

# Review of Town of Bethel Acres, OK State Audit Reports (2012-2017)

## *Integrity of the Game vs Economic Impact (Politics); The Oklahoma Business Plan*

This briefing document summarizes the key financial information and recurring themes identified in the State Auditor and Inspector of Oklahoma's annual surveys of the Town of Bethel Acres for the fiscal years 2012 through 2017. These surveys, conducted by Samuel S. Alexander, CPA, provide a snapshot of the Town's financial activities, including revenues, expenditures, and debt.

### **Overall Context:**

These documents are "Independent Accountants' Reports on Annual Survey of City and Town Finances" and are presented in a prescribed format (SA&I Form 2643) by the Oklahoma State Auditor and Inspector.

The reports explicitly state that the financial information provided has not been audited or reviewed, and the accountants do not express an opinion or provide any assurance about the financial information's accuracy. This is a crucial limitation to understanding the reliability of the data presented.

### **Key Themes and Observations Across the Six Fiscal Years:**

#### **1. Revenue Sources:**

**Property Taxes:** Consistently the largest single source of tax revenue for the Town.

In 2012, Property Taxes generated \$25,639.

This figure increased to \$37,671 in 2015 and \$134,809 in 2017. This significant jump in 2017 needs further investigation to understand the underlying cause (e.g., reassessment, annexation).

**Use Tax:** A significant and growing revenue stream.

Reported as \$37,000 in 2012.

Increased steadily, reaching \$29,585 in 2015 and \$22,120 in 2017. The decrease in 2017 warrants attention.

**Franchise Tax:** A smaller but consistent source of revenue.

Varied slightly year to year, for example, \$10,239 in 2012 and \$78,497 in 2017 (another substantial increase requiring investigation).

**Intergovernmental Revenue:** Revenue received from other governmental entities (State and Federal).

Designated for specific purposes like streets and highways.

Amounts fluctuated annually, with notable figures for "Streets and highways" such as \$25,147 in 2012, \$26,650 in 2013, \$25,886 in 2014, \$11,425 in 2015, \$20,579 in 2016, and \$26,594 in 2017.

**Other Revenue:** Includes items like interest earnings, fines and forfeitures, and miscellaneous revenue.

"Miscellaneous revenue" shows considerable variation, for instance, \$560 in 2012, \$10,024 in 2013, \$8,044 in 2014, \$3,050 in 2015, \$1,649 in 2016, and \$2,002 in 2017. The reasons for these fluctuations are not detailed in these reports.

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## 2. Expenditure Categories:

**Governmental Administration:** Consistently the largest expenditure category, encompassing the finance office, legal, and other administrative functions.

Showed an increasing trend over the period: \$100,943 in 2012, \$157,331 in 2013, \$164,543 in 2014, \$113,956 in 2015, \$142,062 in 2016, and \$143,922 in 2017 (combining personal services and operations/maintenance).

**Public Safety:** A significant portion of expenditures, including police and fire protection.

Also generally showed an upward trend: \$40,144 in 2012, \$66,587 in 2013, \$58,597 in 2014, \$54,083 in 2015, \$63,000 in 2016, and \$69,254 in 2017 (combining fire and police).

**Streets and Highways (Transportation):** Expenditures on the maintenance and construction of roads and bridges.

Varied annually depending on projects, for example, \$444 in operations/maintenance in 2012, \$444 in 2013, \$4,474 in 2014, \$4,484 in 2015, \$4,290 in 2016, and \$3,817 in 2017. Capital outlay for construction also fluctuated.

**Utilities:** Expenditures related to the Town's utility operations (water, sewer, electric, gas, transit, solid waste).

These expenditures are spread across various subcategories and show annual variations depending on maintenance, operations, and potential capital improvements.

## 3. Debt and Liabilities:

**Long-Term Debt:** The reports track the outstanding amounts of various types of long-term debt, including sewer, water supply, electric power, gas supply, transit, and industrial/pollution control debt.

The specific types and amounts of debt outstanding changed over the years. For example, sewer debt showed a balance in 2012 and 2013 but was reported as \$0 in subsequent years. Water supply system debt also fluctuated.

In Part V ("Debt Outstanding, Issued, and Retired"), the reports detail the beginning balance, issued amounts, retired amounts, and outstanding balance of long-term debt for each category.

**Short-Term (Interest-Bearing) Debt:** Includes tax anticipation notes, bond anticipation notes, and other interest-bearing warrants with a term of one year or less.

The amounts reported in this category varied, indicating the Town's use of short-term borrowing.

**Cash and Investments Held at End of Fiscal Year:** The reports provide a breakdown of sinking funds (for long-term debt redemption), bond funds (unexpended proceeds), and other funds.

"All other funds except employee retirement funds" showed a substantial balance each year, for example, \$743,425 in 2012, \$585,741 in 2013, \$539,955 in 2014, \$578,845 in 2015, \$631,127 in 2016, and \$632,165 in 2017. The nature and purpose of these "other funds" are not detailed in this summary report.

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## 4. Intergovernmental Expenditures:

Part III of the SA&I Form 2643 tracks payments made to other governmental units for services or programs performed on a reimbursement or cost-sharing basis.

These sections generally show limited or no reported expenditures across the six fiscal years, suggesting minimal cost-sharing arrangements reported in this section of the survey.

## 5. Salaries, Wages, and Force Account:

Part IV provides a single line item for the total expenditure for salaries and wages included in Part II.

This figure generally increased over the period, reflecting staffing costs.

## Important Considerations:

**Unaudited Data:** It is critical to remember that these are unaudited surveys. The accuracy and completeness of the financial information have not been verified by the accountants.

**Limited Scope:** These reports provide a summary overview of the Town's finances based on the prescribed form. They do not offer in-depth analysis or explanations for significant changes or trends.

**Lack of Context:** Without additional narrative or explanations, interpreting fluctuations in revenue and expenditure categories can be challenging.

## Quotes from Original Sources:

Regarding the nature of the report, each year's document includes the statement: "I have compiled the 20XX Annual Survey of the Town Finances (SA&I Form 2643) of the Town of Bethel Acres, Oklahoma included in the accompanying prescribed form. I have not audited or reviewed the financial statements included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the financial statements presented in the Annual Survey are in accordance with the basis of accounting prescribed by the Oklahoma State Auditor and Inspector pursuant to Section 17-105.1 of Title 11 of the Oklahoma Statutes." (Wording may vary slightly year to year).

The "NOTE" section on the last page of the financial data consistently states: "This report will not be considered complete unless an accompanying 'accountants compilation report on financial statements included in certain prescribed forms' is attached to the report. The municipality's auditor should follow the guidelines in AR Section 300 of the AICPA Professional Standards in preparing such compilation report." This suggests that a more detailed compilation report may exist separately.

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### **Conclusion:**

The State Auditor's annual surveys provide a basic financial overview of the Town of Bethel Acres between 2012 and 2017. Key observations include the consistent reliance on property taxes and use tax as primary revenue sources, increasing trends in governmental administration and public safety expenditures, and fluctuations in debt levels and other revenue/expenditure categories. However, the unaudited nature of these surveys and their limited scope necessitate caution in drawing definitive conclusions about the Town's financial health without further investigation and access to potentially more detailed financial reports. The significant increases in Property Tax and Franchise Tax revenue in 2017 warrant particular attention for understanding their causes and sustainability.