

RSMeacham CPAs & Advisors

801 Frisco, Clinton, OK 73601

580-323-1766 | 580-323-1768 fax

Members of American
Institute of Certified
Public Accountants

Members of Oklahoma
Society of Certified
Public Accountants

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Arapaho
Arapaho, Oklahoma

Trustees of the Arapaho Public Works Authority
Arapaho, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have performed the procedures enumerated within Appendix A and Appendix B 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 of Arapaho (the Town) and the Arapaho Public Works Authority (the Authority) in meeting its financial accountability requirements as prescribed by such state laws and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2013 for the Town and for the Authority. Management of the Town of Arapaho 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 and the additional requirements prescribed in Oklahoma Statutes 11-17.105-.107 and 60-180.1-.3. 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 in Appendix A or B, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on financial accountability and compliance with contractual requirements. 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 these specified parties.

RSMeacham CPAs & Advisors

September 16, 2013

Town of Arapaho, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2013

As to the Town of Arapaho as of and for the fiscal year ended June 30, 2013:

- I. Prepare a schedule of changes in fund balances for each fund from the Town's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit I, no instances of noncompliance noted.

- II. Prepare a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund and compare the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances on noncompliance with the appropriation limitations.

Findings: See Exhibit II, no instances of noncompliance noted.

- III. Agree 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 instances of noncompliance noted.

- IV. Compare the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

- V. Compare use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- VI. Compare 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 instances of noncompliance noted.

- VII. Compare the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- VIII. Prepare a schedule of Revenue, Expenditures, and changes in fund balance for the fire department.

Findings: See Exhibit VI, no instances of noncompliance noted.

- IX. Prepare a schedule of grant receipts and expenditures for the general fund.

Findings: See Exhibit VII, no instances of noncompliance noted.

**Arapaho, Oklahoma Public Works Authority
Procedures and Findings
For the Year Ended June 30, 2013**

As to the Arapaho Public Works Authority, as of and for the year ended June 30, 2013:

- I. Prepare a schedule of revenues, expenditures and changes in fund balance for each fund from the Authority's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit I & III, IV, & V, no instances of noncompliance noted.

- II. Agree the Authority'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 instances of noncompliance noted.

- III. Compare the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

- IV. Compare the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- V. Compare the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- VI. Compare the Authority's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted. Reserve balances required by the loan resolution security agreement are as follows:

Rural development \$32,578
GMAC cash reserves \$24,878.00
GMAC held in certificates of deposit \$13,799.62

- VII. Prepare a cash basis balance sheet for the Authority.

Findings: See Exhibit III

- VIII. Prepare a schedule of debt for the Authority listing lending institution, issuance amount, year of issuance, interest rate, and term along with outstanding balances at year end.

Findings: See Exhibit V

TOWN OF ARAPAHO, OKLAHOMA
SUMMARY OF CHANGES IN UNRESTRICTED FUND BALANCES (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013

	Beginning of Year Fund Balances	Current Year Change	End of Year Fund Balances
TOWN:			
General Fund	\$ 754,223	\$ 72,576	\$ 826,799
Street & Alley Fund	25,594	1,827	27,421
Expendable Trust Fire	6,440	(1,002)	5,438
Arapaho Fire Department	41,257	(4,931)	36,326
CITY TOTAL	<u>827,514</u>	<u>68,470</u>	<u>895,984</u>
ARAPAHO PUBLIC WORKS AUTHORITY			
APWA	703,762	16,565	720,327
Water Fund	-	42	42
PWA Savings	12,832	1,848	14,680
APWA TOTAL	<u>\$ 716,594</u>	<u>\$ 18,455</u>	<u>\$ 735,049</u>

Exhibit II

TOWN OF ARAPAHO, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 754,223	\$ 754,223	\$ 754,223	\$ -
Resources (Inflows):				
Taxes:				
Sales tax	103,585	175,779	177,131	1,352
Use tax	17,520	11,520	12,888	1,368
Tobacco tax	3,014	3,014	2,590	(424)
Total Taxes	<u>124,119</u>	<u>190,313</u>	<u>192,609</u>	<u>2,296</u>
Intergovernmental:				
Alcoholic beverage tax	3,535	3,535	4,589	1,054
Grant revenue	-	-	-	-
Franchise tax	13,920	13,920	13,408	(512)
Total Intergovernmental	<u>17,455</u>	<u>17,455</u>	<u>17,997</u>	<u>542</u>
Fines and Forfeitures	<u>3,029</u>	<u>3,029</u>	<u>7,193</u>	<u>4,164</u>
Investment Income	<u>8,600</u>	<u>1,600</u>	<u>2,331</u>	<u>731</u>
Donations	-	-	-	-
Miscellaneous Income	<u>4,563</u>	<u>4,563</u>	<u>7,017</u>	<u>2,454</u>
Transfers from other funds	-	-	-	-
Grants-CEM	-	5,000	22,543	17,543
Grants-Other	-	8,000	8,000	-
Total current year resources	<u>157,766</u>	<u>229,960</u>	<u>257,690</u>	<u>27,730</u>
Amounts available for appropriation	<u>\$ 911,989</u>	<u>\$ 984,183</u>	<u>\$ 1,011,913</u>	<u>\$ 27,730</u>
Charges to Appropriations (Outflows):				
General government:				
Personal services	32,355	42,355	29,757	12,598
Materials and supplies	6,500	11,500	11,500	-
Other services and charges	45,700	47,200	47,200	-
Capital outlay	20,000	30,000	4,000	26,000
Transfers	-	-	-	-
Total General Government	<u>104,555</u>	<u>131,055</u>	<u>92,457</u>	<u>38,598</u>
Administration				
Personal services	1,900	1,900	1,625	275
Materials and supplies	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Transfers	-	-	-	-
Total Administration	<u>1,900</u>	<u>1,900</u>	<u>1,625</u>	<u>275</u>
Legislative/Judicial				
Personal services	1,000	1,000	600	400
Materials and supplies	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Transfers	-	-	-	-
Total Legislative/Judicial	<u>1,000</u>	<u>1,000</u>	<u>600</u>	<u>400</u>
Public Works-Street Dept				
Personal services	-	-	-	-
Materials and supplies	-	-	-	-
Other services and charges	2,000	2,000	-	2,000
Capital outlay	-	-	-	-
Transfers	-	-	-	-
Public Works-Street Dept	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Police:				
Personal services	46,335	46,335	25,535	20,800
Materials and supplies	5,500	8,500	3,007	5,493
Other services and charges	6,500	7,600	5,089	2,511
Capital outlay	5,000	5,000	2,937	2,063
Debt service	-	-	-	-
Total Police	<u>63,335</u>	<u>67,435</u>	<u>36,568</u>	<u>30,867</u>
Fire:				
Personal services	1,200	2,000	-	2,000
Materials and supplies	6,000	7,000	-	7,000
Other services and charges	4,000	5,600	5,443	157
Capital outlay	6,000	6,000	-	6,000
Total Fire	<u>17,200</u>	<u>20,600</u>	<u>5,443</u>	<u>15,157</u>
Civil Emergency Management				
Personal services	8,100	8,100	7,334	766
Materials and supplies	4,350	8,350	7,949	401
Other services and charges	3,050	6,050	2,924	3,126
Capital outlay	37,500	42,500	13,846	28,654
Total Civil Emergency Management	<u>53,000</u>	<u>65,000</u>	<u>32,053</u>	<u>32,947</u>
Animal Control				
Personal services	-	-	-	-
Materials and supplies	1,600	1,000	94	906
Other services and charges	300	300	-	300
Capital outlay	-	-	-	-
Total Animal Control	<u>1,300</u>	<u>1,300</u>	<u>94</u>	<u>1,206</u>
Park				
Personal services	-	-	-	-
Materials and supplies	500	500	-	500
Other services and charges	1,700	1,700	-	1,700
Capital outlay	-	-	-	-
Total Park	<u>2,200</u>	<u>2,200</u>	<u>-</u>	<u>2,200</u>
Other Financing Uses:				
Grant expense CEM	-	-	7,500	(7,500)
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>246,490</u>	<u>292,490</u>	<u>176,340</u>	<u>123,250</u>
Change in Fund Balance	<u>(84,724)</u>	<u>(62,530)</u>	<u>81,350</u>	<u>150,980</u>
Ending Budgetary Fund Balance	<u>665,499</u>	<u>691,693</u>	<u>835,573</u>	<u>150,980</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES OTHER ACCRUALS			<u>(8,774)</u>	
UNRESTRICTED FUND BALANCE AT END OF YEAR (GAAP BASIS)			<u>826,799</u>	

ARAPAHO PUBLIC WORKS AUTHORITY, ARAPAHO, OKLAHOMA
BALANCE SHEET-CASH BASIS
JUNE 30, 2013

	2013
ASSETS	
Current assets:	
Cash, including time deposits	\$ 755,316
Total current assets	755,316
Restricted assets:	
Cash, including time deposits	104,181
Total restricted assets	104,181
Non-current assets:	
Land	30,910
Capital assets (net)	1,042,915
Total non-current assets	1,073,825
Total assets	1,933,322
LIABILITIES	
Liabilities, payable from restricted assets	
Accounts payable	9,414
Meter deposits payable	32,925
Interest payable	1,105
Notes payable, current	28,593
Total liabilities payable from restricted assets	72,037
Noncurrent liabilities:	
Notes payable, non-current	501,583
Total non-current liabilities	501,583
Total liabilities	573,620
FUND BALANCE	
Restricted for:	
Debt service	38,678
Debt service-USDA	32,578
Grant	639,374
Unrestricted	649,072
Fund Balance	1,933,322

**ARAPAHO PUBLIC WORKS AUTHORITY ARAPAHO, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

Operating Revenues:	
Charges for services:	
Water	-
Sewer	-
Sanitation	-
Grants	16,515
Other	436,025
Total Operating Revenues	452,540
 Operating Expenses:	
Administration	
Water	201,771
Sewer	43,651
Sanitation	79,206
Grant expense	16,515
Depreciation	69,428
Interest	25,480
Total Operating Expenses	436,051
Operating Income	16,489
 Non-Operating Revenues:	
Interest	1,877
Total Non-Operating Revenues	1,877
Net Income Before Contributions and Transfers	18,366
 Transfers out	 (1,800)
Change in fund balance	16,566
 Fund Balance - beginning	 703,762
 Fund Balance - ending	 720,328

Need present from TPI

**Town of Arapaho
Notes to the Agreed Upon Procedures
For the Fiscal Year Ended June 30, 2013**

LONG-TERM DEBT

The following is a summary of enterprise fund long-term debt for the year ended June 30, 2013:

NOTES PAYABLE

Note payable to GMAC Commercial Mortgage dated August 1977 at an original amount of \$160,000 for public utility project improvements. Loan is payable in monthly installments at 5% interest, due August 2017.	\$31,760
Note payable originated in June 1983 in the amount of \$70,000 payable to GMAC Commercial Mortgage for construction and improvements of public utility projects. Loan carries an interest rate of 5%, maturing June 2023.	31,464
Loan payable to Oklahoma Bank & Trust Company, Clinton, Oklahoma. Original loan was issued October 10, 2010 for \$13,000.00 The loan carries an interest rate of 4.5% payable in monthly payments of \$386.71. Loan matures in January 2014.	1,535
Loan payable to Oklahoma Bank & Trust Company, Clinton, Oklahoma. Original loan was issued December 13, 2011 for \$56,670.49. The loan carries an interest rate of 4.5% payable in monthly payments of \$1,057.92. Loan matures in December 2016.	40,977
Loan payable to the United States Department of Agriculture Rural Development originated in October 2000 for \$495,000. Loan carries an interest rate of 4.75% with a 40 year term, maturing October 2040. Loan proceeds were used for a major sewer lagoon renovation.	424,439
	\$530,175

See accountant's report.

**ARAPAHO FIRE DEPARTMENT ARAPAHO, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

Resources:	
Sales tax revenue	\$ -
Grants	4,484
Other	929
Total Operating Revenues	<u>5,413</u>
Charges to appropriations:	
Materials and supplies	4,225
Other services and charges	6,205
Capital outlay	-
Total Operating Expenses	<u>10,430</u>
Operating Income	(5,017)
Non-Operating Revenues:	
Interest	85
Total Non-Operating Revenues	<u>85</u>
Net Income Before Contributions and Transfers	(4,932)
Transfers out	-
Change in fund balance	(4,932)
Fund Balance - beginning	<u>41,758</u>
Fund Balance - ending	<u>\$ 36,826</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES OTHER ACCRUALS	
	-
UNRESTRICTED FUND BALANCE AT END OF YEAR (GAAP BASIS)	<u>\$ 36,826</u>

Exhibit VII

TOWN OF ARAPAHO, OKLAHOMA
 SCHEDULE OF GRANTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grant revenue Grant received from:	Funding period	Project description	Award	Amount received	Amount expended	Receipts less expenditures
SWODA	2012-2013	Water well improvements	16,515	\$ 16,515	\$ 16,515	-
State of Oklahoma, Department of Emergency Management	2012-2013	CEM	10,000	10,000	5,478	4,522
State of Oklahoma, Firewise Grant	2012-2013	Firewise	7,500	7,500	7,500	-
State of Oklahoma	2012-2013	Mitigation reimbursement, generator	12,544	12,544	12,544	-
		Total	\$ 46,559	\$ 46,559	\$ 42,037	\$ 4,522

See accountant's report.