

TOWN OF WEBBERS FALLS, OKLAHOMA

FINANCIAL STATEMENTS

JUNE 30, 2013



**TOWN OF WEBBERS FALLS, OKLAHOMA
JUNE 30, 2013**

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PRZYBYSZ

& ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

Independent Auditor's Report

To the Honorable Mayor and Town Council
Town of Webbers Falls, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Webbers Falls, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Town of Webbers Falls, Oklahoma, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the 2012 financial statements of the Town of Webbers Falls and our report dated January 15, 2013, expressed on unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2014, on our consideration of the Town of Webbers Falls, Oklahoma's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and

the results of that testing, and not to provide an opinion on 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 Town of Webbers Falls, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Przybysz & Associates". The signature is written in a cursive style with a small ampersand between the name and "Associates".

Przybysz & Associates, CPAs, P.C.

Fort Smith, Arkansas

January 23, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF WEBBERS FALLS, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

The discussion and analysis of the Town of Webbers Falls, Oklahoma's financial performance provides an overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2013. It should be read in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town of Webbers Falls exceeded its liabilities at the close of the fiscal year ending June 30, 2013 by \$1,699,231 (net assets). Of this amount, \$199,154 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town of Webbers Falls's total net assets increased by \$79,883 for the year ended June 30, 2013.
- The Town expended \$51,045 in capital assets during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the Town of Webbers Falls's financial statements. The Town's financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Webbers Falls's finances, in a manner similar to a private-sector business. The Statement of Net Assets focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the community owns, the liabilities it owes and the net difference. The Statement of Activities focuses gross and net costs of town programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Fund financial statements. Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town's major governmental funds are presented in their own columns and the remaining funds are combined into a column titled "Other Nonmajor Funds." A budgetary comparison is presented for the general fund only. Statements for the East Central Oklahoma Water Authority follow the governmental funds and include net assets, revenue, expenses and changes in net assets, and cash flow.

**TOWN OF WEBBERS FALLS, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Notes to the financial statements. The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

CONDENSED FINANCIAL INFORMATION

Condensed financial information from the statement of net assets as of June 30, 2013 and the statement of activities for the year then ended are as follows:

Statement of Net Assets

	Governmental	Business-type	
	Activities	Activities	Total
Current assets	\$ 185,758	\$ 159,085	\$ 344,843
Capital assets, net	274,815	1,552,962	1,827,777
Total assets	<u>460,573</u>	<u>1,712,047</u>	<u>2,172,620</u>
Current liabilities	51,525	69,749	121,274
Long-term debt	<u>0</u>	<u>352,115</u>	<u>352,115</u>
Total liabilities	<u>51,525</u>	<u>421,864</u>	<u>473,389</u>
Net assets:			
Invested in capital assets	261,965	1,190,222	1,452,187
Restricted	6,747	41,143	47,890
Unrestricted	<u>140,336</u>	<u>58,818</u>	<u>199,154</u>
Total net assets	<u>\$ 409,048</u>	<u>\$ 1,290,183</u>	<u>\$ 1,699,231</u>

**TOWN OF WEBBERS FALLS, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

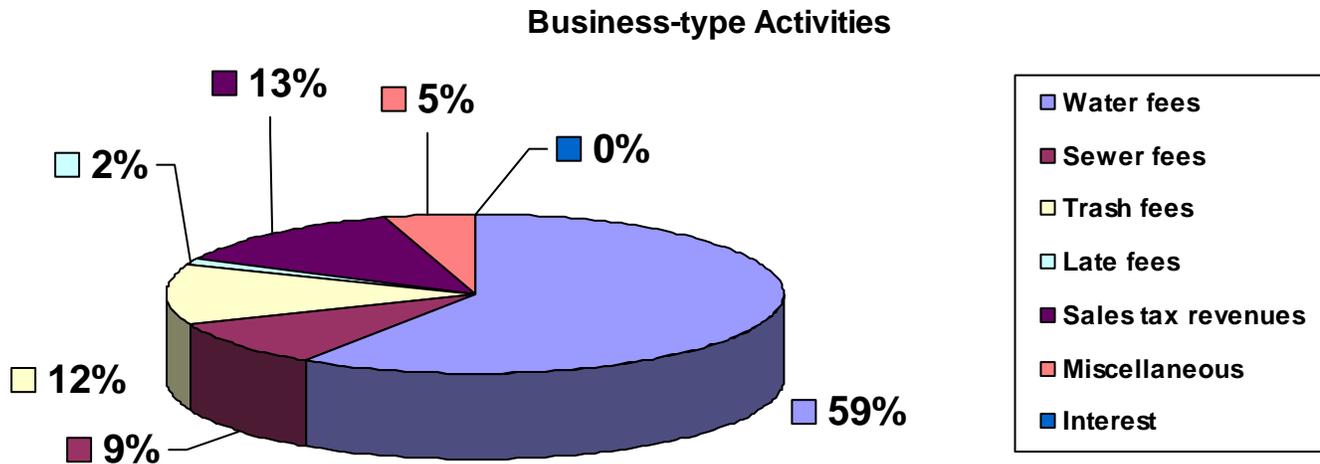
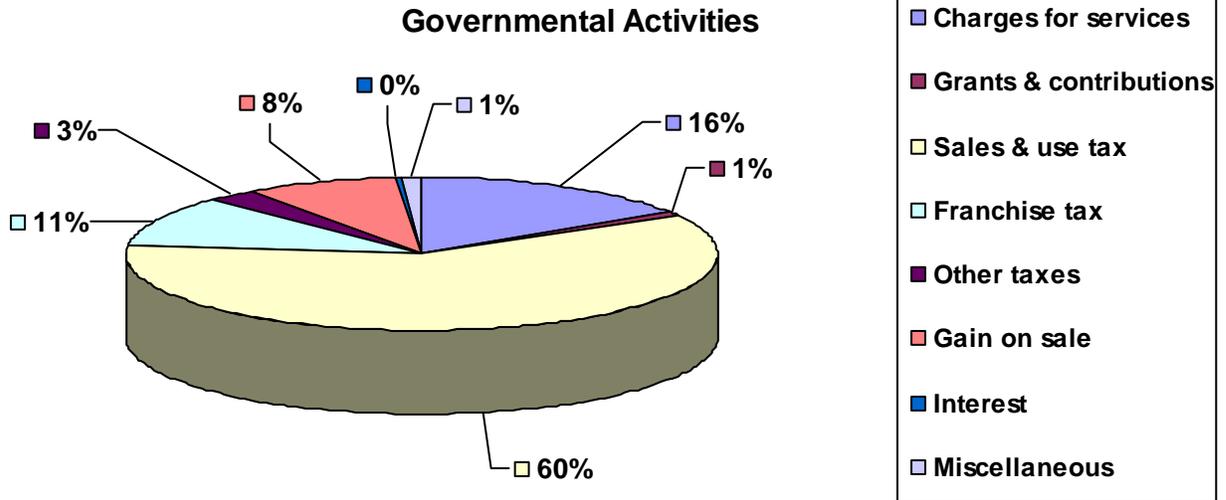
CONDENSED FINANCIAL INFORMATION (CONTINUED)

Statement of Activities

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues			
Program revenues			
Charges for services	\$ 91,894	\$ 368,752	\$ 460,646
Capital grants and contributions	3,445	0	3,445
General revenues			
Taxes	260,200	57,849	318,049
Contributions	370	0	370
Interest	196	36	232
Gain on sale of property	29,385	0	29,385
Miscellaneous	4,290	21,519	25,809
Total revenues	<u>389,780</u>	<u>448,156</u>	<u>837,936</u>
Expenses			
General government	177,601	0	177,601
Personal services	123,373	0	123,373
Street & alley	72	0	72
Interest on capital leases	1,421	0	1,421
Water	0	455,586	455,586
Total expenses	<u>302,467</u>	<u>455,586</u>	<u>758,053</u>
Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Change in net assets	87,313	(7,430)	79,883
Beginning net assets	321,735	1,297,613	1,619,348
Ending net assets	<u>\$ 409,048</u>	<u>\$ 1,290,183</u>	<u>\$ 1,699,231</u>

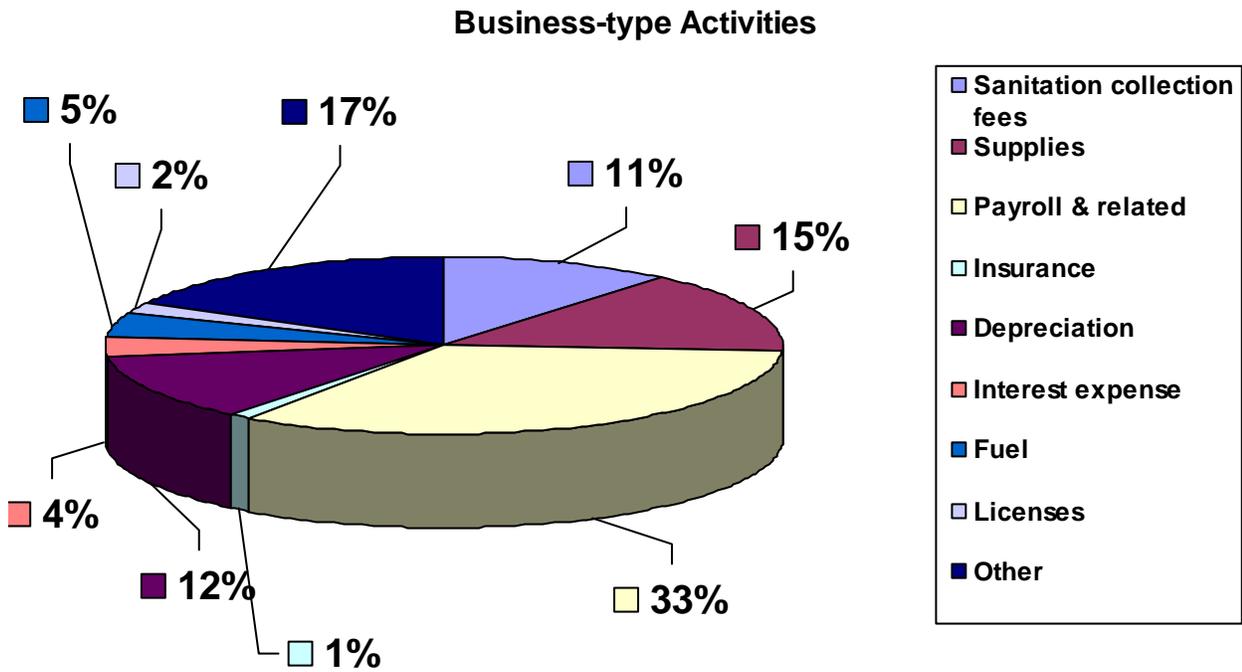
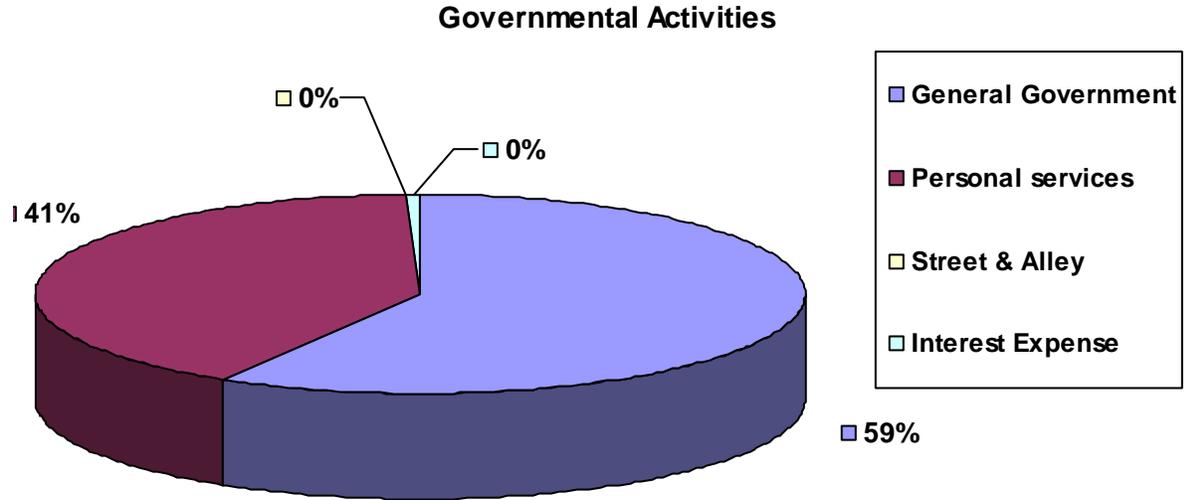
**TOWN OF WEBBERS FALLS, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Government-wide program and general revenues presented in a graph format



**TOWN OF WEBBERS FALLS, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Government-wide functions, programs & expenses presented in graph format



**TOWN OF WEBBERS FALLS, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS

Major additions in fixed assets consisted of \$8,545 for police equipment, \$24,000 in electrical upgrade at the RV park, and \$17,221 for a 2008 GMC truck.

CAPITAL LEASES AND LONG-TERM DEBT

At the end of the current fiscal year, the Town had a capital lease obligation of \$12,850. This capital lease obligation is financing the Town's fire pumper truck.

East Central Oklahoma Water Authority had total long-term obligations to Rural Development totaling \$362,740.

Additional information on the Town's debt can be found in Notes 6 & 7 on pages 26 & 27.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Town's citizens, customers, and other interested parties with an overview of the Town's financial operations and financial condition. Should the reader have questions regarding the information included in this report or need additional financial information, please contact the Town's mayor at P.O. Box 216, Webbers Falls, Oklahoma 74470.

FINANCIAL STATEMENTS

TOWN OF WEBBERS FALLS, OKLAHOMA

STATEMENT OF NET POSITION

AS OF JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 134,797	\$ 90,665	\$ 225,462
Certificates of deposit	12,152	-	12,152
Taxes receivable	29,897	-	29,897
Trade accounts	-	25,671	25,671
Prepaid insurance	2,245	1,606	3,851
Restricted cash	6,667	41,143	47,810
Total Current Assets	185,758	159,085	344,843
Noncurrent Assets			
Capital Assets			
Land	19,145	3,000	22,145
Water plant and improvements	-	2,393,446	2,393,446
Automobiles	55,045	62,298	117,343
Equipment	124,169	41,900	166,069
Infrastructure	50,532	-	50,532
Buildings	360,300	9,803	370,103
Office equipment	2,671	2,001	4,672
Land improvements	134,000	-	134,000
Accumulated depreciation	(471,047)	(959,486)	(1,430,533)
Net capital assets	274,815	1,552,962	1,827,777
Total Noncurrent Assets	274,815	1,552,962	1,827,777
Total Assets	460,573	1,712,047	2,172,620
Liabilities			
Current Liabilities			
Accounts payable	35,370	16,674	52,044
Payroll withholdings	3,305	3,345	6,650
Accrued interest	-	581	581
Current maturity of long-term debt	12,850	10,625	23,475
Customer meter deposits	-	38,524	38,524
Total Current Liabilities	51,525	69,749	121,274
Long-Term Debt	-	352,115	352,115
Total Liabilities	51,525	421,864	473,389
Net Position			
Net investment in capital assets	261,965	1,190,222	1,452,187
Restricted	6,747	41,143	47,890
Unrestricted	140,336	58,818	199,154
Total Net Position	\$ 409,048	\$ 1,290,183	\$ 1,699,231

See accompanying notes and independent auditor's report.

TOWN OF WEBBERS FALLS, OKLAHOMA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue And Change In Net Assets		Total
	Expenses	Charges for Services	Grants & Contributions	Governmental Activities	Business- Type Activities	
Governmental Activities						
General government	\$ 177,601	\$ 91,894	\$ 3,445	\$ (82,262)	-	\$ (82,262)
Personal services	123,373	-	-	(123,373)	-	(123,373)
Street & Alley	72	-	-	(72)	-	(72)
Interest on capital leases	1,421	-	-	(1,421)	-	(1,421)
Total Governmental Activities	302,467	91,894	3,445	(207,128)	-	(207,128)
Business-Type Activities						
Water	455,586	368,752	-	-	(86,834)	(86,834)
Total Business-Type Activities	455,586	368,752	-	-	(86,834)	(86,834)
Total	\$ 758,053	\$ 460,646	\$ 3,445			
General Revenues						
Sales and use tax				211,556	57,849	269,405
Franchise tax				38,073	-	38,073
Other taxes				10,571	-	10,571
Contributions not restricted to specific programs				370	-	370
Investment earnings				196	36	232
Gain on sale of property				29,385	-	29,385
Miscellaneous				4,290	21,519	25,809
Transfers				-	-	-
Total General Revenues and Transfers				294,441	79,404	373,845
Change in Net Position				87,313	(7,430)	79,883
Net Position, Beginning of Year (restated)				321,735	1,297,613	1,619,348
Net Position, End of Year				\$ 409,048	\$ 1,290,183	\$ 1,699,231

See accompanying notes and independent auditor's report.

TOWN OF WEBBERS FALLS, OKLAHOMA

BALANCE SHEET - GOVERNMENTAL FUNDS

AS OF JUNE 30, 2013			
	General	Special Revenue	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 134,797	\$ -	\$ 134,797
Certificates of deposit	12,152	-	12,152
Taxes receivable	29,817	80	29,897
Prepaid insurance	2,245	-	2,245
Restricted cash	-	6,667	6,667
Total Assets	179,011	6,747	185,758
Liabilities & Fund Balances			
Liabilities			
Accounts payable	35,370	-	35,370
Payroll withholdings	3,305	-	3,305
Total Liabilities	38,675	-	38,675
Fund Balances			
Nonspendable			
Prepays	2,245	-	2,245
Restricted			
Street and alley operations	-	6,747	6,747
Assigned			
Capital lease	49,506	-	49,506
Police	2,145	-	2,145
Fire	15,791	-	15,791
Unassigned	70,649	-	70,649
Total Fund Balances	140,336	6,747	147,083
Total Liabilities and Fund Balances	\$ 179,011	\$ 6,747	\$ 185,758

See accompanying notes and independent auditor's report.

TOWN OF WEBBERS FALLS, OKLAHOMA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

AS OF JUNE 30, 2013

Total Fund Balances - Governmental Funds \$ 147,083

Amounts reported for governmental *activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$745,862 and the accumulated depreciation is \$471,047. 274,815

Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of \$12,850. (12,850)

Total Net Position - Governmental Activities \$ 409,048

See accompanying notes and independent auditor's report.

TOWN OF WEBBERS FALLS, OKLAHOMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNEMENTAL FUNDS

	General	Special Revenue	Total Governmental Funds
Revenues			
Sales tax	\$ 156,497	\$ -	\$ 156,497
Use tax	55,059	-	55,059
Franchise taxes and fees	38,073	-	38,073
Other taxes	9,355	1,216	10,571
Grants	3,445	-	3,445
Park revenue	7,308	-	7,308
Fines	83,911	-	83,911
Donations	370	-	370
Miscellaneous	4,290	-	4,290
Lease income	675	-	675
Interest	193	3	196
Total Revenues	359,176	1,219	360,395
Expenditures			
General government	146,097	-	146,097
Personal services	123,373	-	123,373
Street	-	72	72
Capital outlays	33,825	-	33,825
Lease services:			
Principal	12,261	-	12,261
Interest	1,421	-	1,421
Total Expenditures	316,977	72	317,049
Excess of Revenues Over Expenditures	42,199	1,147	43,346
Other Financing Sources			
Proceeds from sale of property	29,430	-	29,430
Total Other Financing Uses	29,430	-	29,430
Net Change in Fund Balance	71,629	1,147	72,776
Fund Balance, Beginning of Year	68,707	5,600	74,307
Fund Balance, End of Year	\$ 140,336	\$ 6,747	\$ 147,083

See accompanying notes and independent auditor's report.

TOWN OF WEBBERS FALLS, OKLAHOMA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds \$ 72,776

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays for the period \$33,825 exceeds depreciation expense of \$31,504 for the period. 2,321

In the statement of activities, the net gain on the sale/disposal of capital assets is reported, whereas in the governmental funds, only the proceeds from the sale of capital assets is recorded as a financial resource. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold or disposed of. (45)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which long-term liabilities were reduced. 12,261

Change in Net Position of Governmental Activities \$ 87,313

See accompanying notes and independent auditor's report.

TOWN OF WEBBERS FALLS, OKLAHOMA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

AS OF JUNE 30, 2013 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)

Assets

Current Assets

Cash and cash equivalents	\$ 90,665	\$ 75,284
Trade accounts receivable	25,671	31,880
Prepaid insurance	1,606	1,345
Restricted cash	41,143	36,939
Total Current Assets	159,085	145,448

Noncurrent Assets

Capital assets		
Land	3,000	3,000
Water plant and improvements	2,393,446	2,393,446
Automobiles	62,298	45,078
Equipment	41,900	41,900
Office building	9,803	9,803
Office equipment	2,001	2,001
Total	2,512,448	2,495,228
Less: accumulated depreciation	959,486	904,267
Net Noncurrent Assets - Capital Assets	1,552,962	1,590,961
Total Assets	1,712,047	1,736,409

Liabilities

Current Liabilities

Accounts payable	16,674	19,910
Payroll withholdings	3,345	2,307
Accrued interest	581	702
Current maturity of long-term debt	10,625	10,372
Total Current Liabilities	31,225	33,291

Long-Term Debt

	352,115	369,179
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Current Liabilities Payable From Restricted Assets

Customer meter deposits	38,524	36,326
Total Current Liabilities Payable From Restricted Assets	38,524	36,326

Total Liabilities

	421,864	438,796
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Net Position

Invested in capital assets, net of related debt	1,190,222	1,211,410
Restricted	41,143	36,939
Unrestricted	58,818	49,264
Total Net Position	\$ 1,290,183	\$ 1,297,613

See accompanying notes and independent auditor's report.

TOWN OF WEBBERS FALLS, OKLAHOMA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)		
Operating Revenues		
Charges for services, net of bad debt	\$ 368,752	\$ 380,800
Sales tax revenue	57,849	56,338
Miscellaneous	21,519	15,305
Total Operating Revenues	448,120	452,443
Operating Expenses		
Sanitation collection fees	51,548	51,954
Supplies	68,719	61,054
Testing fees	4,647	1,618
Licenses	9,289	10,677
Fuel	22,149	16,604
Office expense	3,016	4,545
Salaries and wages	125,718	106,463
Insurance	5,300	18,557
Professional fees	5,050	5,050
Utilities and telephone	31,040	30,206
Repairs and maintenance	14,042	6,852
Payroll taxes	10,470	9,380
Employee benefits	20,999	5,753
Bank charges	2,045	2,460
Miscellaneous expense	9,517	36,860
Depreciation	55,219	45,599
Total Operating Expenses	438,768	413,632
Net Income From Operations	9,352	38,811
Nonoperating Revenues (Expenses)		
Interest income	36	51
Interest expense	(16,818)	(17,310)
Total Nonoperating Revenues (Expenses)	(16,782)	(17,259)
Net Loss Before Operating Transfers	(7,430)	21,552
Transfers from Other Funds	-	23,042
Change in Net Position	(7,430)	44,594
Net Position, Beginning of Year	1,297,613	1,253,019
Net Position, End of Year	\$ 1,290,183	\$ 1,297,613

See accompanying notes and independent auditor's report.

TOWN OF WEBBERS FALLS, OKLAHOMA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2012)

Cash Flows from Operating Activities

Cash received from customers and other sources	\$ 396,842	\$ 396,176
Cash received from sales tax	57,849	56,338
Cash payments to suppliers	(258,454)	(218,478)
Cash payments to employees	(125,718)	(106,463)
Net Cash Provided By Operating Activities	70,519	127,573

Cash Flows from Noncapital Financing Activities

Cash transfers from the general fund	-	23,042
Net Cash Provided By Noncapital Financing Activities	-	23,042

Cash Flows from Capital and Related Financing Activities

Acquisition of capital assets	(17,221)	(146,319)
Interest paid on long-term debt	(16,939)	(17,088)
Principal paid on long-term debt	(16,811)	(10,152)
Net Cash Used For Capital and Related Financing Activities	(50,971)	(173,559)

Cash Flows from Investing Activities

Net activity of restricted accounts	(4,203)	(1,772)
Interest income	36	51
Net Cash Used By Investing Activities	(4,167)	(1,721)

Net Increase in Cash and Cash Equivalents

	15,381	(24,665)
Cash and Cash Equivalents, beginning of year	75,284	99,949
Cash and Cash Equivalents, end of year	\$ 90,665	\$ 75,284

Reconciliation of Operating Income to Net Cash Provided By Operating Activities

Operating income	\$ 9,352	\$ 38,811
Adjustments:		
Depreciation	55,219	45,599
Write-off note receivable	-	30,000
Net change in assets and liabilities:		
Trade accounts receivable	6,209	348
Prepaid insurance	(261)	(437)
Accounts payable	(3,236)	13,313
Payroll withholdings	1,038	217
Customer meter deposits	2,198	(278)
Net Cash Provided by Operating Activities	\$ 70,519	\$ 127,573

See accompanying notes and independent auditor's report.

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

1. Summary of Significant Accounting Policies

a. Reporting Entity

The Town of Webbers Falls, Oklahoma, is a municipality with a five-member Town Council comprised of the Mayor and four at large members. In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) which may or may not fall within the Town's oversight and control and, as such, be included within the Town's financial statements. Generally, component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

The financial statements of the Town have been prepared in accordance with Generally Accepted Accounting Principals (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The accompanying financial statements present the Town and its component unit (East Central Oklahoma Water Authority), an entity for which the government is considered financially accountable. A blended component unit, although a legally separate entity, is in substance, part of the government's operations and so data from this unit is included as part of the reporting entity. The Town's Council members appoint the board of directors, sets the budget, and approves all significant management issues. Separate financial statements of the Authority are not issued.

b. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

1. Summary of Significant Accounting Policies (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the Town has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column in the financial section of the basic financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Franchise taxes, sales taxes, other taxes, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions.

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

1. Summary of Significant Accounting Policies (continued)

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

The special revenue funds account for revenue sources that are legally restricted to expenditures. Special revenue funds consist of the street and alley fund and the sewer fund.

The Town reports the following major proprietary fund:

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

The East Central Oklahoma Water Authority for the Town of Webbers Falls, Oklahoma, consists of one fund - the water department.

d. Assets, Liabilities, and Net Position/Fund Balance

Cash and Cash Equivalents

Cash balances from all funds are pooled and invested to the extent available in certificates of deposit. For purposes of the Statement of Cash Flows, the proprietary fund considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Management establishes an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectibility of outstanding accounts receivable. Management believes accounts receivable to be fully collectible at June 30, 2013.

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	Years
Water plant and improvements	7-66
Automobiles	5
Equipment	5-10
Infrastructure	50
Buildings	10-40
Office equipment	3-5
Land improvements	5-20

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "advances to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" or "internal advances".

Use of Estimates

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

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

Employee's vacation and holiday leave does not vest or accumulate and sick leave is not normally paid without an illness related absence; therefore, no accruals for compensated absences have been reflected in the accompanying financial statements.

Advertising

It is the policy of the Town to expense advertising costs as they are incurred.

2. Stewardship, Compliance and Accountability

The Town utilizes the modified cash basis of accounting in the preparation of its budget. The budget data reflected in this report was taken from the budget formally enacted by the Town Council.

3. Bank Deposits

The Town has cash deposits in one area bank, all of which were FDIC insured at June 30, 2013.

4. Restricted Assets - Restricted Cash and Required Funds

Restricted cash represents amounts maintained in separate bank accounts for the purpose of segregating funds received in payment of customer meter deposits, tax revenue received for street and alley operations, and funds set aside for debt reserve.

The debt reserve account was established per the loan agreement with Rural Development. Monthly deposits in the amount of \$227 are required to be made into the reserve account until the account accumulates a balance of \$29,220. The account balance at June 30, 2013, was \$17,716.

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

5. Changes in Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2013, was as follows:

	July 1, 2012	Additions	Reductions	June 30, 2013
Capital assets, not being depreciated				
Land	\$ 19,190	\$ -	\$ 45	\$ 19,145
Total capital assets not being depreciated	19,190	-	45	19,145
Capital assets, being depreciated				
Automobiles	\$ 55,045	\$ -	\$ -	\$ 55,045
Equipment	114,344	9,825	-	124,169
Infrastructure	50,532	-	-	50,532
Buildings	360,300	-	-	360,300
Office equipment	2,671	-	-	2,671
Land improvements	110,000	24,000	-	134,000
Total capital assets, being depreciated	692,892	33,825	-	726,717
Less accumulated depreciation:				
Automobiles	24,523	11,009	-	35,532
Infrastructure	7,580	1,011	-	8,591
Equipment	105,965	7,058	-	113,023
Buildings	191,208	9,492	-	200,700
Office equipment	267	534	-	801
Land improvements	110,000	2,400	-	112,400
Total accumulated depreciation	439,543	31,504	-	471,047
Governmental activities, capital assets, net	\$ 272,539	\$ 2,321	\$ 45	\$ 274,815

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$ 31,504
Total depreciation for governmental activities	\$ 31,504

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

5. Changes in Capital Assets (continued)

Capital asset activity for business-type activities for the year ended June 30, 2013, was as follows:

	July 1, 2012	Additions	Reductions	June 30, 2013
Capital assets, not being depreciated				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Total capital assets not being depreciated	3,000	-	-	3,000
Capital assets, being depreciated				
Water plant and improvements	2,393,446	-	-	2,393,446
Automobiles	45,078	17,220	-	62,298
Equipment	41,900	-	-	41,900
Building	9,803	-	-	9,803
Office equipment	2,001	-	-	2,001
Total capital assets, being depreciated	2,492,228	17,220	-	2,509,448
Less accumulated depreciation:				
Water plant and improvements	864,310	44,457	-	908,767
Automobiles	21,271	6,438	-	27,709
Building	5,174	601	-	5,775
Equipment	13,275	3,250	-	16,525
Office equipment	237	473	-	710
Total accumulated depreciation	904,267	55,219	-	959,486
Total capital assets, being depreciated, net	1,587,961	(37,999)	-	1,549,962
Business-type activities, capital assets, net	\$ 1,590,961	\$ (37,999)	\$ -	\$ 1,552,962

Depreciation expense for business-type activities totaled \$55,219 and was entirely charged to the East Central Oklahoma Water Authority.

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

6. Long Term Debt

Long-term debt of the East Central Oklahoma Water Authority consists of:

June 30,	2013	2012
Rural Development loan number 91-05, dated September 28, 1994, original loan amount of \$500,000, interest rate of 4.5%, term of 40 years, monthly installment of \$2,270 until September 2034.	\$ 362,740	\$ 379,551
Total debt	362,740	379,551
Less current maturity	10,625	10,372
Long term debt	\$ 352,115	\$ 369,179

Debt is scheduled to be mature as follows:

June 30,	Principal	Interest	Total
2014	\$ 10,625	\$ 16,106	\$ 26,731
2015	11,114	15,618	26,732
2016	11,625	15,107	26,732
2017	12,160	14,573	26,733
2018	12,717	14,015	26,732
2019-2023	72,905	60,754	133,659
2024-2028	91,262	42,397	133,659
2029-2033	114,242	19,417	133,659
2034	26,090	640	26,730
Total	\$ 362,740	\$ 198,627	\$ 561,367

Activity of the long-term debt consists of the following:

As Of	July 1, 2012	Additions	Reductions	June 30, 2013
Rural Development	\$ 379,551	\$ -	\$ 16,811	\$ 362,740
Total	\$ 379,551	\$ -	\$ 16,811	\$ 362,740

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

7. Lease Obligations

The Town has entered into a lease purchase agreement for the purpose of acquiring automobiles and equipment. The leases are made payable through the Town's general fund. The Leases contain a cancellation provision and are subject to annual appropriations by the Town Council.

The present value of the capital leases are as follows:

June 30,	Equipment
2014	13,682
Total	13,682
Less amount representing interest	832
Present value of future minimum lease payments	\$ 12,850

8. Grants

The Town received grants from the following sources:

Cherokee Nation	\$ 3,445
Total	\$ 3,445

9. Concentrations of Credit Risk

Financial instruments that potentially subject the Town and East Central Oklahoma Water Authority to credit risk consist primarily of the accounts receivable of East Central Oklahoma Water Authority. East Central Oklahoma Water Authority sells primarily to members in and around Webbers Falls, Oklahoma.

10. Risk Management

The Town is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance along with policies through Oklahoma Municipal Assurance Group for risk of loss.

There has been no significant reduction in the Town's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Town's coverage in any of the prior three fiscal years.

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

11. Fund Balance Reporting

The Town follows GASB 54 as part of its 2012-2013 fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has prepaid items that are considered non-spendable. The Town does not have any non-spendable funds related to endowments.

As of June 30, 2013, fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Town. The council is the highest level of decision making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the council.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned - all other spendable amounts.

	General	Special Revenue	Total Governmental Funds
Fund Balances			
Nonspendable			
Prepays	\$ 2,245	\$ -	\$ 2,245
Restricted			
Street and alley operations	-	6,747	6,747
Assigned			
Capital lease	49,506	-	49,506
Police	2,145	-	2,145
Fire	15,791	-	15,791
Unassigned	70,649	-	70,649
Total Fund Balances	\$ 140,336	\$ 6,747	\$ 147,083

TOWN OF WEBBERS FALLS, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

12. Restated Beginning Net Position, Governmental Activities

During the current year end June 30, 2013, the Town evaluated its capital assets and determined the value of several buildings, automobiles, and pieces of land that were either not included in the prior year financial statements or presented at incorrect amounts. The net affect was an increase in beginning net position of \$205,818.

13. Subsequent Events

The Town has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2012 through January 23, 2014, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WEBBERS FALLS, OKLAHOMA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

Revenues	Budget	Actual	Variance Favorable (Unfavorable)
Sales tax	\$ 226,896	\$ 156,497	\$ (70,399)
Use tax	10,200	55,059	44,859
Franchise tax	16,140	38,073	21,933
Other taxes	8,240	9,355	1,115
Park	4,500	7,308	2,808
Donations	180	370	190
Fines and Forfeitures	42,000	83,911	41,911
Interest	12	193	181
Grants	20,000	3,445	(16,555)
Rents	-	675	675
Miscellaneous	9,382	4,290	(5,092)
Total Revenues	337,550	359,176	21,626
Expenditures			
Personal services	92,682	123,373	(30,691)
General government	201,596	146,097	55,499
Debt service	-	13,682	(13,682)
Capital outlays	-	33,825	(33,825)
Total Expenditures	294,278	316,977	(22,699)
Excess of Revenues Over Expenditures	43,272	42,199	(1,073)
Total Other Financing Sources (Uses)	(45,000)	29,430	74,430
Net Change in Fund Balance	(1,728)	71,629	73,357
Fund Balance, Beginning of Year	68,707	68,707	-
Fund Balance, End of Year	\$ 66,979	\$ 140,336	\$ 73,357

See accompanying notes and independent auditor's report.

ADDITIONAL REQUIRED REPORT



PRZYBYSZ
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Corporation

**Independent Auditor's Report of 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 Honorable Mayor and Town Council
Town of Webbers Falls, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Webbers Falls, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Webbers Falls, Oklahoma's basic financial statements and have issued our report thereon dated January 23, 2014.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Webbers Falls, Oklahoma's internal control.

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 were not identified. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and recommendations as items 2013-1 and 2013-2 to be material weaknesses.

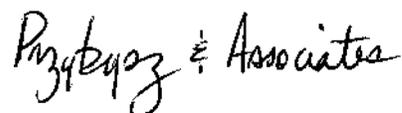
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and recommendations as items 2013-1 and 2013-2 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Webbers Falls, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as item 2013-3.

Purpose of this Report

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



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 23, 2014

TOWN OF WEBBERS FALLS, OKLAHOMA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2013

Findings - Financial Statement Audit

Material Weaknesses

2013-1 Bank accounts not recorded

Condition:

Two of the Authority's bank accounts are not properly recorded on the Authority's books.

Criteria:

Procedures should be in place to record and reconcile activity of all bank accounts.

Effect:

The Authority did not properly record the activity in the Debt Reserve Account. The required monthly transfers from the Authority's operations account of \$227 were recorded as an expense item instead of a transfer into the bank account. Interest income for the account was not recorded during the year. In addition, the Debt Reserve Account balance on the books at the beginning of the year was approximately \$13,400 less than the actual bank balance. As a result, the beginning balance had to be adjusted by approximately \$13,400, interest income increased by \$25, expense decreased by \$2,043, and bank account activity of \$2,068 recorded. In addition, only nine of the twelve required monthly transfers occurred.

The Authority's Meter Deposit bank account was not recorded on the books. The account had a beginning balance of \$21,290 with deposits received during the year totaling \$8,049 and refunds issued during the year totaling \$5,852. The account earned \$11 in interest income and was charged bank fees of \$72. As a result of not recording the account, the activity was not reflected in the Authority's records which are utilized in the preparation of the Town's financial statements. In addition, the lack of tracking the activity and balance has resulted in the meter deposit account being approximately \$17,200 short of the actual customer meter deposits balance.

Recommendation:

All bank accounts should be recorded on the books and reconciled on a monthly basis.

2013-2 Duplicate bank account activity

Condition:

Old outstanding bank reconciliation items are not reviewed.

Criteria:

Bank reconciliation procedures should include a review of outstanding reconciling items to ensure activity is properly recorded.

See independent auditor's report.

TOWN OF WEBBERS FALLS, OKLAHOMA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2013

Effect:

The Authority's bank reconciliation procedures did not prevent the recording of several duplicate deposits and disbursements. The Authority utilized the accounting software to record payroll transactions including payroll liabilities. The Authority recorded the payment of the payroll liabilities without utilizing the accounting software correctly. Upon utilization of the payroll liabilities payment function in the accounting software, duplicate liability payments were recorded in the bank account. The original disbursements were cleared during the bank reconciliation procedures leaving the duplicate as outstanding items. As a result, the payroll liabilities on the balance sheet was misstated. In addition, several other transactions, including bank fees, were recorded twice as well as a number of deposit items. Overall, approximately \$10,000 in duplicate disbursements and \$1,800 in duplicate deposits were recorded.

Recommendation:

Bank account reconciliations should be reviewed by management to ensure old outstanding reconciling items are properly recorded. In addition, the accounting software payroll function should be utilized to pay scheduled payroll liabilities.

Findings - Compliance

2013-3 Separate CLEET Account

Condition:

The portion of fines collected for CLEET fees was commingled with general funds.

Criteria:

State statute 20 Section 1313.2(D) requires that the penalty assessment collected in addition to fines be deposited in an account created for that purpose and be forwarded monthly to the Council on Law Enforcement Education and Training.

Effect:

The Town was not in compliance with state statute.

Recommendation:

Open separate checking account designated for CLEET fees and named as such.

See independent auditor's report.