

TOWN OF BROMIDE, OKLAHOMA
Index

Agreed Upon Procedures	1
Exhibit A – Summary of Changes in Fund Balances – Cash Basis	5
Exhibit B – Budgetary Comparison Schedule – General Fund – Cash Basis	6
Exhibit B-1 – Budgetary Comparison Schedule – Volunteer Fire Fund – Cash Basis	7
Exhibit C – Grant Schedule – Cash Basis	8



RAHHAL HENDERSON JOHNSON, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Council, Town of Bromide
Bromide, Oklahoma 74530

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances – Cash Basis of the Town of Bromide, Oklahoma as of June 30, 2010 and the related Budgetary Comparison Schedule of General Fund – Cash Basis and Volunteer Fire Fund – Cash Basis for the fiscal year ended June 30, 2010 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting information in the form of financial statements prescribed by Oklahoma Statutes that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The supplementary information contained in Exhibit C is presented for purposes of additional analysis and has been compiled by us from information that is the representation of management without audit or review. Accordingly, we do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements they might influence the user's conclusions about the Town's assets, liabilities, equity, revenue and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

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Additionally, we have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town in meeting its financial accountability requirements as prescribed by Oklahoma Statutes Title 11 – 17 (105-107) and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2010. Management of the Town of Bromide is responsible for the Town’s financial accountability and its compliance with those legal and contractual requirements. This agreed upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the **Town of Bromide** as of and for the fiscal year ended June 30, 2010:

1. **Procedures Performed:** From the Town’s trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit A) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings – No exceptions found

2. **Procedures Performed:** From the Town’s trial balances, we prepared a budget and actual financial schedule for the General Fund (see accompanying Exhibit B and B-1) and compared the actual expenditures of encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings – Budgetary Controls

Specific Requirements – Oklahoma Statutes Title 11, Section 17:211A states, “No expenditure may be authorized or made by any officer or employee which exceeds the appropriation of any fund.”

Condition – Expenditures exceeded budget in the General Fund by \$279 and \$20,420, respectively.

Context – Expenditures

Effect – Any obligation that is contracted or authorized by any officer or employee in violation of this act shall become the obligation of the officer or employee and shall not be valid or enforceable against the municipality.

Cause – The original budget was not amended to reflect additional expenditures in the General Fund.

Recommendation – The Town of Bromide should establish procedures and controls to ensure that actual encumbrances and expenditures are properly monitored in relation to the approved budget before encumbrances are made that would exceed the approved budget or available funds on hand.

Management Response – Management agrees.

3. ***Procedures Performed:*** We agreed the Town’s material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings – No exceptions found

4. ***Procedures Performed:*** We compared the Town’s uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings – No exceptions found. Deposits did not exceed FDIC limits.

5. ***Procedures Performed:*** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings – No exceptions found

6. ***Procedures Performed:*** We compared the accounting for the Town’s activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings – No exceptions found

7. ***Procedures Performed:*** We performed testes to determine compliance with reserve account and debt service coverage requirements of bond indentures.

Findings – No exceptions found. No reserve account or debt service coverage requirements.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than those specified parties.

Rahhal Henderson Johnson, PLLC

September 6, 2011
Ardmore, Oklahoma

Town of Bromide
 Summary of Changes in Fund Balances - Cash Basis
 For the Year Ended June 30, 2010

EXHIBIT A

	Fund Balances Cash Basis <u>Beginning</u>	<u>Revenue</u>	<u>Expenditures</u>	Fund Balances Cash Basis <u>Ending</u>
CITY:				
General Fund	\$ 8,641	\$ 5,759	\$ 8,859	\$ 5,541
Street and Alley Fund	2,881	1,244	929	3,196
CDBG Grant Fund	400	-	-	400
Volunteer Fire	<u>7,009</u>	<u>5,100</u>	<u>4,672</u>	<u>7,437</u>
 City Totals	 <u>\$ 18,931</u>	 <u>\$ 12,103</u>	 <u>\$ 14,460</u>	 <u>\$ 16,574</u>

See Accountant's Agreed Upon Procedures Report.

Town of Bromide, Oklahoma
 Budgetary Comparison Schedule - Cash Basis
 General Fund
 For the Year Ended June 30, 2010

EXHIBIT B

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$ 1,600	\$ 1,600	\$ 8,641	7,041
Resources (Inflows):				
Revenues				
Alcohol Beverage Tax	2,000	2,000	2,066	66
Franchise Taxes	2,200	2,200	1,739	(461)
Gasoline Excise	400	400	299	(101)
Rent	1,200	1,200	1,380	180
Interest				-
Grant				-
Miscellaneous			275	275
Total Inflows	<u>5,800</u>	<u>5,800</u>	<u>5,759</u>	<u>(41)</u>
Charges to Appropriations (Outflows):				
General Government	<u>7,400</u>	<u>7,400</u>	<u>8,859</u>	<u>(1,459)</u>
Total Outflows	7,400	7,400	8,859	(1,459)
 Ending Budgetary Fund Balance:	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 5,541</u>	 <u>\$ 5,541</u>

See Accountant's Agreed Upon Procedures Report.

Town of Bromide, Oklahoma
 Budgetary Comparison Schedule - Cash Basis
 Volunteer Fire Fund
 For the Year Ended June 30, 2010

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,000	\$ 6,000	\$ 7,009	1,009
Resources (Inflows):				
Revenues				
Miscellaneous Revenue	600	600		(600)
Grant Revenues			5,100	5,100
Total Inflows	600	600	5,100	4,500
Charges to Appropriations (Outflows):				
Public Safety - Firs	6,600	6,600	4,672	1,928
Total Outflows	6,600	6,600	4,672	1,928
 Ending Budgetary Fund Balance:	 \$ -	 \$ -	 \$ 7,437	 \$ 7,437

See Accountant's Agreed Upon Procedures Report.

Town of Bromide
 Grant Schedule-Cash Basis
 For the Year Ended June 30, 2010

EXHIBIT C

<u>Agency</u>	<u>Grant Number</u>	<u>Received Current Year</u>	<u>Expenditures Current Year</u>	<u>Cash in Bank</u>
State of Oklahoma	Fire Grant	\$ 5,100	\$ 5,100	\$ -

See Accountant's Agreed Upon Procedures Report.