	2,266
Total general revenues and transfers	181,357	166	181,523
Change in Net Assets	65,159	(13,511)	51,648
Net Assets-beginning of year	891,034	339,230	1,230,264
Net Assets-end of year	\$ 956,193	325,719	1,281,912

FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Governmental Activities:					
General government	\$ 119,943	-	-	9,500	(110,443)
Business-Type Activities:					
General administration	38,315	13,659	-	-	(24,656)
Totals	\$ 158,258	13,659	-	9,500	(135,099)

	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Net (Expense)/Revenue	\$ (110,443)	(24,656)	(135,099)
General Revenues			
Taxes	119,074	-	119,074
Intergovernmental	17,315	-	17,315
Miscellaneous	14,017	960	14,977
Total general revenues and transfers	150,406	960	151,366
Change in Net Assets	39,963	(23,696)	16,267
Net Assets-beginning of year	851,071	362,926	1,213,997
Net Assets-end of year	\$ 891,034	339,230	1,230,264

The accompanying notes to the financial statements are an integral part of these financial statements

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<u>GENERAL FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and investments			
Cash & cash equivalents	\$ 264,846	207,605	472,451
Receivables			
Accounts receivable	<u>26,282</u>	<u>13,141</u>	<u>39,423</u>
<b>TOTAL ASSETS</b>	<u>\$ 291,128</u>	<u>220,746</u>	<u>511,874</u>
<b>LIABILITIES</b>			
Accounts payable	<u>-</u>	<u>4,366</u>	<u>4,366</u>
<b>FUND EQUITY</b>			
Fund balances			
Reserved	-	216,380	216,380
Unreserved	<u>291,128</u>	<u>-</u>	<u>291,128</u>
Total Fund Equity	<u>291,128</u>	<u>216,380</u>	<u>507,508</u>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<u>\$ 291,128</u>	<u>220,746</u>	<u>511,874</u>

The accompanying notes to the financial statements are an integral part of these financial statements

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
468,536	12,491	481,027
16,927	-	16,927
485,463	12,491	497,954
6,731	-	6,731
-	12,491	12,491
478,732	-	478,732
478,732	12,491	491,223
485,463	12,491	497,954

The accompanying notes to the financial statements are an integral part of these financial statements

TOWN OF EARLSBORO  
Earlsboro, Oklahoma

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE  
GOVERNMENT-WIDE STATEMENTS OF NET ASSETS  
JUNE 30, 2011 AND 2010

	JUNE 30,	
	<u>2011</u>	<u>2010</u>
Total Fund Balances - Total Governmental Funds	\$ 507,508	491,223
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Depreciable buildings, property and equipment	<u>448,685</u>	<u>399,811</u>
Net Assets of Governmental Activities	<u>\$ 956,193</u>	<u>891,034</u>

The accompanying notes to the financial statements are an integral part of these financial statements

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES</b>			
Intergovernmental programs	\$ 4,398	-	4,398
Miscellaneous revenue	1,728	372	2,100
Taxes	118,331	56,528	174,859
Total Revenues	124,457	56,900	181,357
<b>EXPENDITURES</b>			
Current			
General government	97,203	18,995	116,198
Capital outlay	48,874	-	48,874
Total Expenditures	146,077	18,995	165,072
Net changes in fund balance	(21,620)	37,905	16,285
Other financing sources uses			
Operating transfers in	(178,475)	178,475	-
Operating transfers out	12,491	(12,491)	-
	(165,984)	165,984	-
Fund Balance - beginning of year	478,732	12,491	491,223
Fund Balance - end of year	\$ 291,128	216,380	507,508

FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES</b>			
Intergovernmental programs	\$ 17,315	-	17,315
Miscellaneous revenue	14,017	-	14,017
Taxes	119,074	-	119,074
Total Revenues	150,406	-	150,406
<b>EXPENDITURES</b>			
Current			
General government	119,943	-	119,943
Capital outlay	42,811	-	42,811
Total Expenditures	162,754	-	162,754
Net changes in fund balance	(12,348)	-	(12,348)
Fund Balance - beginning of year	491,080	12,491	503,571
Fund Balance - end of year	\$ 478,732	12,491	491,223

The accompanying notes to the financial statements are an integral part of these financial statements

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**RECONCILIATION OF THE GOVERNMENT FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES AND CHANGES  
IN NET ASSETS  
YEARS ENDED JUNE 30, 2011 AND 2010**

Net Change in Fund Balances - Total Governmental Funds	\$	16,285	(12,348)
Amount reported for governmental activities in the Statement of Activities are different because:			
Governmental Funds do not include donations of capital assets		-	9,500
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period net of depreciation expense.			
		<u>48,874</u>	<u>42,811</u>
Change in Net Assets of Governmental Activities	\$	<u>65,159</u>	<u>39,963</u>

The accompanying notes to the financial statements are an integral part of these financial statements

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**STATEMENTS OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2011 AND 2010**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	MUNICIPAL AUTHORITY	
	JUNE 30,	
	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and investments		
Cash & cash equivalents	\$ 35,958	48,140
Receivables		
Accounts receivable	1,020	1,020
<b>CAPITAL ASSETS</b>		
Depreciable buildings, property and equipment net of depreciation	350,181	352,586
<b>TOTAL ASSETS</b>	\$ 387,159	401,746
<b>LIABILITIES</b>		
Accounts payable	\$ 555	-
Accrued interest payable	80	80
Notes payable	60,805	62,436
<b>TOTAL LIABILITIES</b>	61,440	62,516
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	289,376	290,150
Restricted	8,263	8,263
Unrestricted	28,080	40,817
<b>TOTAL NET ASSETS</b>	\$ 325,719	339,230

The accompanying notes to the financial statements are an integral part of these financial statements

TOWN OF EARLSBORO  
Earlsboro, Oklahoma

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
YEARS ENDED JUNE 30, 2011 AND 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	MUNICIPAL AUTHORITY	
	JUNE 30,	
	2011	2010
REVENUES		
Sewer	\$ 12,624	13,659
UTILITY OPERATIONS EXPENSE		
Administrative costs	515	678
Maintenance and operation	3,187	16,072
Depreciation expense	14,781	14,781
Lab testing	4,733	3,620
Total operations expense	23,216	35,151
INCOME BEFORE NON-OPERATING REVENUES EXPENSES AND TRANSFERS	(10,592)	(21,492)
Non-operating revenues (expenses)		
Interest revenue	166	960
Interest expense	(3,085)	(3,164)
Total non-operating revenues (expenses)	(2,919)	(2,204)
NET INCOME	(13,511)	(23,696)
RETAINED EARNINGS, BEGINNING OF THE YEAR	339,230	362,926
RETAINED EARNINGS, END OF THE YEAR	\$ 325,719	339,230

The accompanying notes to the financial statements are an integral part of these financial statements

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	MUNICIPAL AUTHORITY	
	JUNE 30,	
	2011	2010
Cash flows from operating activities:		
Cash received from customers & service users	\$ 12,624	13,659
Cash payments for goods & services & employees	(7,880)	(20,488)
Net cash provided by operating activities	4,744	(6,829)
Cash flows from financing activities		
Capital outlays	(12,376)	
Principal paid on note	(1,631)	(1,552)
Interest paid	(3,085)	(3,164)
Net cash provided by financing activities	(17,092)	(4,716)
Cash flows from investing activities		
Interest earnings	166	960
Net cash provided by investing activities	166	960
Net increase (decrease) in cash & cash equivalents	(12,182)	(10,585)
Cash & cash equivalents - beginning of year	48,140	58,725
Cash & cash equivalents - end of year	\$ 35,958	48,140
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (10,592)	(21,492)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	14,781	14,781
Change in assets and liabilities:		
Increase (decrease) in accounts payable	555	(118)
Total adjustments	15,336	14,663
Net cash provided by operating activities	\$ 4,744	(6,829)

The accompanying notes to the financial statements are an integral part of these financial statements

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Earlsboro, Oklahoma (the Town) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

1. The financial statements include:
  - a. Financial statements prepared using full accrual accounting for all of the Town’s activities.
2. A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements).

**A. Reporting Entity**

The Town of Earlsboro, Oklahoma is organized under the statutes of the State of Oklahoma. The Town operates under a council form of government and is governed by a five-member board of commissioners. The commissioners elect the mayor from their own body. The Town provides the following services as authorized by its charter: general government, public safety (fire and police), streets, public works (electric, water, sewer, and refuse), judicial, health and social services, culture, parks and recreation, public improvements, planning and zoning, and low income apartment rentals for the geographical area organized as the Town of Earlsboro, Oklahoma.

As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the Town and its component units and trusts, entities for which the Town is considered to be financially accountable. Blended component units and trusts, although legally separate entities are, in substance, part of the Town’s operations and so data from these units are combined with the data of the primary government.

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

Blended Component Units/Trusts:

The Earlsboro Public Works Authority (EPWA) was created pursuant to a Trust Indenture, for the benefit of the Town of Earlsboro, Oklahoma. EPWA was established to acquire, construct, develop, equip, operate, maintain, repair, enlarge and remodel water, sewer, facilities for the Town of Earlsboro. The water and sanitary sewer disposal systems owned by the Town have been leased to EPWA until such date that all indebtedness of the Authority is retired or provided for. EPWA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of five trustees identical with the Town Council. EPWA is exempt from State and Federal Income taxes. EPWA is reported as an enterprise fund.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting**

The Town's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

**Government-wide Financial Statements** – The statement of net assets and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)**

**Fund Financial Statements** – During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**Fund Accounting** – The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

**Governmental Funds** – are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Sales taxes, gasoline excise taxes and motor vehicle taxes collected and held by the state and county at year-end on behalf of the Town are susceptible to accrual and are recognized as revenue. Other receipts and taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)**

The following are the Town's major governmental funds:

General Fund – is the general operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Other governmental funds of the Town that are considered non-major funds include:

Special Revenue Funds – account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects). The following are the Town's Special Revenue Funds: Fire Fund and Police Fund.

**Proprietary Funds** – are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 20 the Town has elected to only apply Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) and Accounting Research Board (ARB) materials issued on or before November 30, 1989 that do not conflict with GASB. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds – are used to account for those operations that are financed and operated in a manner similar to private business 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 where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The following is the Town's major enterprise fund:

Earlsboro Public Works Authority – accounts for the operations of providing public works (sewer) to the Town.

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Equity**

**1. Deposits and Investments**

Oklahoma Statutes authorize the Town to invest in certificates of deposits, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Town can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with maturity date of three months or less. Debt instruments with a maturity date of more than three months from date of issue are considered to be investments.

**2. Fair Value of Financial Instruments**

The Town's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The Town's estimates of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**3. Estimates**

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

**4. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".

**5. Inventories**

Inventories in governmental funds and other funds normally consist of minimal amounts of expendable supplies held for consumption. The cost of such inventories are recorded as expenditures when purchased rather than when consumed.

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Equity (Continued)**

**6. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All reported capital assets are depreciated except construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Town's historical records of necessary improvements and replacements. Land has not been included which is a variance from accounting principals generally accepted in the United States of America.

The financial statements of Earlsboro Public Works Authority include property and equipment. Depreciation has not charged in prior years. This is a variance from accounting principles generally accepted in the United States of America.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	40 - 100 years	40 - 100 years
Furniture, Fixtures and Equipment	10 - 100 years	10 - 100 years
Land Improvements	10 - 100 years	10 - 100 years
Vehicles	5 - 40 years	5 - 40 years
Infrastructure	40 - 100 years	40 - 100 years

The Town and the Earlsboro Public Works Authority has not maintained accurate capital assets records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for our review. The amount by which this departure would affect the assets, net assets, and expenses of the Governmental and Business-Type Activities is not readily determinable.

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Assets, Liabilities and Equity (Continued)**

**7. Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation time. Full-time and part time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. The expense and related liability for vested vacation benefits and compensatory time is recorded in the respective funds of the Town or component unit.

**8. Long-term Obligations**

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

**9. Net Assets**

Reservations of fund balance represent amounts that are legally restricted for a specific purpose. Reservations of retained earnings are limited to outside third party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary funds contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United State of America (GAAP) for all governmental funds. The enterprise funds and internal service fund adopt budgets on the non-GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements. GAAP requires that the budget to actual financial statement be presented for all funds which prepare an annual budget. This financial statement was not presented since no annual budget was prepared.

After July 1, an Estimate of Needs, or budget, which is submitted to the Town Council for approval. The budget is then forwarded to the County Excise Board. Public hearings are held at regular or special meetings to obtain taxpayer input. The budget is legally enacted through approval of the County Excise Board. The operating budget, for all budgeted fund, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriation at this level. All budget revisions at the legal level are subject to final approval by the Town Council. All annual appropriations lapse at year-end.

The Town uses encumbrance accounting. Encumbrances are recorded when purchase orders are issued but generally are not considered expenditures until liabilities for payments are incurred. At year-end, open purchase orders are reviewed and payments are made on those where the receipt of goods and services is eminent.

The Town did not adopt a budget for the year ended June 30, 2011.

**3. DETAILED NOTES CONCERNING THE FUNDS**

**A. Deposits and Investments**

*Custodial Credit Risk*

Exposure to custodial credit risk related to deposits exists when the Town holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Town holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Town's name.

The Town's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**3. DETAILED NOTES CONCERNING THE FUNDS**

**A. Deposits and Investments (Continued)**

collateral to U.S. Treasury and agency securities and direct obligations of the state, municipalities, counties, and school Town s in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 2 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2011 the Town held deposits of approximately \$413,522 and investments of \$110,984 at financial institutions. The Town 's cash deposits, including interest-bearing accounts, and investments are entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town 's name. Therefore, the Town was not exposed to custodial credit risk as defined above.

Investment Credit Risk

The Town has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. government, its agencies and instrumentalities to which the full faith and credit of the U.S. government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school Town debt obligations for which an ad valorem tax may be levied.

The Town has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

6. Money market funds regulated by the SEC and in which investments consist of the investments of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school Town .
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**3. DETAILED NOTES CONCERNING THE FUNDS**

**A. Deposits and Investments (Continued)**

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Town has no formal policy limiting investments based on credit rating. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The Town had no investment credit risk as of June 30, 2011, as defined above.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Town. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town places no limit on the amount it may invest in any one issuer.

At June 30, 2011, the Town had 80% concentration of credit risk as defined above.

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**3. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

**B. Capital Assets**

The capital asset balances of the governmental activities have been restated due to omissions in the prior year.

<b>Governmental Activities:</b>	Beginning Balance <u>July 1, 2010</u>	<u>Additions</u>	Ending Balance <u>June 30, 2011</u>
Buildings	\$ 56,291	-	56,291
Infrastructure	249,344	-	249,344
Equipment	76,176	48,874	125,050
Land	18,000	-	18,000
Total	<u>\$ 399,811</u>	<u>48,874</u>	<u>448,685</u>
 <b>Business-Type Activities:</b>			
Lagoon	\$ 591,240	12,376	603,616
Less:			
Depreciation	<u>(238,654)</u>	<u>(14,781)</u>	<u>(253,435)</u>
Net	<u>\$ 352,586</u>	<u>(2,405)</u>	<u>350,181</u>

**C. Long-term Debt**

The Town does not maintain a general long-term debt account group since all long-term liabilities are recorded in the Town's component units. The Town is not obligated in any manner for the debt of its component units or trusts. The following is a summary of long-term debt transactions of the component units and trust of the Town:

	Balance Outstanding <u>June 30, 2010</u>	<u>Retired</u>	Balance Outstanding <u>June 30, 2011</u>
Earlsboro Public Works Authority			
Note payable			
92-01 @ 5%			
Rural Development	<u>\$ 62,436</u>	<u>(1,631)</u>	<u>60,805</u>

**TOWN OF EARLSBORO**  
**Earlsboro, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**3. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

**C. Long-term Debt (Continued)**

The annual debt service requirements to maturity, including principal and interest, for long-term debt are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,715	3,001	4,716
2013	1,802	2,914	4,716
2014	1,895	2,821	4,716
2015-19	11,030	12,550	23,580
2020-24	14,145	9,435	23,580
2025-29	18,167	5,413	23,580
2030-32	<u>12,051</u>	<u>869</u>	<u>12,920</u>
Total	<u>\$ 60,805</u>	<u>37,003</u>	<u>97,808</u>

Principal, redemption premium, and interest on EPWA debt are payable from the gross revenues of the water, sanitary sewer and solid waste disposal systems, and from other funds established by the bond indentures.

**4. AUTHORITIES**

**A. Earlsboro Public Works Authority (A Blended Component Unit)**

UTILITY OPERATIONS:

The operations of the utility departments of the Town (sewer) were transferred to the Earlsboro Public Works Authority. The Earlsboro Public Works Authority provides utility services for its customers including the Town of Earlsboro and its related departments.

**5. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 28, 2011, which is the date the financial statements were available to be issued.

CITY OF EARLSBORO  
Earlsboro, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION  
June 30, 2011

CITY OF SULPHUR  
 REQUIRED SUPPLEMENTAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL GOVERNMENTAL FUNDS  
 Year Ended June 30, 2011

GENERAL FUND

	Original	Final	Actual	Variance with Final Budget Over (Under)
Revenues				
Interest	\$ 5,318	5,318	1,015	(4,303)
Franchise fees	11,147	11,147	11,666	519
Taxes	109,169	109,169	97,309	(11,860)
Intergovernmental programs	247	247	4,398	4,151
Miscellaneous	-	-	713	713
Total revenues	125,881	125,881	115,101	(10,780)
Expenditures:				
Current				
Personal Services	50,000	50,000	36,505	13,495
Maintenance & Operations	506,909	506,909	245,647	261,262
Other Uses	-	-	257	(257)
Capital outlay	50,000	50,000	48,874	1,126
Total expenditures	606,909	606,909	331,283	275,626
Excess of revenues over (under) expenditures	(481,028)	(481,028)	(216,182)	(286,406)
Fund balance at beginning of year	481,028	481,028	481,028	-
Fund balance at end of year	-	-	264,846	(286,406)
Reconciliation to GAAP Basis				
Accounts Receivable			26,282	
Fund Balance at the end of year, GAAP Basis			\$ 291,128	

CITY OF EARLSBORO  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2011

	POLICE DEPT	FIRE DEPT	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 203,913	3,692	207,605
Accounts Receivable	13,141	-	13,141
Total Assets	\$ 217,054	-	13,141
<u>LIABILITIES AND FUND EQUITY</u>			
-			
Liabilities			
Accounts Payable	\$ 4,366	-	4,366
Total Liabilities	4,366	-	4,366
Fund Equity			
Fund balance:			
Unreserved	-	-	-
Designated for specific fund purposes	212,688	3,692	216,380
Total fund equity	212,688	3,692	216,380
Total Liabilities and Fund Equity	\$ 217,054	3,692	220,746

CITY OF EARLSBORO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

	POLICE DEPT	FIRE DEPT	TOTALS NON-MAJOR GOVERNMENTAL FUNDS
Revenues			
Intergovernmental	\$ 56,528	-	56,528
Interest earnings	266	106	372
Total revenues	56,794	106	56,900
Expenditures			
Personal Services	13,366	-	13,366
Maintenance & Operations	3,852	1,455	5,307
Other Use	263	59	322
Total expenditures	17,481	1,514	18,995
Excess of revenues over (under) expenditures	39,313	(1,408)	37,905
Other financing sources (uses)			
Operating transfers in	173,375	5,100	178,475
Operating transfers out	-	-	-
Total other financing sources (uses)	173,375	5,100	178,475
Excess of revenues over (under) expenditures & other financing sources (uses)	212,688	3,692	216,380
Fund balances, beginning of period	-	-	-
Fund balances, end of period	\$ 212,688	3,692	216,380

# WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

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

November 28, 2011

Honorable Mayor and  
Members of the Town Council  
Town of Earlsboro  
Earlsboro, Oklahoma

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Earlsboro, Earlsboro, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town of Earlsboro, Earlsboro, Oklahoma's basic financial statements and have issued our report thereon dated November 28, 2011. The report on governmental activities was qualified because of the lack of fixed asset records and depreciation expense. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town'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'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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 described in the accompanying schedule of findings and questioned costs as items 11-1 and 11-2 to be material weaknesses.

Independent Auditors' 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*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's combined 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 10-3 through 10-7.

We also noted certain other matters that we reported to the management of Town of Earlsboro, Earlsboro, Oklahoma, in a separate letter dated November 28, 2011.

The Town'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 Town Council and management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson, Dotson & Associates*

Wilson, Dotson & Associates, PLLC  
Certified Public Accountants

**TOWN OF EARLSBORO**  
Earlsboro, Oklahoma

**SCHEDULE OF FINDINGS AND RESPONSE**  
For the Year Ended June 30, 2011

**Finding 11-01:**

Financial Statements

Criteria

The Town is required to have internal controls over financial reporting, which includes the presentation of the annual financial statements in accordance with generally accepted accounting principles.

Condition

The Town did not prepare financial statements in accordance with GAAP.

Cause

The Town's administrative staff lacks the necessary knowledge, expertise and education relative to preparing GAAP financial statements, as in the case of many smaller entities.

Effect

The financial statements were prepared with the assistance of the external auditor and a board member.

Town Response

The Town will train the City/Treasurer to prepare the necessary adjustments to prepare the financial statements in accordance with GAAP.

**Finding 11-02:**

Records

Criteria

The Town is required to maintain all records and make the records available, in accordance with State Statutes.

Condition

During our audit we requested records that could not be presented.

TOWN OF EARLSBORO  
Earlsboro, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSE  
For the Year Ended June 30, 2011

**Finding 11-02: (Continued)**

Cause

The records requested had been taken to the City/Treasurer's home.

Effect

The records were not available but were presented later.

Town Response

The Town will instruct the City/Treasurer that the records must be maintained at the Town Hall.

**Finding 11-03:**

Records

Criteria

The Town is required to maintain all records and make the records available, in accordance with State Statues.

Condition

During our audit we requested records that could not be presented. The records requested were correspondence from the Internal Revenue Service and Oklahoma Tax Commission which related to penalties and interest due from the untimely paying of withholdings in the prior year.

Cause

The records had not been kept by the City/Treasurer.

Effect

The City/Treasurer informed us that she had paid all related penalties and interest and did not maintain the correspondence.

Town Response

The Town had informed the City/Treasurer that all records will be maintained, as required by Oklahoma Statutes.

**TOWN OF EARLSBORO**  
Earlsboro, Oklahoma

**SCHEDULE OF FINDINGS AND RESPONSE**  
For the Year Ended June 30, 2011

**Finding 11-04:**

Appropriations

Criteria

The Town is required to prepare an Estimate of Needs each, which is approved by the Town Council and County Excise Board.

Condition

An Estimate of Needs was not prepared or approved.

Cause

The City/Treasurer did not provide the information to prepare an Estimate of Needs.

Effect

The Town was in noncompliance with the Oklahoma Statutes

Town Response

The Town Council will ensure that Estimate of Needs are prepared and approved each year.

**Finding 11-05:**

Expenditures

Criteria

The Town is required to have internal controls in place to ensure that the expenditures made are authorized and allowable.

Condition

The invoices are not signed as received.

TOWN OF EARLSBORO  
Earlsboro, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSE  
For the Year Ended June 30, 2011

**Finding 11-05: (Continued)**

Cause

The Town issued checks prior to having the proper documentation in place.

Effect

The supporting documentation does not reflect if the Town received the goods and/or services.

Town Response

The Town Council will instruct the City/Treasurer not to make any payments without the supporting documentation.

**Finding 11-06:**

Appropriations Ledger

Criteria

The Town is required to maintain an appropriations ledger to properly encumber the purchase orders.

Condition

The City/Treasurer did not maintain an appropriations ledger.

Cause

The City/Treasurer had maintained an appropriations ledger in the past but stopped.

Effect

An appropriations ledger is used as an internal control to prevent expending in excess of the available appropriations.

Town Response

The Town Council will instruct the City/Treasurer to maintain appropriation ledgers.

TOWN OF EARLSBORO  
Earlsboro, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSE  
For the Year Ended June 30, 2011

**Finding 11-07:**

Payroll

Criteria

The Town is required to maintain internal control to ensure that wages are paid properly.

Condition

One employee has worked in excess of forty (40) hours but was not paid time and a half for the hours over forty.

Cause

The City/Treasurer prepared the payroll without calculating the time and a half

Effect

The Town did not pay the wages in accordance with the Fair Labor Standards Act.

Town Response

The Town will instruct the City/Treasurer of the proper method to determine when overtime should be paid.

TOWN OF EARLSBORO  
Earlsboro, Oklahoma

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2011

**Finding 10-01:**

Financial Records

The finding that the financial records were not properly reconciled was corrected in the current fiscal year.

**Finding 10-02:**

Financial Statements

The finding that the Town did not have adequate controls to prepare financial statements continued in the current fiscal year.

**Finding 10-03:**

Records

The finding that the records were not made readily available continued in the current fiscal year.

**Finding 10-04:**

Records

The finding that the records were not made readily available continued in the current fiscal year.

**Finding 10-05:**

Appropriations

The finding that the Town did not file an Estimate of Needs continued during the current fiscal year.

**Finding 10-06:**

Expenditures

The finding that the Town did not maintain adequate documentation to support the expenditures continued in the current fiscal year.

**TOWN OF EARLSBORO  
Earlsboro, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2010**

**Finding 10-07:**

Appropriations Ledger

The finding that the Town did not maintain an appropriations ledger continued in the current fiscal year.

**Finding 10-08:**

Payroll

The finding that the Town did not pay payroll related liabilities continued in the current fiscal year.

**WILSON, DOTSON & ASSOCIATES, P.L.L.C.**

*Certified Public Accountants*

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

We have compiled the SA&I Form 2643 in the accompanying prescribed form in accordance with standards established by the American Institute of Certified Public Accountants. The financial statements have been prepared on a prescribed basis of accounting of the State of Oklahoma, which is a basis of accounting other than generally accepted accounting principles.

Our compilation was limited to presenting, in the form prescribed by the Oklahoma State Auditor and Inspector, information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Oklahoma State Auditor and Inspector which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

  
Wilson, Dotson & Associates  
Wilson, Dotson & Associates, P.L.L.C.

DUE DATE: **December 31, 2011**

FORM **SA&I 2643**

12/7/2011

**IMPORTANT**

This report is to be compiled by your auditor from the audited financial statements of the municipality as required by Oklahoma Statutes, Section 17-105.1 of Title 11.

This report details the funds available to the municipality and the use of those funds including information relating to the duly constituted authorities of the municipality (public trusts, etc.) for the fiscal year ending June 30, 2011. See *supplementary instructions (coverage of this report) for information related to entities and activities to be included in this report on page 5 of this document.*

This report, principally for planning purposes at the local, State, and national level, is used by the Office of the State Auditor, the Oklahoma Municipal League, public interest groups, State and Federal agencies and universities.

For assistance in completing this report, please call the Office of the State Auditor at (405) 521-3495. When completed, please return this form to the Office of the State Auditor at the address below.

**OFFICE OF THE STATE AUDITOR AND INSPECTOR  
STATE OF OKLAHOMA  
GARY JONES, AUDITOR AND INSPECTOR  
ANNUAL SURVEY OF CITY AND TOWN FINANCES**

Town of Earlsboro  
Name

PO Box 67  
Address

Earlsboro OK 74840  
City State Zip Code  
*(Please correct any error in name, address, and ZIP Code)*

**RETURN TO**  
**Office of the Auditor and Inspector  
State of Oklahoma  
2300 North Lincoln Blvd.  
Room 100 State Capitol  
Oklahoma City, OK 73105**

**Part I TAX REVENUES**  
**Items 1-3** — Report collections from all taxes imposed by your government. Include current and delinquent amounts, penalties, and interest. Do not include receipts from service charges, special assessments, interest earnings, fines, or any other sources that are not taxes or licenses.

Item	Amount (Omit cents)	Item	Amount (Omit cents)
<b>1. Property taxes</b> — General fund, building fund, and sinking fund	T01 152,656	<b>d. Use tax</b>	T09
<b>2. Local sales taxes</b> — Taxes on goods and services, measured as a percent of sales or receipts, or as an amount per unit sold (gallon, package, etc.). Report only these taxes imposed by your government; shares of taxes imposed by another government are to be reported under part 1A below.	T09	<b>3. Occupation and business licensing and permits</b>	T28
<b>a. General sales tax</b>	T15 11,665	<b>a. Enter here licenses and inspection charges on occupations and businesses — for example, inspection of restrooms, restaurants, and food manufacturing plants; food handler permits; plumbing permits; taxicab licenses; tags; animal tags; vending licenses, and liquor licenses; business licenses, etc.</b>	T29
<b>b. Franchise fee or tax</b>	T19 1,863	<b>b. Other licensing and permits</b>	T29
<b>c. Cigarette tax</b>	T19	<b>4. Other — Specify</b>	T99
<b>d. Hotel/Motel</b>	T19		

**Part IA INTERGOVERNMENTAL REVENUE**

Report all amounts received by your government from other governments, including grants, shares of taxes imposed by other governments, payments in lieu of taxes and reimbursements for services performed for other governments, excluding loans. Also exclude here and report as "Tax Revenues" in part I, any taxes imposed by your government which were collected for it by another government.

**Column (a)** — Report all amounts your government received from the State (other than as collection fees), including any amounts financed wholly or in part from Federal grants to the State.

**Column (c)** — Report only amounts received directly from the Federal Government.

Purpose for which received	Amount (Omit cents)		
	From State (a)	From other local governments (b)	From Federal Government (directly) (c)
<b>General support</b> — Total amounts received (as per capita grants, shared taxes, etc.) without restrictions as to particular programs or purposes to be financed.	C30 2,125	D30	B30
<b>1. Alcoholic beverage tax</b>	C46 4,230	D46	B46
<b>2. Street and highways</b>	C42	D42	B42
<b>3. Health or hospital</b>	C91	D91	B91
<b>4. Grants received for water utilities</b>	C80	D80	B80
<b>5. Grants received for waste water utilities</b>	C50	D50	B50
<b>6. Grants received for housing, economic, and community development</b>	C89	D89	B81
<b>7. Airports</b>	C94	D94	B94
<b>8. Mass transit rail and/or bus system</b>	C89	D89	B89
<b>9. Grants received for transportation</b>	C89	D89	B89
<b>10. ALL OTHER (From State — code C89; From Federal Government — Code B89) — Include in the appropriate box, receipts from various payments such as —</b>	C89	D89	B89
<b>a. Parks and recreation (BOR or HUD)</b>	C89	D89	B89
<b>b. Public safety</b>	C89	D89	B89
<b>c. Job training</b>	C89	D89	B89
<b>d. Library grants</b>	C89	D89	B89
<b>e. Other — Specify</b> Fire	C89 4,398	D89	B89
<b>f.</b>	C89	D89	B89

**Part IB OTHER REVENUES — Other than tax and intergovernmental revenues**

Enter below amounts of the stated types of revenue (net of refunds and interfund transfers) received by your government during the fiscal year. Be sure to include revenues of all funds other than the exceptions noted in the special instructions.

Item	Amount (Omit cents)	Item	Amount (Omit cents)
<b>1. Utility sales revenue</b> — Gross receipts of any water, electric, gas, or transit systems operated by your government, from utility sales and charges. Exclude any amounts paid to such utilities by the parent government.	A91	<b>2. Other sales and service revenue</b> — Gross receipts from sales, rentals, maintenance assessments, and other charges for municipal services, aside from utility receipts (carried in item 1) and exclusive of amounts received from other governments.	A80 12,624
<b>a. Water supply system</b>	A92	<b>a. Sewerage charges</b>	A81
<b>b. Electric power system</b>	A93	<b>b. Refuse collection charges</b>	A36
<b>c. Gas supply system</b>	A94	<b>c. Hospital charges received on behalf of individual patients under the Medicare program or other insurance-type arrangements. Exclude Medicaid and amounts for hospital purposes received from other governments.</b>	
<b>d. Transit</b>			

<b>Part IB OTHER REVENUES — Other than tax and intergovernmental revenues — Continued</b>			
Enter below amounts of the stated types of revenue (net of refunds and interfund transfers) received by your government during the fiscal year. Be sure to include revenues of all funds other than the exceptions noted in the special instructions.			
<b>2. Other sales and service revenue — Continued</b>	Amount (Omit cents)	<b>5. Interest earnings</b> — Interest received on all deposits and investment holdings of your government and its agencies excluding earnings of any employee pension fund.	Amount (Omit cents)
<b>d.</b> Recreation charges (swimming, golf, auditoriums, etc.)	A61		U20 2,366
<b>e.</b> Airports — Include rentals and gross sales of gas and oil.	A01	<b>6. Rents</b> — Exclude housing, airport, and all other rental revenue reported from specific municipal services in item 2.	U40
<b>f.</b> Parking facilities (parking lots, garages, parking meters)	A60	<b>7. Royalties</b> — Compensation or portion of proceed from extraction of natural resources such as oil.	U41
<b>g.</b> Municipal housing project rentals (gross)	A50	<b>8. Fines and forfeitures</b> — (City or town share only)	U30
<b>h.</b> Ambulance services	A89	<b>9. Private donations</b>	U50
<b>i.</b> Miscellaneous commercial activities (cemeteries)	A03	<b>10. Miscellaneous other revenue</b> — Revenue of your government and its agencies not covered by items above, except tax and intergovernmental revenues. Include insurance adjustments, etc. DO NOT include: (1) proceeds from borrowing; (2) receipts from sale of holdings; (3) transfers between funds or agencies of your government; or (4) employee's contributions to, and interest earnings of, any employee pension fund.	U99
<b>j.</b> Other (including miscellaneous fee collections)	A89	<b>a.</b> All other revenue	3,022
<b>3. Special assessments</b> — Compulsory contributions and reimbursements from owners or property benefited by improvements (streets, sewers, sidewalks, water extensions, etc.) Do not include proceeds from sales of special assessment bonds. Report maintenance assessments under item 2 on page 1.	U01	<b>b.</b>	
<b>4. Receipts from sale of property</b> — Amounts from sale of realty, other than by tax sales, including property sold to other governments.	U11	<b>c.</b>	
		<b>TOTAL miscellaneous other revenue</b> Sum of items 10a-10c. →	U99 3,022

**Part II DIRECT EXPENDITURES BY PURPOSE AND TYPE**

Please note that payments made to other governments (State or local) \_\_\_\_\_ coverage, etc. **Exclude: (1)** capital outlay (report in columns (c) and (d)); and **(2)** amounts paid to other governments (report in part III).

Enter below all amounts expended during the fiscal year for the purposes listed (net of interfund transfers). Be sure to include expenditures of all funds other than the exceptions noted in the instructions on the first page.

**Column (a)** — Gross salaries and wages without deduction of withholdings for income taxes, employee contributions for Social Security or retirement

**Column (b)** — Enter in the appropriate functional category direct expenditure for supplies, materials, and contractual services.

**Column (c)** — Report construction outlays from all sources; i.e., bond proceeds, assessments, grants, etc.

PURPOSE	EXPENDITURES BY PURPOSE AND TYPE			
	Personal services (a)	Operations and maintenance (b)	CAPITAL OUTLAY	
			Construction (c)	Purchase of land, equipment, and structures (d)
<b>GOVERNMENTAL ADMINISTRATION</b>	E23	E23	F23	G23
<b>1. Financial administration</b> — Office of the finance director, auditor, comptroller, treasurer, tax assessment and collection, central accounting and purchasing services, budgeting, etc. (including related data processing, information technology).				
<b>2. Judicial and legal</b> — All municipal court and court-related activities including juries, probate officials, prosecutors, public defenders, municipal attorneys, and legal departments. Exclude probation and parole (report in item 16).	E25	E25	F25	G25
<b>3. Central administration</b> — City council, aldermen or commissioners, mayor, manager, city clerk's office, recorder, planning, zoning, and personnel.	E29	E29	F29	G29
<b>HEALTH AND WELFARE</b>	E79	E79	F79	G79
<b>4. Social services</b>				
<b>5. Own hospitals</b> — Construction and operation of hospitals by your government. Nursing homes are to be reported in item 7.	E36	E36	F36	G36
<b>6. Other hospitals</b> — Payments to hospitals operated privately. Exclude here and report in item 6, any payments under public welfare programs. Report payments to hospitals operated by other governments in part III.				
<b>7. Welfare institutions</b> — Construction and operation of nursing homes and welfare institutions by your government for veterans and needy persons.	E77	E77	F77	G77
<b>8. Health (other than hospitals)</b> — All public health activities except provision of hospital care. Include environmental health activities; health regulation and inspection, water and air pollution control, mosquito control, and inspection of food handling establishments. Also include public health nursing, vital statistics collection, and all other services performed directly by the public health department. Report in item 6 payments under public welfare programs.	E32	E32	F32	G32
<b>TRANSPORTATION</b>	E44	E44	F44	G44
<b>9. Highways</b> — Construction and maintenance of municipal streets, sidewalks, bridges. Also includes street lighting, snow removal, and highway engineering, control, and safety. Exclude here and report in item 21f, street cleaning expenditure. Include in part III any payments to the State or county for highway purposes. Report interest on highway debt in item 22e.				
<b>10. Toll highways and facilities</b> — Operation and maintenance of highways, roads, and bridges operated on fee or toll basis	E45	E45	F45	G45
<b>11. Municipal airports</b>	E01	E01	F01	G01
<b>12. Parking facilities</b> — Municipal garages, parking lots, etc., and all purchase and maintenance of meters (including on-street meters)	E60	E60	F60	G60
<b>PUBLIC SAFETY</b>	E62	E62	F62	G62
<b>13. Police</b> — Include municipal police agencies for preventing, controlling, or reducing crime; coroners, medical examiners; special police for highways, tunnels, bridges, and vehicular control; vehicular inspection activities; and traffic control and safety activities. Exclude highway engineering and planning (report in item 9).				
<b>14. Fire</b> — All costs incurred for firefighting and fire prevention, including contributions to volunteer fire units. Include any municipal contribution to a State fire pension fund.	E24	E24	F24	G24

**Part II DIRECT EXPENDITURE BY PURPOSE AND TYPE — Continued**

PURPOSE	EXPENDITURES BY PURPOSE AND TYPE			
	Personal services (a)	Operations and maintenance (b)	CAPITAL OUTLAY	
			Construction (c)	Purchase of land, equipment, and structures (d)
<b>PUBLIC SAFETY — Continued</b>	E04	E04	F04	G04
<b>15. Correction institutions</b> — Operation of facilities for confinement, correction and rehabilitation of adults or juveniles.				
<b>16. Other corrections</b> — Probation and parole activities — But exclude "lock-up" operations (report in item 16).	E05	E05	F05	G05
<b>17. Protection inspection and regulation, n.e.c.</b> — Regulation of private enterprise for the protection of the public and inspection of hazardous activities (including building inspection), except when related to major functions, such as health, natural resources, etc.	E66	E66	F66	G66
<b>AMBULANCE</b>	E32	E32	F32	G32
<b>18.</b> All expenditures for city operated or subsidized ambulance services				
<b>CULTURE AND RECREATION</b>	E61	E61	F61	G61
<b>19. Parks, cultural activities, and other recreation</b> — Include playgrounds, golf courses, swimming pools, museums, marinas, community music, drama, celebrations, and zoos.				
<b>20. Libraries</b> — Include payments to nongovernmental libraries as well as libraries operated by the city. <i>Aid to other governmental libraries should be excluded and reported in part III.</i>	E52	E52	F52	G52
<b>UTILITIES</b>				
<b>21.</b> Gross expenditure for utility systems operated by your government. <i>Exclude interest (report in item 19); also exclude utility contributions to the parent government and deduct the cost of providing services to the parent government (e.g., for street lighting, hydrant rental, etc.).</i>				
a. Water supply system	E91	E91	F91	G91
b. Electric power system	E92	E92	F92	G92
c. Gas supply system	E93	E93	F93	G93
d. Transit system	E94	E94	F94	G94
e. Sewers and storm sewers — Construction, maintenance and operation of sanitary and storm sewer systems and sewage disposal plants	E80	E80 23,216	F80	G80
f. Solid waste and landfill — The collection and disposal of garbage and landfill operations	E81	E81	F81	G81
<b>INTEREST ON DEBT</b>				
<b>22.</b> Amounts of interest paid, including any interest on short-term or nonguaranteed obligations, as well as general obligations.		I91 3,085		
a. Water supply system		I92		
b. Electric power system		I93		
c. Gas supply system		I94		
d. Transit system		I89		
e. All interest not covered by items 19a through 19d				
<b>ALL OTHER EXPENDITURES</b>				
<b>23.</b> Include any amounts which have not been allocated above by purpose, such as: your employer contribution to a State administered retirement system or to the Federal Social Security System; judgments and insurance premiums; and municipal service agencies, such as a central garage or an engineering department, which serve more than one functional agency, and whose expenses are not allocated to the various departments.  <b>Do not include:</b> (1) Payments for retirement of debt, (2) payments for purchase of securities, (3) transfer between funds or agencies of your government, or (4) benefits and payments from distinct employee pension funds.				
a. <b>Housing and community development</b> — Gross expenditure for urban renewal, slum clearance, municipal housing projects, and similar activities.	E50	E50	F50	G50
b. <b>Economic development</b>	E89	E89	F89	G89
c. <b>Civil defense</b>	E89	E89	F89	G89
d. <b>Cemetery operations and maintenance</b>	E03	E03	F03	G03
e. <b>Miscellaneous commercial activities</b>	E03	E03	F03	G03
<b>Other — Specify</b>	E89	E89	F89	G89
f. General Government	36,505	79,693		48,874
g.				
h.				

<b>Part III INTERGOVERNMENTAL EXPENDITURES</b>					
Please detail all payments made to other governments for services or programs performed on a reimbursement or cost-sharing basis — e.g., for hospital care, highways, school tuition, or support, etc. (Such amounts should be excluded from expenditure figures reported in column (b) of part II.) Enter "None" if your government made no reportable payments to other governments during the fiscal year.					
Item	Type of recipient government(s) (County, State, school districts, etc.) (a)	Amount (Omit cents) (b)	Item	Type of recipient government(s) (County, State, school districts, etc.) (a)	Amount (Omit cents) (b)
1.			5.		
2.			6.		
3.			7.		
4.			8.		
<b>Part IV SALARIES, WAGES, AND FORCE ACCOUNT</b>					Amount (Omit cents)
Report the total expenditure for salaries and wages included in column (a) of part II, as well as any salaries and wages paid on force account construction projects.					200 36,505

**Part V DEBT OUTSTANDING, ISSUED, AND RETIRED — Report special obligations of all agencies of your government as well as general city or town debt.**

1. **Long-term debt** — Bonds, mortgages, etc., with an original term of more than one year issued in the name of your government or of particular agencies. Include revenue and nonguaranteed special assessment bonds payable solely from pledged earnings or special assessments on property owners (column (e)). Report also general obligations and any debt backed by pledged resources but guaranteed by your government if these sources are insufficient (column (f)).

When an advance refunding has resulted in a legal or an in-substance defeasance, the debt may be considered extinguished, reported as retired in the year of defeasance and should not be reported herein in subsequent years.

AMOUNT, BY PURPOSE (Omit cents)						
	Outstanding at beginning of fiscal year (a)	DURING FISCAL YEAR		Outstanding total (a) plus (b) minus (c) (d)	DETAIL OF LONG-TERM DEBT OUTSTANDING	
		Issued (b)	Retired (c)		Revenue and nonguaranteed bonds (e)	Guaranteed bonds (f)
a. Sewer debt	19U 62,436	29U	39U 1,631	49U 60,805	44U 60,805	41U
b. Water supply system debt	19U	29U	39U	49U	44U	41U
c. Electric power system debt	19U	29U	39U	49U	44U	41U
d. Gas supply system debt	19U	29U	39U	49U	44U	41U
e. Transit	19U	29U	39U	49U	44U	41U
f. Industrial revenue and pollution control debt	19T	24T	34T	44T	44T	
g. All other purposes	19U	29U	39U	49U	44U	41U
<b>2. Short-term (interest-bearing) debt</b> — Tax anticipation notes, bond anticipation notes, interest-bearing warrants, and other obligations with a term of one year or less — Exclude accounts payable and other noninterest-bearing obligations.					Amount (Omit cents)	
a. Amount outstanding at beginning of fiscal year					61V	
b. Amount outstanding at end of fiscal year					64V	

<b>Part VI CASH AND INVESTMENTS HELD AT END OF FISCAL YEAR</b>	
Report separately for each of the three types of funds listed below, the total amount of cash on hand and on deposit and investments in Federal Government, Federal agency, State and local government, and non-governmental securities. Report all investments at carrying value. Include in the sinking fund total any mortgages and notes receivable held as offsets to housing and industrial financing loans. Exclude accounts receivable, value of real property, and all non-security assets. Assets obtained and held pursuant to an advance refunding that results in a legal or in-substance defeasance should not be reported herein.	
Type of fund	Amount at end of fiscal year (Omit cents)
1. <b>Sinking funds</b> — Reserves held for redemption of long-term debt. All cash held for statutory sinking fund and revenue bond related accounts and any other reserves held for redemption of long-term debt.	W01
2. <b>Bond funds</b> — Unexpended proceeds from sale of G.O. and revenue bond issues held pending disbursement	W31
3. All other funds except employee retirement funds	W61 508,409
4. <b>Retirement systems</b> — Single employer plans only	

Remarks

**Part VII AUDITOR INFORMATION**

**NOTE** — This report will not be considered complete unless an accompanying "accountants compilation report on financial statements included in certain prescribed forms" is attached to the report. The municipality's auditor should follow the guidelines in AR Section 300 of the AICPA Professional Standards in preparing such compilation report.

Auditor's firm name  
Wilson, Dotson & Associates, PLLC

Address — Number and street  
907 East 35th Street

City  
Shawnee

State ZIP Code  
OK 74804

TELEPHONE		
Area code	Number	Extension
405	273-4838	

Name of contact person/Email