

**TOWN OF WAUKOMIS  
GARFIELD COUNTY, OKLAHOMA  
AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS  
FISCAL YEAR ENDED  
JUNE 30, 2011**

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***WILLIAM K. GAUER***  
***CERTIFIED PUBLIC ACCOUNTANT***  
***WATONGA, OKLAHOMA***

**TOWN OF WAUKOMIS  
GARFIELD COUNTY, OKLAHOMA  
TOWN COUNCIL AND OFFICERS**

**Tod Gragg  
Tim Vanover  
George Milacek  
James Hromas  
Larry Whitaker  
Lisa Laubach**

**Mayor  
Vice-Mayor  
Councilmember  
Councilmember  
Councilmember  
Town Clerk**

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**WILLIAM K. GAUER**  
**CERTIFIED PUBLIC ACCOUNTANT**

121 SOUTH NOBLE ~ P.O. Box 181  
PHONE 580-623-5071  
TOLL FREE 800-230-7672

WATONGA, OKLAHOMA 73772  
FAX 580-623-5072  
WGAUER@WHEELERBROTHERS.COM

Honorable Town Council  
Town of Waukomis, Oklahoma  
  
Honorable Board Trustees  
Waukomis Public Works Authority

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Waukomis, 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 of Waukomis, Oklahoma'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. 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 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.

As discussed in Note A, Town of Waukomis, Oklahoma, prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Waukomis, Oklahoma, as of June 30, 2011, and the respective changes in financial position—cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note A.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (Omitted) and budgetary comparison information in the Supplemental Section to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

Honorable Town Council  
November 3, 2011  
Page 2

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.



November 3, 2011

**TOWN OF WAUKOMIS, OKLAOMA**  
Statement of Net Assets - Cash Basis  
June 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 187,026	\$ 78,926	\$ 265,952
Investments	140,747	-	140,747
Total Current Assets	327,774	78,926	406,699
<i>Non-Current Assets:</i>			
Restricted Cash and Investments	45,151	65,195	110,346
Capital Assets (Note	-	-	-
Land, infrastructure	-	-	-
Depreciable capital assets, net	-	-	-
Total Non-Current Assets	45,151	65,195	110,346
Total Assets	372,924	144,120	517,045
<b>LIABILITIES</b>			
Due to Other Funds	-	-	-
Due to Depositors	-	-	-
Long-term Liabilities (Note	-	-	-
Due within one year	-	-	-
Due in more than one year	-	-	-
Total Liabilities	-	-	-
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	-	-
Restricted			
For Park Improvements and Repairs	4,992		4,992
Special Revenue and Grants	38,103		38,103
Gas Savings Fund		1,852	1,852
Debt Reserves USDA		36,333	36,333
Customer Deposits		37,747	37,747
Unrestricted	329,829	68,189	398,018
Total Net Assets	\$ 372,924	\$ 144,120	\$ 517,045

See accompanying notes to the basic financial statements.



TOWN OF WAUKOMIS, OKLAOMA  
STATEMENT OF NET ASSETS - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Parks Fund	Emergency Management	Total
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 187,026	\$ -	\$ -	\$ 187,026
Investments, certificates of deposits	140,747	-	-	140,747
<i>Non-Current assets:</i>				
Restricted Cash and Cash Equivalents	-	4,992	38,103	43,095
Restricted Investments, certificates of deposits	2,056	-	-	2,056
<b>Capital Assets</b>				
Land, inexhaustible assets and construction-in-process	-	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-	-
<b>Total Assets</b>	329,829	4,992	38,103	372,924
<b>LIABILITIES</b>				
Bank Overdrafts	-	-	-	-
Due to other funds	-	-	-	-
Long-term debt	-	-	-	-
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
<b>Total Liabilities</b>	-	-	-	-
<b>NET ASSETS</b>				
Invested in Capital Assets, net of debt	-	-	-	-
Restricted	-	-	-	-
For Park Improvements and Repairs	-	4,992	-	4,992
Special Revenue and Grants	-	-	38,103	38,103
Unrestricted	329,829	-	-	329,829
<b>Total Net Assets</b>	329,829	4,992	38,103	372,924

**Reconciliation to Statement of Net Assets:**

Amount reported for governmental activities in the statement of net assets

Capital assets

Certain liabilities not payable in the reporting period

\$ 372,924

See accompanying notes to the basic financial statements,

TOWN OF WAUKOMIS, OKLAOMA  
STATEMENT OF NET ASSETS - CASH BASIS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	Public Works Authority	Meter Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 68,189	\$ 10,737	\$ 78,926
Due From Governmental Fund	-	-	-
Noncurrent Assets:			
Restricted cash and cash equivalents	38,185	27,010	65,195
Restricted investments	-	-	-
Capital Assets, net of accumulated depreciation	-	-	-
Total noncurrent assets	<u>38,185</u>	<u>27,010</u>	<u>65,195</u>
<b>Total Assets</b>	<u>106,373</u>	<u>37,747</u>	<u>144,120</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Bank Overdrafts	-	-	-
Notes payable-current portion	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent Liabilities:			
Refundable deposits	-	-	-
Notes payable-long-term portion	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>			
Restricted			
Gas Savings	1,852	-	1,852
Debt Service USDA	36,333	-	36,333
Customer Deposits	-	37,747	37,747
Unrestricted	68,189	-	68,189
<b>Total Net Assets</b>	<u>\$ 106,373</u>	<u>\$ 37,747</u>	<u>\$ 144,120</u>

See accompanying notes to the basic financial statements.

TOWN OF WAUKOMIS, OKLAOMA  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
CASH BASIS  
GOVERNMENTAL FUNDS

	General Fund	Parks Fund	Emergency Management	Total
<b>Revenues:</b>				
Taxes	\$ 208,441	\$ -	\$ -	\$ 208,441
Intergovernmental	4,120	-	-	4,120
Charges for services	4,523	-	-	4,523
Fines and forfeitures	203,501	-	-	203,501
Licenses and permits	3,762	-	-	3,762
Investment income	2,284	67	-	2,351
Miscellaneous	-	5,684	-	5,684
Total Revenues	<u>426,631</u>	<u>5,751</u>	<u>-</u>	<u>432,382</u>
	471,582			
<b>Expenditures:</b>				
General Government	83,519	-	11,537	95,056
Police Department	184,000	-	-	184,000
Fire Department	19,189	-	-	19,189
Parks	-	14,270	-	14,270
Street	41,482	-	-	41,482
Total Expenditures	<u>328,190</u>	<u>14,270</u>	<u>11,537</u>	<u>353,997</u>
Excess (deficiency) of revenues over expenditures	98,440	(8,519)	(11,537)	78,384
<b>Other Financing Sources</b>				
Transfers In	35,500	4,000	38,429	77,929
Transfers Out	(43,583)	-	-	(43,583)
Total Other Financing Sources	<u>(8,083)</u>	<u>4,000</u>	<u>38,429</u>	<u>34,346</u>
Net Changes in Fund Balances	90,357	(4,519)	26,891	112,730
Fund Balance - Beginning	239,472	9,510	11,212	260,195
Fund Balance - Ending	<u>\$ 329,829</u>	<u>\$ 4,992</u>	<u>\$ 38,103</u>	<u>\$ 372,924</u>

**Reconciliation to the Statement of Activities:**

Net change in fund balances	112,730
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets capitalized	-
Depreciation expense	-
Change in net assets of governmental activities	<u>\$ 112,730</u>

See Accompanying notes to the basic financial statements.

TOWN OF WAUKOMIS, OKLAOMA  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
CASH BASIS  
PROPRIETARY FUNDS

	Public Works Authority	Meter Fund	Total
<b>Revenues:</b>			
Charges for services:			
Water	\$ 198,264	\$ -	\$ 198,264
Sewer	45,026	-	45,026
Trash	98,084	-	98,084
Total Revenues	<u>341,374</u>	<u>-</u>	<u>341,374</u>
<b>Expenses:</b>			
Water	27,537	-	27,537
Trash Removal	82,687	-	82,687
Personnel Services	99,550	-	99,550
Maintenance & Operations	49,871	-	49,871
Capital Outlay	5,750	-	5,750
Total Expenses	<u>265,395</u>	<u>-</u>	<u>265,395</u>
Operating Income (Loss)	<u>75,979</u>	<u>-</u>	<u>75,979</u>
<b>Non-operating revenues (expenses):</b>			
Investment Income	343	245	588
Debt Service	(34,044)	-	(34,044)
Transfer to General Fund	(35,500)	-	(35,500)
Other revenue	36,066	2,422	38,488
Total Non-operating Revenues (Expenses)	<u>(33,136)</u>	<u>2,667</u>	<u>(30,468)</u>
Changes in Net Assets	42,843	2,667	45,510
Net Assets - Beginning	63,530	35,080	98,610
Net Assets - Ending	<u>\$ 106,373</u>	<u>\$ 37,747</u>	<u>\$ 144,120</u>

See Accompanying notes to the basic financial statements.

**TOWN OF WAUKOMIS**  
**GARFIELD COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDED JUNE 30, 2011**

**Note 1 - Summary of Significant Accounting Policies**

The accounting policy of the Town of Waukomis is to prepare its financial statements on the cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America. These principles include all relevant Governmental Accounting Standards Board announcements.

**Financial Reporting Entity**

The Town's financial reporting entity is composed of the following:

Primary Government:	Town of Waukomis
Blended Component Units	Waukomis Public Works Authority
Discretely Presented Component Units	None

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

**BASIS OF PRESENTATION**

**MANAGEMENT DISCUSSION AND ANALYSIS**

GASB No. 34 required the financial statements be accompanied by a narrative and analytical overview of the Town's financial activities in the form of management, discussion and analysis (M,D&A).

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Assets and Statements of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charges to external parties for goods or services.

**FUND FINANCIAL STATEMENTS**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a

separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized in to three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria: (1) Total assets, liabilities, revenues, or expenses total at least 10 percent of the total of all funds, of that type and (2) Total assets, liabilities, revenues, or expenses of the individual fund are at least 5 percent of all funds combined.

### **Governmental Funds**

#### **General Fund**

The General Fund is the principal fund of the Town, which accounts for all revenue that can be legally expended within a certain specific fiscal year and for all financial transactions not properly accounted for in other funds.

#### **Special Revenue Funds**

Special revenue funds are used to account for the proceeds of the specific revenue source that are either legally restricted for specific purposes or designated to finance particular functions or activities.

### **Proprietary Funds**

#### **Enterprise Fund**

Enterprise funds are used to account for business-like activities provided to the general public. The reporting activity entity includes the following enterprise fund: Waukomis Public Works Authority Fund.

### **BASIS OF ACCOUNTING**

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental, business-like, and component unit activities are presented using a cash basis of accounting. This basis recognizes revenues when received. Expenditures are recorded when the related fund liability is incurred.

**A. Cash and Time Certificates of Deposit**

The Town's investment policies are governed by Oklahoma Statutes. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts and savings certificates of savings and loan associations, and trust companies.

**B. Restricted Assets**

Under the terms of the bond indentures, the Waukomis Public Works Authority must maintain certain "funds". These are not funds in the sense of fiscal accounting entities with self-balancing sets of accounts; they merely represent mandatory assets segregation. The primary restricted assets are related to bond trustee accounts and utility meter deposits. These assets are restricted as to use. Unrestricted assets have no restrictions and can be used for any legal purpose to manage the assets of the Waukomis.

**C. Use of Estimates**

The preparation of financial statements in conformity with the accrual basis of accounting used by the Town requires management to make estimates and assumptions that effect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation and the estimated amounts collections of the receivables); accordingly results could differ from these estimates.

**E. Fixed Assets**

Historically, small municipal governments treated all capital disbursements or expenditures as an expense in the year of the transaction. Under GASB No. 34 these transactions are recorded as assets at the historical transaction amount. After these assets are recorded the governmental entity now uses an estimated economical life of each individual asset to record a non-cash expense called depreciation. The concept of depreciation takes the cost of the assets and spreads that cost over the estimated useful life of the asset. It could also be stated that depreciation could be stating the replacement costs of the related asset. The Town does not record or capitalize capital assets or record depreciation.

**F. Long-Term Debt**

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The

long-term debt consists primarily of notes payable and bonds payable. Under fund accounting the payment of debt is recorded as expenditures.

### **G. Compensated Absences**

The Town does not record amounts for compensated absences.

### **H. Budget**

In accordance with Oklahoma Statutes, Title 68, §2483, the Town of Waukomis and the Waukomis Public Works Authority formally adopt budgets which include the general, special revenue and debt service funds. These annual budgets are adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Code. (§17-201, Municipal Budget Act)

### **Note 2 – Cash and Cash Equivalents**

Permissible investments include direct obligations of the United States Government and its Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of the current fiscal year end all cash and investments of the Town were entirely insured or collateralized as required by Oklahoma Statutes.

### **Deposits**

The Town's cash deposits at year-end are categorized to give an indication of the level of risk assumed by the Town at year-end as follows:

- (A) Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- (C) Uncollateralized.

	Deposit Categories of Credit Risk			Bank Balance	Carrying Amount	Market Value
	A	B	C			
Cash	\$ 374,242	\$	\$	\$ 374,242	\$ 374,242	\$ 274,242
Investments	142,803			142,803	142,803	142,803
Total	\$ 514,045	\$	\$ 0	\$ 514,045	\$ 514,045	\$ 514,045

INVESTMENTS

The Town's investments consisted of bank certificates of deposit during the year and are categorized as (A)&(B) type deposits identified above. The carrying amount and market value are reported in the chart above as of June 30, 2011.

**Note 3 – Accounts Receivable**

Utility billing in the enterprise fund due from utility billings are the most common receivable of the Town. The Authority uses cash basis accounting and does not record receivables.

**Note 4 – Capital Assets**

The Town does not record Capital Assets as of June 30, 2011.

**Note 5 – Long-Term Debt**

The Town does present long-term debt balances on the face of the financial statements.

Long-term debt consists of general obligation bonds payable and short-term note payable in the governmental fund type debt service and revenue bonds and promissory notes issued by the public works authority. A summary of long-term debt is as follows:

**Governmental Activities:**

General Obligation Bonds  
 \$500,000, 1994 Capital improvement bonds, due in annual installments of \$35,000 beginning in June 1, 1995 with the final installment of \$45,000 due June 1, 2009, with interest at 7.94% to 10%.

\$ 0

**Business-Type Activities:**

Revenue Obligation Notes:  
 Rural Development has issued three notes on March 11, 1980 and Mat 5, 2001, with the same revenue pledged as collateral.

Governmental Activities:	<u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2011</u>
Bonds Payable	\$ 45,000	\$ -	\$ 45,000	\$ 0

Business-type Activities:

Town of Waukomis

Notes Continued

June 30, 2011

Notes Payable					
USDA 91-02	5.000%	156,340	-	13,108	143,232
USDA 92-03	5.000%	87,476	-	7,189	80,287
USDA 92-04	5.625%	24,914	-	631	24,283
Customer Deposits		<u>35,080</u>	<u>3,470</u>	<u>804</u>	<u>37,746</u>
Total Business-type activities		<u>\$ 303,810</u>	<u>\$ 3,470</u>	<u>\$ 21,732</u>	<u>\$ 285,548</u>

Total Long-Term Debt

Less: Current Portion (Estimated)

Long-Term Debt, net of current portion

\$ 285,548  
(20,928)  
\$ 264,620

Maturities of Long-Term debt are as follows:

June 30, 2011	<u>GO Bonds</u>	<u>Rural Dev Notes</u>
June 30, 2012		\$20,928
June 30, 2013		21,978
June 30, 2014		22,798
June 30, 2015		24,124
		25,004
Thru June 30, 2020		143,725
Thru June 30, 2022		26,991

**Note 6 – Litigation and Contingencies**

Neither the Town nor the Authority has any pending claim against them that would have a material effect on the financials statements as of June 30, 2010.

**A. Grants**

In the normal course of operations, the Town receives grant funds from various agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as the result of audits of grant funds, is not

believed to be material.

### **B. Litigation**

The Town, due to the nature of municipal government, potentially can be named as a defendant in various lawsuits for which no reasonable estimate of actual damages, if any, can be made. Management would vigorously contest any litigation and believes that damages if any, assessed against the Town would be covered by insurance policies and would not materially affect the financial position of the Town.

### **C. Risk management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering a portion of those risks of loss. Management believes such coverage is sufficient to preclude significant uninsured losses to the Town.

In the event settled claims exceed the commercial coverage provided by the Town, Oklahoma statutes provide for payment by tax levy through the Sinking Fund at the rate of one-third each year. As an alternative to paying money judgments out of the Sinking Fund at the rate of one-third each year, the court, based on consideration of evidence and proof, may provide for the judgment to be paid over a period of not less than one nor more than ten years. The interest rate on any judgment when payment is extended more than three years shall be the rate prescribed by law for the first three years and at the rate of six percent for each remaining year.

### ***Note 7 - Retirement Plan***

The Town participates with other cities in the Oklahoma Municipal Retirement System, which is a cost sharing, multiple-employer public employee retirement system (PERS). The police officers of the City participate in this plan. Regular full time employees are eligible to participate upon commencement of employment.

*Oklahoma Municipal Retirement Fund*

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Normal retirement is age 65 with ten (10) or more years of vesting service, or age 62, with thirty (30) years of service. The normal retirement benefit is equal to 2.625% of final average compensation multiplied by the number of years of credited service.

Early retirement is age 55 with ten (10) or more years of vesting service. The accrued benefit payable starting at age 65, or an actuarially reduced benefit starting at early retirement age.

Disability retirement is available to employees who become totally and permanently disabled. The accrued benefit is payable upon disablement without reduction for early retirement

An employee who dies while in-service before vesting is eligible for return of all contributions made into the plan with interest. Benefits for a married, vested employee who dies while in-service will be 50% of the accrued benefit payable to the spouse until death or remarriage. Benefits of a single, vested employee who dies while in-service will be 50% of the accrued benefit payable for 60 months certain to the beneficiary.

The Town has contributed \$9,251, for participating employees of the Town and from its Police Department, during the fiscal year ended June 30, 2011.

*Firefighters pension plan*

Eligible members of the City fire department participate in a retirement and pension plan under the direction of the Oklahoma Firefighters Pension and Retirement System administered by a 13-member Oklahoma Firefighters Pension and Retirement System Board, which is a cost-sharing multiple-employer public employee retirement system (PERS). The Board acts as the fiduciary for investment and administration of the Plan.

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Normal retirement is the first day following the day the member completes twenty (20) years of service, regardless of age. A member who terminates after ten years of credited service is eligible for a vested severance benefit determined by the normal retirement formula, based on service and salary history to date of termination. The benefit is payable at age 50 or when the member would have completed twenty years of service, whichever is later, provided the member's contribution accumulation is not withdrawn.

Paid firefighters' normal retirement benefit is equal to 50% of final average

There is no provision for an early retirement benefit. All firefighters are eligible for immediate disability or death benefits. Disabilities due to heart disease, injury to the respiratory system, or cancer are considered in the line of duty. If there is no eligible surviving spouse, the death benefit is divided between the children under age 18 or age 22 if children are enrolled as full-time students.

No employee contributions are required of volunteer firefighters. Participating municipalities and fire protection districts contribute 13% of gross salary for each paid firefighter and \$60.00 per year for each volunteer firefighter. Municipalities with revenues under \$25,000 make no contribution for volunteers. The state contributes 34% of the Insurance Premium Tax.

Eligible members of the City fire department participate in the pension plans under the direction of the Oklahoma Firefighters Pension and Retirement System. The City Contributes 10% and the fireman contribute 8% of their gross wages. These benefits vest after ten years of service.

The Town has contributed a total of \$2,432 for its firefighters, which includes \$1,200 for its volunteer firefighters during the fiscal year ended June 30, 2011.

# **WILLIAM K. GAUER**

*CERTIFIED PUBLIC ACCOUNTANT*

121 SOUTH NOBLE ~ P. O. BOX 181  
PHONE 580-623-5071  
TOLL FREE 800-230-7672

WATONGA, OKLAHOMA 73772  
FAX 580-623-5072  
WGAUER@WHEELERBROTHERS.COM

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

To the Board of Directors  
Town of Waukomis

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Waukomis, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 3, 2011. 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 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.

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.

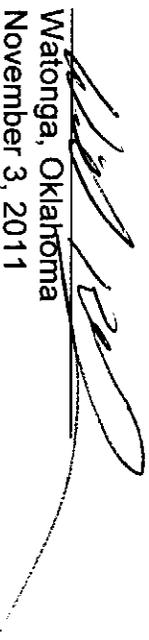
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town'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.

We noted certain matters that we reported to management of Town of Waukomis, Oklahoma, in a separate letter dated November 3, 2011.

This report is intended solely for the information and use of management, Town Council, others within the entity, 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.



Watonga, Oklahoma  
November 3, 2011

**SUPPLEMENTAL INFORMATION**



**TOWN OF WAUKOMIS, OKLAOMA**  
 Budgetary Comparison Schedule General Fund - Cash Basis  
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ 239,472	\$ 239,472
<b>Resources (Inflows):</b>				
<b>Taxes:</b>				
Sales Tax	120,000	120,000	117,878	(2,122)
Use Tax	5,200	5,200	8,124	2,924
Tobacco Tax	2,000	2,000	2,251	251
Emergency Mgmt Tax	40,000	40,000	41,968	1,968
Franchise Tax	35,000	35,000	35,394	394
Lodging Tax	2,500	2,500	2,825	325
Total Taxes	204,700	204,700	208,441	3,741
<b>Intergovernmental:</b>				
Alcoholic Beverage Tax	3,900	3,900	4,120	220
Motor Vehicle Tax	-	-	-	-
Gas Excise Tax	-	-	-	-
<b>Investment Income</b>	-	-	2,284	2,284
<b>Miscellaneous Income</b>				
Agent Fee	300	300	3,762	3,462
Licenses and Permits	6,000	6,000	4,523	(1,477)
Fire	125,000	125,000	203,501	78,501
Police Fines	100	100	73	(27)
Royalty	11,000	11,000	9,021	(1,979)
Street Department	-	-	357	(4,643)
Wheatheart	5,000	5,000	-	-
Miscellaneous	25,000	25,000	35,500	10,500
Transfer from Other Funds	381,000	381,000	711,054	330,054
<b>Amounts available for appropriations</b>	<b>381,000</b>	<b>381,000</b>	<b>711,054</b>	<b>330,054</b>
<b>General Government</b>				
Personal Services	45,000	45,000	38,440	(6,560)
Maintenance and Operations	88,000	76,000	45,079	(30,921)
Capital Outlay	-	-	-	-
Police Department	133,000	121,000	83,519	(37,481)
Personal Services	120,000	120,000	113,094	(6,906)
Maintenance and Operations	50,000	50,000	53,406	3,406
Capital Outlay	-	-	17,500	17,500
Fire Department	170,000	170,000	184,000	14,000
Personal Services	-	-	-	-
Maintenance and Operations	18,000	20,000	19,189	(811)
Capital Outlay	18,000	20,000	19,189	(811)
<b>Street Department</b>				
Personal Services	4,000	30,000	23,482	(6,518)
Maintenance and Operations	16,000	30,000	18,000	18,000
Capital Outlay	20,000	30,000	41,482	11,482

**TOWN OF WAUKKOMIS, OKLAOMA**  
 Budgetary Comparison Schedule General Fund - Cash Basis  
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to other funds	40,000	40,000	53,034	13,034
Total Charges to Appropriations	381,000	381,000	381,224	224
Ending Budgetary Fund Balance	-	-	\$ 329,829	\$ 329,829

**TOWN OF WAUKOMIS, OKLAOMA**  
 Budgetary Comparison Schedule Public Works Authority - Cash Basis  
 For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ 63,530	\$ 63,530
<b>Resources (Inflows):</b>				
<b>Authority Revenues:</b>				
Water Receipts	195,000	195,000	198,264	-
Sewer Receipts	47,000	47,000	45,026	-
Solid Waste Receipts	98,000	98,000	98,084	-
Total Taxes	340,000	340,000	341,374	1,374
<b>Investment Income</b>	-	-	-	-
<b>Miscellaneous Income</b>	-	-	18,408	-
<b>Other Financing Sources:</b>				
Transfer from General Fund	-	-	18,000	18,000
Reap Grant Receipts	-	-	-	-
<b>Amounts available for appropriations</b>	<u>340,000</u>	<u>340,000</u>	<u>441,312</u>	<u>82,904</u>
<b>Cost of Services</b>				
Water	82,500	82,500	82,687	-
Trash Removal	82,500	82,500	110,224	(27,724)
Personal Services	110,000	105,000	99,550	5,450
Maintenance and Operations	147,500	127,500	49,871	77,629
Capital Outlay	-	-	5,750	(5,750)
	<u>257,500</u>	<u>232,500</u>	<u>155,171</u>	<u>77,329</u>
<b>Debt Service</b>				
Debt Service Disbursements	-	25,000	34,044	(9,044)
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	35,500	(35,500)
<b>Total Charges to Appropriations</b>	<u>340,000</u>	<u>340,000</u>	<u>334,939</u>	<u>5,061</u>
<b>Ending Budgetary Fund Balance</b>	<u>-</u>	<u>-</u>	<u>\$ 106,373</u>	<u>\$ 87,965</u>

TOWN OF WAUKOMIS, OKLAOMA  
 Cimarron County, Oklahoma  
 Schedule of Grant Awards,  
 Revenues and Expenditures  
 For Year Ended June 30, 2011

Grant Description	Contract Number	Grant Award	Revenue Collected	Total Expenditures
REAP Grant Street Improvements FY 10-11	Contract No. GA08-9	\$18,210.00	\$18,000.00	\$18,000.00
Department of AG FY 10-11	Fire Department	\$4,397.72	\$4,397.72	\$4,397.72
		<u>\$22,607.72</u>	<u>\$22,397.72</u>	<u>\$22,397.72</u>

The notes to the financial statements are an integral part of this statement.  
 See the accompanying independent auditors' report.