

TOWN OF WEST SILOAM SPRINGS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

**FOR THE YEAR ENDED
JUNE 30, 2020**

Audited By:
Robert St. Pierre CPA, PC
1113 North Second St.
Stilwell, Ok 74960

TOWN OF WEST SILOAM SPRINGS

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	1-2
FINANCIAL STATEMENTS	
Government – Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	3
Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis	4
Fund Financial Statements:	
Statement of Assets, Liabilities and Fund Balance– Governmental Funds - Modified Cash Basis	5
Reconciliation of the Governmental Funds Statements of Assets, Liabilities and Fund Balance To the Government Wide Statement of Net Position – Modified Cash Basis	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds - Modified Cash Basis	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Revenues, Expenses and Changes in Net Position – Modified-Cash Basis	8
Statement of Net Fund Position – Modified Cash Basis – Proprietary Fund	9
Statement of Revenues, Expenses and Changes in Fund Net Position – Modified Cash Basis - Proprietary Funds	10
Notes to Basis Financial Statements	11-18
OTHER SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule — Modified Cash Basis - General Fund	19
Budgetary Comparison Schedule —Modified Cash Basis – Business-type Activities	21
Budgetary Comparison Schedule — Modified Cash Basis – Governmental Activities	22
Notes to Budgetary Comparison Schedule	24
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	25-26

INDEPENDENT

AUDITOR'S

REPORTS

ROBERT ST. PIERRE, C.P.A., P.C.

Certified Public Accountant

1113 N. Second Street
Stilwell, Oklahoma 74960
Phone: (918) 696-4983
Fax: (918) 696-4867

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of West Siloam Springs
Colcord, Oklahoma

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Siloam Springs, State of Oklahoma ("the Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1 this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinions.

Opinion

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, each major fund, and the aggregate remaining fund information for the Town of West Siloam Springs, Colcord Oklahoma, as of June 30, 2020, and the respective changes in financial position - modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describe the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Disclaimer of Opinion on Supplementary Information

The Budgetary comparison information on pages 19-23 which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, we have also issued our report dated December 23, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

Very truly yours,

Robert St. Pierre

Robert St. Pierre
December 23, 2020

GOVERNMENT WIDE

FINANCIAL

STATEMENTS

TOWN OF WEST SILOAM SPRINGS
STATEMENT OF NET POSITION - GOVERNMENT WIDE
MODIFIED CASH BASIS
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash, including time deposits	560,480	441,760	1,002,240
Due From General Fund	-	31,003	31,003
Due from Others	1,048	-	1,048
Total current assets	561,528	472,763	1,034,291
Noncurrent assets			
Restricted cash, utility deposits	-	28,199	28,199
Capital assets, net of accumulated depreciation (Note 3)	628,436	3,470,467	4,098,903
Total noncurrent assets	628,436	3,498,666	4,127,102
Total Assets	1,189,964	3,971,429	5,161,393
Liabilities			
Current liabilities			
	123,716	-	123,716
Due to other funds	21,000	-	21,000
Total current liabilities	144,716	-	144,716
Noncurrent liabilities			
Utility deposits	-	32,046	32,046
Total noncurrent liabilities	-	32,046	32,046
Total Liabilities	144,716	32,046	176,762
Net Position			
Net Investment in Capital Assets	504,720	3,470,467	3,975,187
Restricted	429,540	28,199	457,739
Unrestricted	110,988	440,717	551,705
Total Net Position	1,045,248	3,939,383	4,984,631

TOWN OF WEST SILOAM SPRINGS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - GOVERNMENT WIDE
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Function / Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		Total
		Charges For Services	Operating Grant and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Government Activities:							
General	197,792	11,266	-	-	(186,526)	-	(186,526)
Police	725,429	68,000	10,000	-	(647,429)	-	(647,429)
Dog Pound	949	-	-	-	(949)	-	(949)
Streets	86,216	-	-	-	(86,216)	-	(86,216)
EMS	236,163	-	-	-	(236,163)	-	(236,163)
Park	-	-	-	-	-	-	-
Subsidy Pool	3,826	-	-	-	(3,826)	-	(3,826)
Total Governmental Activities	1,250,375	79,266	10,000	-	(1,161,109)	-	(1,161,109)
Business Type Activities							
Water and Sewer	978,409	860,722	-	40,000	-	(77,687)	(77,687)
Total Business Type Activities	978,409	860,722	-	40,000	-	(77,687)	(77,687)
Total	2,228,784	939,988	10,000	40,000	(1,161,109)	(77,687)	(1,238,796)
					Sales Tax	457,090	
					Use Tax	43,829	
					Cigarette & Tobacco Tax	1,527	
					Commercial Vehicle Tax	6,056	
					Franchise Tax	6,634	
					Alcoholic Beverage Tax	13,242	
					Hotel Tax	27,144	
					Gas Excise Tax	1,432	
					Fines	454,925	
					Other	257,730	
					Total General Revenues	1,269,609	
					Transfers & Other Financing Sources	-	
					Total General Revenues & Transfers	1,269,609	
					Change in Net Position Govt Funds	108,500	-
					Change in Net Position Business Type	-	(77,687)
					Net Position Beginning of Year Restate	936,748	4,017,070
					Net Position End of Year	1,045,248	3,939,383
							4,984,631

TOWN OF WEST SILOAM SPRINGS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE GOVERNMENT FUNDS-
MODIFIED CASH BASIS
June 30, 2020

	General	EMS	Street Fund	Other Funds	Total Government Funds
Assets					
Cash	130,940	228,620	195,356	5,565	560,481
Other	1,048	-	-	-	1,048
Total Assets	131,988	228,620	195,356	5,565	561,529
Liabilities and Fund Balances					
Liabilities					
Due to Other Funds	21,000	-	-	-	21,000
Other Current	-	-	-	-	-
Total Liabilities	21,000	-	-	-	21,000
Fund Balances					
Unreserved, reported in:				-	-
General Fund Unreserved	110,988	-	-	-	110,988
Special Revenue Restricted	-	228,620	195,356	5,565	429,541
Total Fund Balances	110,988	228,620	195,356	5,565	540,529
Total Liabilities and Fund Balance	131,988	228,620	195,356	5,565	561,529

TOWN OF WEST SILOAM SPRINGS OKLAHOMA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS,
LIABILITIES AND FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
MODIFIED CASH BASIS
June 30, 2020

Fund balances--total governmental funds	<u>540,529</u>
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds</p>	
Land	95,665
Buildings	276,570
Equipment	192,449
Vehicles	458,528
Infrastructure	1,233,071
Accumulated Depreciation	(1,627,847)
	<u>628,436</u>
Short-term and long-term liabilities of capital lease of police cars are not reported as liabilities in fund financial statements	<u>(123,717)</u>
Net Assets of Governmental Activities	<u><u>1,045,248</u></u>

FUND

FINANCIAL

STATEMENTS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	EMS Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Sales tax	213,309	121,891	121,891	-	457,091
Use Tax	43,829	-	-	-	43,829
Franchise Fees	6,634	-	-	-	6,634
Commercial vehicle tax	-	-	1,527	-	1,527
Alcohol and cigarette tax	20,248	-	-	-	20,248
Gasoline Tax	-	-	6,056	-	6,056
Hotel tax	27,144	-	-	-	27,144
Fines and fees	454,925	-	-	-	454,925
Proceeds from the sale of assets	-	-	-	-	-
Miscellaneous	173,060	144,000	-	1,990	319,050
Total revenues	<u>939,149</u>	<u>265,891</u>	<u>129,474</u>	<u>1,990</u>	<u>1,336,504</u>
Expenditures					
Current					
General government					
General Government	189,903	-	-	-	189,903
Public Safety (Police, Fire)	691,323	236,163	-	-	927,486
Water, sewer, streets	-	-	148,377	-	148,377
Culture and recreation	-	-	-	562	562
Capital outlay	-	-	-	-	-
Total expenditures	<u>881,226</u>	<u>236,163</u>	<u>148,377</u>	<u>562</u>	<u>1,266,328</u>
Excess (deficiency) of					
revenues over expenditures	<u>57,923</u>	<u>29,728</u>	<u>(18,903)</u>	<u>1,428</u>	<u>70,176</u>
Other financing sources (uses)					
Grant Cherokee Nation	10,000	-	-	-	10,000
Other Income	41,824	-	-	-	41,824
Transfers (net)	151	-	-	(151)	-
Total Other Financing Sources	51,975	-	-	(151)	51,824
Net change in fund balances	109,898	29,728	(18,903)	1,277	122,000
Fund balances-beginning	<u>1,090</u>	<u>198,893</u>	<u>214,258</u>	<u>4,288</u>	<u>418,529</u>
Fund balances -ending	<u>110,988</u>	<u>228,621</u>	<u>195,355</u>	<u>5,565</u>	<u>540,529</u>

TOWN OF WEST SILOAM SPRINGS
RECONCILIATION OF GOVERNMENTAL FUND STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE GOVERNEMENT WIDE STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
Year Ended June 30, 2020

Net Change in Fund Balances - Governmental Funds	122,000
Amounts Reported for Governmental Activities in the Statement of Activities are different because:	
Capital Purchases decrease Fund Balances but do not affect the Statement of Activities	85,220
Depreciation does not affect Funds Balances but does affect the Statement of Activities	(125,320)
Gross Proceeds on Sale of Assets	(41,824)
Gain over Adjusted Basis Increases Net Assets but not Fund Balances	12,373
Capital Lease Principal Payments Decrease Fund Balances but is not Expense for Statement of Activities	56,052
	108,501

TOWN OF WEST SILOAM SPRINGS
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
MODIFIED CASH BASIS
June 30, 2020

	<u>Public Works Authority</u>
Business Type Activities - Enterprise Fund	
Assets	
Current assets	
Cash and cash equivalents	441,760
Accounts receivable - customers	28,199
Due From General Fund	31,000
Other Assets	<u>2</u>
Total current assets	<u>500,961</u>
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>3,470,467</u>
Total noncurrent assets	<u>3,470,467</u>
Total assets	<u><u>3,971,428</u></u>
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	
Total current liabilities	-
Noncurrent liabilities	
Customer deposits	<u>32,046</u>
Total liabilities	<u>32,046</u>
Net position	
Invested in capital assets, net of related debt	3,470,467
Restricted Meter Deposits	28,199
Unrestricted	<u>440,716</u>
Total net position	<u><u>3,939,382</u></u>

**TOWN OF WEST SILOAM SPRINGS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - PROPRIETARY FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

Business Type Activies - Enterprise Funds	Public Works Authority
Operating Revenues	
Charges for services	
Water (net of refunds/adjustments)	459,737
Sewer	279,096
Miscellaneous	-
Total operating revenues	738,833
Operating expenses	
Cost of Water & Sewer	431,906
Salaries and benefits	185,515
Insurance and bonds	23,332
Legal and professional fees	33,657
Licenses and permits	1,360
Contract Labor	220
Material and supplies	42,746
Office Supplies	11,410
Miscellaneous	9,777
Fuel	9,976
Repairs and maintenance	28,707
Travel and training	2,267
Telephone	6,710
Utilities	19,269
Water testing	5,192
Depreciation	166,365
Total operating expenses	978,409
Net Operating income (loss)	(239,576)
Nonoperating revenues and expenses	
Designated sales tax	121,890
Other Grants	-
Cherokee Nation grants	40,000
Total nonoperating revenues and expenses	161,890
Other financing sources (uses)	
Transfers (net)	-
Change in net position	(77,686)
Net Position, beginning	4,017,068
Net Position, ending	3,939,382

FINANCIAL

STATEMENT

NOTES

TOWN OF WEST SILOAM SPRINGS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Summary of Significant Accounting Policies

The Town of West Siloam Springs, Oklahoma (the Town) accounting policies and financial statement presentation conform to the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The modified cash basis of accounting is based on the recording of cash and cash equivalents, and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles and are recommended by the Government Financial Officers Association (GFOA) small government annual financial report model. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received by not yet paid, and accrued expenses and liabilities, including pension liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted by GASB, the government-wide financial statements would be presented on the accrual basis of accounting, the governmental funds would utilize the accrual basis of accounting, and the proprietary funds would utilize the accrual basis of accounting.

The more significant accounting policies established in the modified cash basis of accounting and used by the Town as well as a further description of departures from governmental GAAP are discussed below.

A. Reporting Entity

The Town of West Siloam Springs, Oklahoma ("the Town") was organized under the statutes of the State of Oklahoma. The Town operates under a town form of government and is governed by a five-member board of trustees. The trustees elect the mayor from their own body. The Town provides the following services: general government, public safety (fire and police), streets, public works (water, sewer, trash and animal control), judicial, public improvements, and planning and zoning for the geographical area organized as the Town of West Siloam Springs, Oklahoma.

These financial statements present the activities of the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government.

In evaluating how to define the Town of West Siloam Springs, Oklahoma for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities.

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 position and a statement of revenues, expenses and changes in net position, 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 normally prepared using the accrual basis of accounting but the Town of West Siloam Springs presentation is on a modified cash basis.

Government-wide Financial Statements - The statement of net position and the statement of revenues, expenses and changes in net position displays information about the City as a whole. These statements include the financial activities of the primary government except fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the governmental and business-type activities at year-end on a modified cash basis. The statement of revenues, expenses and changes in net position 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 city, 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 City.

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 government 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. 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 types of funds, governmental, proprietary and fiduciary. The Town does not have any fiduciary funds at year end.

Government Funds - are used to account for the government's general government activities. The Town of West Siloam Springs presents its governmental activities on the modified cash basis of accounting rather than generally accepted accounting principles (GAAP). GAAP requires that governmental fund types would use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under that basis of accounting, revenues would be 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. GAAP provides that all revenues are available if they are collected within 60 days after year-end. For GAAP, expenditures would be recorded when the fund liability is incurred with certain exceptions (general long-term debt and certain compensated absences, claims and judgments). The Town of West Siloam Springs records governmental fund expenditures as they are paid rather than when the obligation is incurred and revenues when received.

Sales and use taxes, cigarette-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 under GAAP but are not recognized as revenue until received under the modified cash basis. Other receipts and taxes (franchise taxes, licenses, etc.) are recognized as revenue when received by the government.

Entitlements and shared revenue are recorded at the time of receipt. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the Town's major funds:

- **General Fund** — The 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.

- Special Revenue Funds — Special Revenue Funds account for revenue sources that are either legally restricted to expenditures for specific purposes or designated to finance particular functions of the Town.

The reporting entity includes the following Special Revenue Funds:

<u>Fund</u>	<u>Brief Description</u>
Street & Alley	Maintain and Improve Streets
EMS Fund	Accounts for sales tax revenue received that are designated for voter approved purposes.

The Town's non-major general fund includes the Subsidy Pool Fund, the Drug Free Fund, the Dog Pound Fund, the Park Fund.

The Town's proprietary funds, the West Siloam Springs Public Works Authority (PWA) financial statements include water and sewer.

The Town does not have any fiduciary activities or internal service funds.

Proprietary Funds - Proprietary funds are classified as enterprise funds. For GAAP purposes these funds are generally 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 the Town's modified cash basis financial statements revenues are recorded when received and expenditures are recorded when paid with the exception of customer meter deposits which the Town-records as a modification to the cash basis of accounting.

West Siloam Springs Public Works Authority (PWA) — The West Siloam Springs Public Municipal Authority accounts for the operations of providing water works (water, sewer and trash) to the Town residents.

C. Assets, Liabilities and Net Assets or Equity

Deposits and Investments - Oklahoma Statutes authorize the Town to invest in certificates of deposit, 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 a maturity date of three months or less. Debt instruments with a maturity date of more than three months are considered to be investments. Investments are stated at their fair market value.

Restricted Cash - Certain funds are restricted for West Siloam Springs Public Works Authority customer deposit refunds.

Fair Value of Financial Instruments - The Town's financial instruments include cash and cash equivalents, and certain liabilities. The Town's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial statements approximates fair value because of the short maturity of these instruments.

Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

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."

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

Government- Wide Statements - In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The Towns policy is to capitalize all assets over 5,000 and depreciate them on the Government Wide Statements.

Prior to July 1, 2003, governmental funds infrastructure assets were not capitalized. All current year infrastructure additions have been recorded at actual cost. The Town is not required to account for infrastructure assets acquired prior to July 1, 2003. Governmental fund infrastructure assets have not been recorded for the period prior to July 1, 2003.

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

Buildings	40 years
Other improvements	20 years
Machinery, furniture and equipment	7 years
Utility property and improvements	40 years
Vehicles	5 years

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

Compensated Absences - It is the Town's policy to permit employees to accumulate earned but unused vacation time. Full-time employees who have been employed continuously for at least one year are granted vacation benefits in varying amounts to specified maximums depending on the tenure with the Town. The Town has not accrued compensated absences because they are reporting their financial statements on the modified cash basis of accounting.

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 included on their balance sheets. Their reported fund balance (net of current assets) is considered a measure of "available spendable resources."

Governmental fund operating statement 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.

Equity Classifications

Government- Wide Statements

Equity is classified as net assets and displayed in three components:

- a) Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Resource Use Policy

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

Equity Classifications

Government- Wide Statements

Equity is classified as net assets and displayed in three components:

- d) Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- e) Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- f) Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Inter-fund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Note 2 — Cash and Investments

The Town's investment policies are governed by state statute. 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 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. Cash and certificates of deposit held by the town are fully covered.

Custodial Credit Risk - At June 30, 2020, the Town held deposits of approximately \$1,030,439 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy limits the Town's investment portfolio to maturities of not more than two years.

Investment Credit Risk

The Town has no policy that limits its investment choices other than the limitation of state law as follows:

- A. 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.
- B. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- C. With certain limitation, negotiable certificates of deposit prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- D. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- E. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- F. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

There were no CD's or investments at year end.

<u>Category</u>	<u>2020</u>
Insured or collateralized with securities held by the organization or by its agent in the organization's name.	-
Collateralized with securities held by pledging financial institution's trust department	1,030,439
Uncollateralized	<u>-</u>

Note 3 — Property and Equipment

Capital Asset Activity - Governmental Type

Capital asset activity for governmental type activities for the year ended June 30, 2020 was as follows:

	<u>6/30/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>6/30/2020</u>
Land	95,665	-		95,665
Buildings	276,570	-		276,570
Equipment	192,449	-		192,449
Vehicles	408,853	175,384	(125,709)	458,528
Infrastructure	1,147,851	85,220		1,233,071
Total Property Plant and Equipment	2,121,388	260,604	(125,709)	2,256,283
Accumulated Depreciation	(1,598,786)	(125,320)	96,259	(1,627,847)
Net Book Value	<u>522,602</u>	<u>135,284</u>	<u>(29,450)</u>	<u>628,436</u>

Capital Asset Activity - Business Type

Capital asset activity for business type activities for the year ended June 30, 2020 was as follows:

Capital Asset Activity – Business Type

	<u>6/30/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>6/30/2020</u>
Land	1,000	-	-	1,000
Shop Building	17,630	-		17,630
Equipment	340,648	68,468	-	409,116
Vehicles	147,951	-	-	147,951
Infrastructure	4,411,336	12,000	-	4,423,336
Construction in Progress	-		-	-
Total Property Plant and Equipment	4,918,565	80,468	-	4,999,033
Accumulated Depreciation	(1,362,202)	(166,365)	-	(1,528,567)
Net Book Value	<u>3,556,363</u>	<u>(85,897)</u>	<u>-</u>	<u>3,470,466</u>

The Town's fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life, which is; forty years for the water system, between seven and forty years for the lift station, and between five and seven years for office furniture and equipment. Expenditures for major renewals and betterments which extend the useful life of the fixed assets are capitalized. Expenditures for maintenance and repairs are expensed as incurred. It is the Town and PWA's policy to capitalize all fixed assets with a cost over 5,000.

Note 4 — Restricted Assets

Utility Deposit — The reserve for utility deposits represents deposits for utilities by customers and is not refunded until the customer is no longer receiving utilities from the Public Works Authority, as required by statute. As of June 30, 2020, this fund was underfunded by 1,788.00 over the utility deposits outstanding.

Note 5 — Subsequent Events

Management has evaluated and disclosed subsequent events up to the date of the audit report.

Note 6- Pension Plan

The Town of West Siloam Springs has a defined contribution plan thru the Oklahoma Municipal Retirement Fund for all full time employees with at least 3 months service provided they are not covered under another plan. The plan calls for a 3% mandatory pre-tax contribution called Government Pick Up. Voluntary after tax contributions are also allowed. Employer contributions vary based on the amount budgeted. Employees are able to direct how their money is invested.

Vesting is on a graduated scale over 5 years with 20% each year vesting to the employee. During fiscal year 2020 the Town contributed 17,904 on behalf of employees.

SUPPLEMENTARY

INFORMATION

**TOWN OF WEST SILOAM SPRINGS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

Ordinary Income/Expense	Jul '19 - Jun 20	Original Budget	Original Budget	\$ Over Budget
Income				
4100 · Insurance Proceeds	13,756.49	0.00	0.00	13,756.49
4800 · Donations	135.00	0.00	0.00	135.00
4160 · Natural Falls Reimbursement	8,000.00	12,000.00	12,000.00	-4,000.00
4001 · Non-traffic Citations	62,233.16	50,000.00	50,000.00	12,233.16
4999 · RETURNED CHECKS	-285.00	-400.00	-400.00	115.00
4500 · ANIMAL CONTROL REVENUES	775.00	0.00	0.00	775.00
4000 · POLICE FINES				
4997 · Traffic Fines	499,901.78	600,000.00	600,000.00	-100,098.22
4995 · AMS Collections	31,580.66	46,000.00	46,000.00	-14,419.34
4016 · CLEET, OSBI & AFIS FEES	-76,556.95	-74,000.00	-74,000.00	-2,556.95
4000 · POLICE FINES - Other	0.00	0.00	0.00	0.00
Total 4000 · POLICE FINES	454,925.49	572,000.00	572,000.00	-117,074.51
4002 · CHEROKEE REIMBURSEMENT	60,000.00	60,000.00	60,000.00	0.00
4003 · Accident Reports	120.00	200.00	200.00	-80.00
4004 · FAXES AND NOTARY AND COPIES	143.00	60.00	60.00	83.00
4008 · POLICE REFUNDS	-141.50	0.00	0.00	-141.50
4009 · FORFEITURE MONIES	0.00	0.00	0.00	0.00
4010 · SALES TAX				
4011 · Transfer Sales Tax to EMS	-121,890.65	-94,214.00	-94,214.00	-27,676.65
4012 · Transfer Sales Tax to Water/Sew	-121,890.65	-94,214.00	-94,214.00	-27,676.65
4013 · Transfer Sales Tax to Streets	-121,890.65	-94,214.00	-94,214.00	-27,676.65
4010 · SALES TAX - Other	578,980.55	446,000.00	446,000.00	132,980.55
Total 4010 · SALES TAX	213,308.60	163,358.00	163,358.00	49,950.60
4014 · HOTEL TAX	27,143.99	30,000.00	30,000.00	-2,856.01
4016 · USE TAX	43,829.09	28,000.00	28,000.00	15,829.09
4020 · ALCOHOLIC BEVERAGE TAX	14,869.95	13,000.00	13,000.00	1,869.95
4026 · Building Permits and Rezoning	2,228.35	2,400.00	2,400.00	-171.65
4030 · OCCUPATIONAL LICENSES	23,790.50	12,000.00	12,000.00	11,790.50
4031 · MOBILE HOME PERMITS	0.00	0.00	0.00	0.00
4036 · FRANCHISE TAX	6,634.45	11,000.00	11,000.00	-4,365.55
4081 · OTHER REIMB.	1,200.20	0.00	0.00	1,200.20
4086 · MISC. INCOME	1,049.37	0.00	0.00	1,049.37
4086 · YARD SALE	55.00	100.00	100.00	-45.00
4099 · Cigarette and Tobacco Tax	5,377.89	4,200.00	4,200.00	1,177.89
Total Income	939,149.03	957,918.00	957,918.00	-18,768.97
Gross Profit	939,149.03	957,918.00	957,918.00	-18,768.97
Expense				
6100 · General Government				
6099 · Code Enforcement				
6090 · Meals	134.11	0.00	0.00	134.11
6064 · BUILDING CODE FEE	20.00	40.00	40.00	-20.00
6089 · TRUSTEE ATTENDANCE	2,450.00	6,750.00	6,750.00	-4,300.00
6091 · Bad Debt Expense	0.00	0.00	0.00	0.00
6026 · Penalties	284.05	0.00	0.00	284.05
6005 · LEGAL & PROFESSIONAL SERV.				
6003 · Audit Fees	4,250.00	0.00	0.00	4,250.00
6011 · Legal Fees	14,369.30	0.00	0.00	14,369.30
6008 · Judge Fees	8,500.00	0.00	0.00	8,500.00
6007 · Accounting	16,800.00	0.00	0.00	16,800.00
6005 · LEGAL & PROFESSIONAL SERV	0.00	34,000.00	34,000.00	-34,000.00
Total 6005 · LEGAL & PROFESSIONAL SERV	43,919.30	34,000.00	34,000.00	9,919.30
6009 · Drug and Alcohol Screening	100.00	400.00	400.00	-300.00
6013 · CONTRACT LABOR -CLEANING	0.00	5,200.00	5,200.00	-5,200.00
6016 · CONTRACT LABOR	100.00	4,500.00	4,500.00	-4,400.00
6020 · BANK SERVICE CHARGE	5,421.36	200.00	200.00	5,221.36
6021 · BANK TERMINAL FEE	0.00	6,000.00	6,000.00	-6,000.00
6050 · REPAIRS AND MAINT.	2,851.79	4,000.00	4,000.00	-1,148.21
6066 · Office Supplies	13,205.63	17,000.00	17,000.00	-3,794.37
6066 · POSTAGE	725.21	1,500.00	1,500.00	-774.79
6060 · ADS AND PUBLICATIONS	766.26	1,200.00	1,200.00	-433.74
6061 · DUES, MEMBERSHIPS & LICENSES	4,948.14	3,000.00	3,000.00	1,948.14
6062 · ELECTION COSTS	0.00	400.00	400.00	-400.00
6066 · TELEPHONE	15,261.28	14,000.00	14,000.00	1,261.28
6070 · UTILITIES	6,162.90	6,000.00	6,000.00	162.90
6076 · INSURANCE	28,312.51	14,000.00	14,000.00	14,312.51
6088 · TRAVEL, TRAINING AND SEMINARS	4,519.05	6,000.00	6,000.00	-1,480.95
Total 6004 · Services and Charges--Admin	129,181.59	124,190.00	124,190.00	4,991.59
6510 · GWS Payroll				
6514 · Payroll Reimbursement Streets	-33,697.27	0.00	0.00	-33,697.27
6513 · Payroll Reimbursement Water	-185,514.83	-241,944.00	-241,944.00	56,429.17
6511 · GSW Health	34,944.19	48,000.00	48,000.00	-13,055.81
6509 · GSW Retirement	7,279.62	9,009.00	9,009.00	-1,729.38
6508 · GSW Payroll Taxes	17,816.51	25,977.00	25,977.00	-8,160.49

6506 · GWS Vacation	1,134.00	3,700.00	3,700.00	-2,566.00
6506 · GWS PTO	2,011.14	4,700.00	4,700.00	-2,688.86
6501 · GWS Overtime	6,307.16	16,000.00	16,000.00	-9,692.84
6500 · GWS Wages	206,452.75	269,809.00	269,809.00	-63,356.25
6502 · GWS Holiday	3,955.84	6,100.00	6,100.00	-2,144.16
Total 6510 · GWS Payroll	60,689.11	141,351.00	141,351.00	-80,661.89
Total 6100 · General Government	189,903.42	265,541.00	265,541.00	-75,637.58
5000 · Police Expenditures				
5900 · Police Material and Supplies				
5049 · Fuel Police	57,073.13	60,000.00	60,000.00	-2,926.87
5051 · Police Supplies	31,431.81	26,000.00	26,000.00	5,431.81
5050 · Police--Vehicle Repair	29,659.70	6,000.00	6,000.00	23,659.70
Total 5900 · Police Material and Supplies	118,164.64	92,000.00	92,000.00	26,164.64
5007 · Capital Expenditures				
5505 · Police Car Lease--New				
5506 · Police Car Interest--New	5,169.58	0.00	0.00	5,169.58
5505 · Police Car Lease--New - Other	51,668.85	66,755.00	66,755.00	-15,086.15
Total 5505 · Police Car Lease--New	56,838.43	66,755.00	66,755.00	-9,916.57
5053 · Arvest Police Cars Lease				
5054 · Police Car Lease Interest	0.00	0.00	0.00	0.00
5053 · Arvest Police Cars Lease - Ot	4,383.76	27,000.00	27,000.00	-22,616.24
Total 5053 · Arvest Police Cars Lease	4,383.76	27,000.00	27,000.00	-22,616.24
5062 · Interest Expense--Police	0.00	0.00	0.00	0.00
5200 · Police Equipment	0.00	0.00	0.00	0.00
Total 5007 · Capital Expenditures	61,222.19	93,755.00	93,755.00	-32,532.81
5014 · Services and Charges--Police				
5058 · Police Prisoner/Dispatching	7,254.00	5,611.00	5,611.00	1,643.00
5059 · Police Travel and Training	383.19	8,000.00	8,000.00	-7,616.81
5065 · Police Uniform Allowance	5,310.51	5,500.00	5,500.00	-189.49
Total 5014 · Services and Charges--Police	12,947.70	19,111.00	19,111.00	-6,163.30
5003 · Police Payroll				
5009 · Overtime Wages	8,361.85	12,000.00	12,000.00	-3,638.15
5001 · Wages	358,867.84	394,846.00	394,846.00	-35,978.16
5004 · Holiday Pay	14,102.00	9,300.00	9,300.00	4,802.00
5006 · PTO Pay	9,917.00	4,000.00	4,000.00	5,917.00
5008 · Vacation Pay	10,296.00	7,300.00	7,300.00	2,996.00
5002 · Retirement Expenditures	8,640.75	12,823.00	12,823.00	-4,182.25
5010 · Payroll Taxes	30,620.66	36,974.00	36,974.00	-6,353.34
5005 · Employee Health Care	58,023.87	48,000.00	48,000.00	10,023.87
Total 5003 · Police Payroll	498,829.97	525,243.00	525,243.00	-26,413.03
Total 5000 · Police Expenditures	691,164.50	730,109.00	730,109.00	-38,944.50
5011 · Services and Charges--Dog Pound				
5012 · Dog Pound Operations	157.98	400.00	400.00	-242.02
Total 5011 · Services and Charges--Dog Pound	157.98	400.00	400.00	-242.02
Total Expense	881,225.90	996,050.00	996,050.00	-114,824.10
Net Ordinary Income	57,923.13	-38,132.00	-38,132.00	96,055.13
Other Income/Expense				
Other Income				
7097 · Cherokee Nation Police Grant	5,000.00	0.00	0.00	5,000.00
4098 · SALE OF FIXED ASSETS	41,823.75	40,000.00	40,000.00	1,823.75
7050 · Transfers In from Park	150.50	0.00	0.00	150.50
7030 · Other Financing Sources	175,384.42	0.00	0.00	175,384.42
7094 · GRANT INCOME	5,000.00	0.00	0.00	5,000.00
Total Other Income	227,358.67	40,000.00	40,000.00	187,358.67
Other Expense				
5100 · Police Cars Lease Purchase	175,384.42	0.00	0.00	175,384.42
8900 · Undetermined Expenditures	0.00	0.00	0.00	0.00
Total Other Expense	175,384.42	0.00	0.00	175,384.42
Net Other Income	51,974.25	40,000.00	40,000.00	11,974.25
Net Income	109,897.38	1,868.00	1,868.00	108,029.38

**TOWN OF WEST SILOAM SPRINGS
BUDGETARY COMPARISON SCHEDULE - BUSINESS TYPE ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Jul '19 - Jun 20</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense				
Income				
4000 · WATER SALES	454,027.70	485,000.00	485,000.00	-30,972.30
4003 · SEWER SALES	279,095.66	320,000.00	320,000.00	-40,904.34
4002 · Restricted Sales Tax/Water/Sewer	121,889.65	88,000.00	88,000.00	33,889.65
4005 · LATE CHARGE FEES	7,810.72	6,500.00	6,500.00	1,310.72
4004 · Lift Station Inspection	3,300.00	3,000.00	3,000.00	300.00
4010 · RECONNECT FEES	1,125.00	2,000.00	2,000.00	-875.00
4021 · MISC. INCOME	0.00	0.00	0.00	0.00
4096 · Franchise Tax	0.00	0.00	0.00	0.00
4500 · Returned Checks R	-389.97	-200.00	-200.00	-189.97
4018 · OTHER REIMB.	-582.68	0.00	0.00	-582.68
4001 · REFUNDS/ADJUSTMENTS	-5,553.54	-7,900.00	-7,900.00	2,346.46
Total Income	<u>860,722.54</u>	<u>896,400.00</u>	<u>896,400.00</u>	<u>-35,677.46</u>
Cost of Goods Sold				
6000 · Water and Sewer Services Purcha				
6001 · Water Purchased	257,970.82	0.00	0.00	257,970.82
6002 · Sewer Services Purchased	173,935.57	0.00	0.00	173,935.57
6000 · Water and Sewer Services Purcha - Other	0.00	414,000.00	414,000.00	-414,000.00
Total 6000 · Water and Sewer Services Purcha	<u>431,906.39</u>	<u>414,000.00</u>	<u>414,000.00</u>	<u>17,906.39</u>
Total COGS	<u>431,906.39</u>	<u>414,000.00</u>	<u>414,000.00</u>	<u>17,906.39</u>
Gross Profit	<u>428,816.15</u>	<u>482,400.00</u>	<u>482,400.00</u>	<u>-53,583.85</u>
Expense				
6071 · Other Services and Charges				
6000 · DEPRECIATION	166,364.65	154,000.00	154,000.00	12,364.65
6015 · LEGAL & PROFESSIONAL SERVICES				
6017 · Accounting	16,800.00	0.00	0.00	16,800.00
6018 · Legal	12,607.28	0.00	0.00	12,607.28
6019 · Audit	4,250.00	0.00	0.00	4,250.00
6015 · LEGAL & PROFESSIONAL SERVICES - Other	0.00	19,000.00	19,000.00	-19,000.00
Total 6015 · LEGAL & PROFESSIONAL SERVICES	<u>33,657.28</u>	<u>19,000.00</u>	<u>19,000.00</u>	<u>14,657.28</u>
6021 · REPAIRS & MAINTANCE	28,707.37	30,000.00	30,000.00	-1,292.63
6040 · INSURANCE & BONDING	23,331.67	11,000.00	11,000.00	12,331.67
6089 · UTILITIES	19,269.15	14,000.00	14,000.00	5,269.15
6030 · TELEPHONE	6,709.98	7,400.00	7,400.00	-690.02
6080 · WATER TESTING	5,192.00	4,000.00	4,000.00	1,192.00
6065 · VEHICLE REPAIR & MAINT.	3,904.14	5,000.00	5,000.00	-1,095.86
6860 · TRUSTEE FEES	2,375.00	0.00	0.00	2,375.00
6012 · Bank Service Charges	2,351.16	1,400.00	1,400.00	951.16
6086 · TRAVEL/TRAINING	2,266.78	1,500.00	1,500.00	766.78
6046 · LICENSES, DUES, SUBSCRIB.	1,360.22	4,000.00	4,000.00	-2,639.78
6026 · ADS/PUBLICATIONS	1,147.93	400.00	400.00	747.93
6013 · CONTRACT LABOR -CLEANING	220.00	5,200.00	5,200.00	-4,980.00
6006 · INTEREST	0.00	0.00	0.00	0.00
6600 · Meals	0.00	0.00	0.00	0.00
6066 · UNIFORM ALLOWANCES	0.00	2,800.00	2,800.00	-2,800.00
6011 · DRUG & ALCOHOL SCREENING	0.00	300.00	300.00	-300.00
Total 6071 · Other Services and Charges	<u>296,857.33</u>	<u>260,000.00</u>	<u>260,000.00</u>	<u>36,857.33</u>
6001 · PAYROLL & RELATED EXPENSES				
6001 · PAYROLL & RELATED EXPENSES - Other	185,514.83	0.00	0.00	185,514.83
6006 · Wages	0.00	198,595.00	198,595.00	-198,595.00
6003 · Retirement Expense	0.00	6,173.00	6,173.00	-6,173.00
6002 · Employee Health Insurance	0.00	30,000.00	30,000.00	-30,000.00
6007 · Overtime	0.00	7,176.00	7,176.00	-7,176.00
Total 6001 · PAYROLL & RELATED EXPENSES	<u>185,514.83</u>	<u>241,944.00</u>	<u>241,944.00</u>	<u>-56,429.17</u>
6004 · Materials and Supplies				
6010 · WATER AND SEWER SUPPLIES	42,745.65	45,000.00	45,000.00	-2,254.35
6020 · OFFICE SUPPLIES	11,409.69	9,000.00	9,000.00	2,409.69
6070 · FUEL	9,975.51	9,000.00	9,000.00	975.51
Total 6004 · Materials and Supplies	<u>64,130.85</u>	<u>63,000.00</u>	<u>63,000.00</u>	<u>1,130.85</u>
Total Expense	<u>546,503.01</u>	<u>564,944.00</u>	<u>564,944.00</u>	<u>-18,440.99</u>
Net Ordinary Income	<u>-117,686.86</u>	<u>-82,544.00</u>	<u>-82,544.00</u>	<u>-35,142.86</u>
Other Income/Expense				
Other income				
7069 · Cherokee Nation Subsidy Grant	40,000.00	0.00	0.00	40,000.00
7900 · Undertermined Income	0.00	0.00	0.00	0.00
7030 · Transfers In/Paid Subsidy Pool	0.00	0.00	0.00	0.00
7040 · GRANT INCOME	0.00	0.00	0.00	0.00
Total Other Income	<u>40,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>40,000.00</u>
Other Expense				
8100 · Transfers Out to General	0.00	0.00	0.00	0.00
82003 · Water Lines	0.00	0.00	0.00	0.00
8900 · Undertermined Expenses	0.00	0.00	0.00	0.00
8002 · Capital Purchases	0.00	0.00	0.00	0.00
Total Other Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Other Income	<u>40,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>40,000.00</u>
Net Income	<u>-77,686.86</u>	<u>-82,544.00</u>	<u>-82,544.00</u>	<u>4,857.14</u>

Town of West Siloam Springs
For the Year Ended June 30, 2020
Budgetary Comparisons
Street Department

	<u>Jul '19 - Jun 20</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>\$ Over Budge</u>
Ordinary Income/Expense				
Income				
40000 · Restricted Sales Tax, Street	121,890.65	88,000.00	88,000.00	33,890.65
40001 · Commerical Vehicle Tax	6,055.87	6,000.00	6,000.00	55.87
40002 · Gas Excise Tax	1,527.22	1,400.00	1,400.00	127.22
Total Income	<u>129,473.74</u>	<u>95,400.00</u>	<u>95,400.00</u>	<u>34,073.74</u>
Expense				
62100 · Contract Services	14,220.00	0.00	0.00	14,220.00
62840 · Repairs	3,697.20	135,000.00	135,000.00	-131,302.80
65000 · Street Supplies and Operations	24,460.70	15,000.00	15,000.00	9,460.70
66000 · Payroll Expenses	33,697.27	0.00	0.00	33,697.27
68500 · Utilities	1,301.50	0.00	0.00	1,301.50
69000 · Capital Expenditures	71,000.00	85,000.00	85,000.00	-14,000.00
Total Expense	<u>148,376.67</u>	<u>235,000.00</u>	<u>235,000.00</u>	<u>-86,623.33</u>
Net Ordinary Income	<u>-18,902.93</u>	<u>-139,600.00</u>	<u>-139,600.00</u>	<u>120,697.07</u>
Net Income	<u><u>-18,902.93</u></u>	<u><u>-139,600.00</u></u>	<u><u>-139,600.00</u></u>	<u><u>120,697.07</u></u>

**Town of West Siloam Springs
For the Year Ended June 30, 2020
Budgetary Comparisons**

EMS	<u>Jul '19 - Jun 20</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>\$ Over Budget</u>
Income				
4000 · Sales Tax Restricted from Gener	121,890.65	88,000.00	88,000.00	33,890.65
4001 · Cherokee Nation Income	144,000.00	144,000.00	144,000.00	0.00
Total Income	<u>265,890.65</u>	<u>232,000.00</u>	<u>232,000.00</u>	<u>33,890.65</u>
Gross Profit	265,890.65	232,000.00	232,000.00	33,890.65
Expense				
6000 · EMS to Siloam Springs	236,109.44	239,000.00	239,000.00	-2,890.56
6700 · Bank Service Charges	53.59	0.00	0.00	53.59
Total Expense	<u>236,163.03</u>	<u>239,000.00</u>	<u>239,000.00</u>	<u>-2,836.97</u>
Net Ordinary Income	<u>29,727.62</u>	<u>-7,000.00</u>	<u>-7,000.00</u>	<u>36,727.62</u>
	<u>29,727.62</u>	<u>-7,000.00</u>	<u>-7,000.00</u>	<u>36,727.62</u>
PARK	<u>Jul '19 - Jun 20</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense				
Income				
4007 · Donations	1,989.92	0.00	0.00	1,989.92
Total Income	<u>1,989.92</u>	<u>0.00</u>	<u>0.00</u>	<u>1,989.92</u>
Gross Profit	1,989.92	0.00	0.00	1,989.92
Expense				
6000 · Improvements	0.00	3,800.00	3,800.00	-3,800.00
6100 · Supplies	514.19	0.00	0.00	514.19
68500 · UTILITIES	47.74	0.00	0.00	47.74
Total Expense	<u>561.93</u>	<u>3,800.00</u>	<u>3,800.00</u>	<u>-3,238.07</u>
Net Ordinary Income	<u>1,427.99</u>	<u>-3,800.00</u>	<u>-3,800.00</u>	<u>5,227.99</u>
Other Income/Expense				
Other Income				
7000 · Transfers in from General Fund	0.00	0.00	0.00	0.00
Total Other Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Other Expense				
8000 · Transfer into General	150.50	0.00	0.00	150.50
Total Other Expense	<u>150.50</u>	<u>0.00</u>	<u>0.00</u>	<u>150.50</u>
Net Other Income	<u>-150.50</u>	<u>0.00</u>	<u>0.00</u>	<u>-150.50</u>
	<u>1,277.49</u>	<u>-3,800.00</u>	<u>-3,800.00</u>	<u>5,077.49</u>

TOWN OF WEST SILOAM SPRINGS
NOTES TO BUDGETARY COMPARISON SCHEDULE
June 30, 2020

Budget Law

The City prepares its annual operating budget under the provisions of the Municipal Budget Act (the Budget Act). In accordance with those provisions, the following process is used to adopt the annual budget :

- a. Prior to June 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- d. The adopted budget is filed with the Office of State Auditor and Inspector.

The legal level of control at which expenditures may not legally exceed appropriations is the object category level by department within a fund. The Budget Act recognizes the following object categories as the minimum legal level of control by department within a fund:

Personal service
Materials and supplies
Other services and charges
Capital outlay
Debt service
Interfund transfers

All transfers of appropriations between departments and supplemental appropriations require City Council approval. The Mayor may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

Basis of Accounting

The budget is prepared in accordance with the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions or events.

**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**

Honorable Mayor and Town Council
Town of West Siloam Springs
Colcord, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Siloam Springs, State of Oklahoma ("the Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 23, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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 financial statements. 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*.

TOWN OF WEST SILOAM SPRINGS RESPONSE TO FINDINGS

The Town of West Siloam, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of West Siloam, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

Robert St. Pierre

Robert St. Pierre CPA, PC.
Certified Public Accountant
December 23, 2020