INDEPENDENT ACCOUNTANT'S REPORT ON COMPILATION AND APPLYING AGREED-UPON PROCEDURES

TOWN OF INDIAHOMA, OKLAHOMA
INDIAHOMA PUBLIC WORKS AUTHORITY
INDIAHOMA COMMUNITY DEVELOPMENT CORP
June 30, 2013

Lisa Brooks
Certified Public Accountant

Town of Indiahoma, Oklahoma

Indiahoma Public Works Authority

Indiahoma Community Development Corporation

June 30, 2013

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Lisa Brooks
Certified Public Accountant

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Independent Accountant's Report on
Compilation and Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Indiahoma
Indiahoma, Oklahoma

Trustees of the Indiahoma Public Works Authority
Indiahoma, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

United States Department of Agriculture, Rural Development
Hobart, Oklahoma

I have compiled the accompanying Summary of Changes in Fund Balances-Modified Cash Basis of the Town of Indiahoma, Indiahoma Public Works Authority (a public trust), and Indiahoma Community Development Corporation and related Budgetary Comparison Schedule of General and Other Significant Governmental Funds-Modified Cash Basis; Statement of Revenues, Expenses and Changes in Fund Balance-Modified Cash Basis and related USDA Form RD442-3 (required by USDA Rural Development) and Statement of Reserved Cash in Bank for the Indiahoma Public Works Authority; and Statement of Revenues, Expenses and Changes in Fund Balance-Modified Cash Basis and related USDA Form RD442-3 (required by USDA Rural Development) for the Indiahoma Community Development Corporation; and Schedule of Grant Activity-Cash Basis for the Town of Indiahoma as of and for the fiscal year ended June 30, 2013, 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 prescribed by Oklahoma Statutes and required by the Office of State Auditor and Inspector and United States Department of Agriculture-Rural Development, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial

information in the form of financial statements without undertaking to obtain any assurance that there are no material modifications that should be made to the financial statements.

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

Additionally, I have performed the procedures enumerated below which were agreed to by the specified users of this report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town and Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 for the fiscal year ended June 30, 2013. Management of the Town of Indiahoma is responsible for the Town's financial accountability and its compliance with those legal 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, I 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 Indiahoma, Oklahoma**, as of and for the fiscal year ended June30, 2013:

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

   Findings: No instances noted.

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

   Findings: No instances noted.

3. **Procedures Performed:** Agreed 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: Check #3266 in the amount of $369.00 was written February 4, 2013 but had not cleared the bank as of July 10, 2013.

4. **Procedures Performed:** Compared Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

   Findings: No instances noted.

5. **Procedures Performed:** Compared Town's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

   Findings: No instances noted.

6. **Procedures Performed:** 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 instances noted.

7. **Procedures Performed:** Compared the Town's account balances in reserve accounts to contractually required balances and debt service requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

   Findings: No instances noted.

As to the **Indiahoma Public Works Authority**, as of and for the fiscal year ended June30, 2013:

1. **Procedures Performed:** From the Authority's trial balances, I prepared a schedule of revenues, expenses and changes in fund balance for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

   Findings: No instances noted.

2. **Procedures Performed:** From the Authority's trial balances, I prepared USDA Form RD 442-3 (see accompanying Exhibit 4) and a schedule of cash in bank (see accompanying Exhibit 5) and compared the schedule results to the applicable trust reserve requirements to report any noted instance of noncompliance.

   Findings: No instances noted.

3. **Procedures Performed:** Agreed 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 noted.

4. **Procedures Performed:** Compared Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

   Findings: No instances noted.

5. **Procedures Performed:** Compared Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

   Findings: No instances noted.

6. **Procedures Performed:** Compared 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 noted.

7. **Procedures Performed:** Compared the Authority's account balances in reserve accounts to contractually required balances and debt service requirements to report any noted instances of noncompliance.

   Findings: No instances noted.

As to the **Indiahoma Community Development Corporation**, as of and for the fiscal year ended June30, 2013:

1. **Procedures Performed:** From the Corporation's trial balances, I prepared a schedule of revenues, expenses and changes in fund balance for each fund (see accompanying Exhibit 6).

2. **Procedures Performed:** From the Corporation's trial balances, I prepared USDA Form RD 442-3 (see accompanying Exhibit 7).

3. **Procedures Performed:** Agreed Corporation'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 noted.

4. **Procedures Performed:** Compared Corporation's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

   Findings: No instances noted.

5. **Procedures Performed:** Compared Corporation's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

   Findings: No instances noted.

6. **Procedures Performed:** Compared the accounting for the Corporation's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

   Findings: No instances noted.

7. **Procedures Performed:** Compared the Corporation's account balances in reserve accounts to contractually required balances and debt service requirements to report any noted instances of noncompliance.

   Findings: The Corporation lacks sufficient reserves to meet contractual requirements and relies entirely upon the Indiahoma Public Works Authority for debt service.

As to **Grant Activities**, as of and for the fiscal year ended June30, 2013:

1. **Procedures Performed:** From the Town's trial balances and bank statements, I prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 8) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

   Findings: No instances noted.

I was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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.

Lisa Brooks, CPA

Lisa Brooks, CPA
October 07, 2013

Exhibit 1

Town of Indiahoma, Oklahoma
Indiahoma Public Works Authority
Indiahoma Community Development Corporation
Summary of Changes in Fund Balances
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	Beginning of Year Fund Balances	Current Year Receipts	Current Year Disbursements	End of Year Fund Balances
Town of Indiahoma:				
General Fund	$ 221,309.34	52,755.18	48,941.56	$ 225,122.96
Street and Alley Fund	$ 8,536.99	3,087.73	3,288.44	$ 8,336.28
Capital Improvements Fund	$ -			$ -
City Subtotal	$ 229,846.33	$ 55,842.91	$ 52,230.00	$ 233,459.24
Indiahoma Public Works Authority	$ 166,548.51	182,138.49	195,997.39	$ 152,689.61
Indiahoma Community Development Corporation	$ 54,200.33	4,716.20	7,403.02	$ 51,513.51
Overall Totals	$ 450,595.17	$ 242,697.60	$ 255,630.41	$ 437,662.36

See Accountant's Report

Town of Indiahoma, Oklahoma
Budgetary Comparison Schedule
General and Other Significant Governmental Funds
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance-**General Fund**	262,376.62	221,309.34	(41,067.28)
Resources (Inflows)			
Taxes:			
Sales Tax	25,703.63	25,291.98	(411.65)
Use Tax	6,598.84	9,337.92	2,739.08
Alcohol Tax	496.32	1,070.33	574.01
Cigarette Tax	375.65	349.15	(26.50)
Motor Vehicle Tax	0.00	0.00	0.00
Total Taxes	33,174.44	36,049.38	2,874.94
Other:			
Franchise Fees	2,009.57	4,113.18	2,103.61
Lot Rent	5,680.00	1,777.00	(3,903.00)
Other Income	11,318.93	9,894.74	(1,424.19)
Total Other	19,008.50	15,784.92	(3,223.58)
Investment Income	1,685.38	920.88	(764.50)
Total Current Year Receipts	53,868.32	52,755.18	(1,113.14)
Amounts available for Appropriation	316,244.94	274,064.52	(42,180.42)
Charges to Appropriations (Outflows):			
Personal Services	35,000.00	16,626.56	18,373.44
Maintenance & Operations	145,000.00	20,771.00	124,229.00
Capital Outlay	60,000.00	11,544.00	48,456.00
Total Charges to Appropriations	240,000.00	48,941.56	191,058.44
Ending Budgetary Fund Balance-General Fund		**225,122.96**	

Town of Indiahoma, Oklahoma
Budgetary Comparison Schedule
General and Other Significant Governmental Funds
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Street and Alley Fund			
Beginning Budgetary Fund Balance	5,331.88	8,536.99	3,205.11
Resources (Inflows)			
Gasoline Tax	600.00	643.42	43.42
Motor Vehicle Tax	2,600.00	2,439.88	(160.12)
Investment Income	35.00	4.43	(30.57)
Total Current Year Receipts	3,235.00	3,087.73	(147.27)
Transfers			0.00
Amounts available for Appropriation	8,566.88	11,624.72	3,057.84
Charges to Appropriations (Outflows):			
Personal Services	5,000.00	1,915.75	(3,084.25)
Maintenance & Operations	2,000.00	1,372.69	(627.31)
Capital Outlay	3,000.00	0.00	(3,000.00)
Total Charges to Appropriations	10,000.00	3,288.44	(6,711.56)
Ending Budgetary Fund Balance		**8,336.28**	
Capital Improvements Fund			
Beginning Budgetary Fund Balance	0.00	0.00	0.00
Resources (Inflows)			
Investment Income	0.00	0.00	0.00
Total Current Year Receipts	0.00	0.00	0.00
Transfers OUT		0.00	0.00
Amounts available for Appropriation	0.00	0.00	0.00
Charges to Appropriations (Outflows):			
Total Charges to Appropriations	0.00	0.00	0.00
Ending Budgetary Fund Balance		**0.00**	

Exhibit 3

Indiahoma Public Works Authority
Statement of Revenues, Expenses, and Changes in Fund Balance
For the fiscal year ended June 30, 2013
(Unaudited)

Operating Revenues:	
Water Revenue	80,146.78
Sewer Revenue	22,856.20
Sanitation Revenue	64,780.03
Late Fees	5,752.50
Miscellaneous Revenue	3,119.01
ICDC Rent	5,454.00
Total Operating Revenues	182,108.52
Operating Expenses:	
Water	51,844.41
Sewer	1,369.27
Sanitation	48,258.31
Personal Services	55,982.93
Maintenance and Operations	2,139.63
Interest	1,198.20
Depreciation	18,751.54
ICDC	11,737.10
Total Operating Expenses	191,281.39
Operating Income (Loss) from Operations	(9,172.87)
Non-Operating Revenues (Expenses):	
Interest Revenue	29.97
Income (Loss) before Transfers	(9,142.90)
Transfers Out	(4,716.00)
Net Income (Loss)	(13,858.90)
Fund Balance - Beginning of Year	166,548.51
Fund Balance - End of Year	152,689.61

See Accountant's Report

Form RD 442-3
(Rev 3-97)

Indiahoma Public Work Authority

(Unaudited)

	June 30, 2013	June 30, 2012
ASSETS		
CURRENT ASSETS		
1. Cash on hand in Banks	56,832.18	53,974.12
2. Time deposits and short-term investments		
3. Accounts receiveable		
4. Less: Allowance for doubtful accounts		
5. Inventories		
6. Prepayments		
7.		
8.		
9. Total Current Assets	56,832.18	53,974.12
FIXED ASSETS		
10. Land		
11. Buildings		
12. Furniture and equipment		
13.	638,393.01	638,393.01
14. Less: Accumulated depreciation	(489,369.52)	(470,614.98)
15. Net Total Fixed Assets	149,023.49	167,778.03
OTHER ASSETS		
16.		
17.		
18. Total Assets	205,855.67	221,752.15
LIABILITIES AND EQUITIES		
CURRENT LIABILITIES		
19. Accounts Payable		
20. Notes payable		
21. Current portion of USDA note	5,076.00	5,076.00
22. Customer deposits	14,878.96	14,421.79
23. Taxes payable		
24. Interest payable		
25.		
26.		
27. Total Current Liabilities	19,954.96	19,497.79
LONG-TERM LIABILITIES		
28. Notes payable USDA	16,767.34	20,645.14
29.		
30.		
31. Total Long-Term Liabilities	16,767.34	20,645.14
32. Total Liabilities	36,722.30	40,142.93
EQUITY		
33. Retained earnings	184,012.33	196,031.01
34. Memberships	(14,878.96)	(14,421.79)
35. Total Equity	169,133.37	181,609.22
36. Total Liabilities and Equity	205,855.67	221,752.15

See Accountant's Report

Exhibit 5

Indiahoma Public Works Authority
Statement of Reserved Cash in Bank
June 30, 2013
(Unaudited)

Customer Meter Deposits	14,878.96
Rural Development	
PWA #92-02 ($423 x 12 mo)	5,076.00
ICDC #97-01 ($393 x 12 mo)	4,716.00
	9,792.00
Total Cash Reserves Required	**24,670.96**
Operating Checking	41,953.22
Deposit Checking	14,878.96
	56,832.18
Excess of cash on hand over reserves required	32,161.22

See Accountant's Report

Exhibit 6

Indiahoma Community Development Corporation
Statement of Revenues, Expenses, and Changes in Fund Balance
For the fiscal year ended June 30, 2013

Operating Revenues:	
Total Operating Revenues	0.00
Operating Expenses:	
Interest	1,828.02
Depreciation	5,575.00
Total Operating Expenses	7,403.02
Operating Income (Loss) from Operations	(7,403.02)
Non-Operating Revenues (Expenses):	
Interest Revenue	0.20
Income (Loss) before Transfers	(7,402.82)
Transfers In	4,716.00
Net Income (Loss)	(2,686.82)
Fund Balance - Beginning of Year	54,200.33
Fund Balance - End of Year	$51,513.51

See Accountant's Report

Form RD 442-3
(Rev 3-97)

Indiahoma Community Development Corporation

(Unaudited)

	June 30, 2012	June 30, 2012
ASSETS		
CURRENT ASSETS		
1. Cash on hand in Banks	393.80	393.60
2. Time deposits and short-term investments		
3. Accounts receiveable		
4. Less: Allowance for doubtful accounts		
5. Inventories		
6. Prepayments		
7.		
8.		
9. Total Current Assets	393.80	393.60
FIXED ASSETS		
10. Land	20,000.00	20,000.00
11. Buildings	222,993.00	222,993.00
12. Furniture and equipment		
13.		
14. Less: Accumulated depreciation	(164,207.00)	(158,632.00)
15. Net Total Fixed Assets	78,786.00	84,361.00
OTHER ASSETS		
16.		
17.		
18. Total Assets	79,179.80	84,754.60
LIABILITIES AND EQUITIES		
CURRENT LIABILITIES		
19. Accounts Payable		
20. Notes payable		
21. Current portion of USDA note	4,716.00	4,716.00
22. Customer deposits		
23. Taxes payable		
24. Interest payable		
25.		
26.		
27. Total Current Liabilities	4,716.00	4,716.00
LONG-TERM LIABILITIES		
28. Notes payable USDA	30,264.47	33,152.45
29.		
30.		
31. Total Long-Term Liabilities	30,264.47	33,152.45
32. Total Liabilities	34,980.47	37,868.45
EQUITY		
33. Retained earnings	44,199.33	46,886.15
34. Memberships		
35. Total Equity	44,199.33	46,886.15
36. Total Liabilities and Equity	79,179.80	84,754.60

See Accountant's Report

Exhibit 8

Town of Indiahoma, Oklahoma
Schedule of Grant Activity-Cash Basis
For the Fiscal year Ended June 30, 2013
(Unaudited)

	Beginning Unexpended Grant Funds	Current Year Receipts	Current Year Disbursements	Ending Unexpended Grant Funds
REAP Indiahoma 122261	$45,000	$21,455	$21,415	$23,545
Indian Health Services	(12,000)	12,000	0	$0
Total	$33,000	$33,455	$21,415	$23,545

See Accountant's Report

Selected Additional Information

On April 12, 1983, USDA Rural Development granted Loan #97-01 to Indiahoma Community Development Corporation (ICDC) to finance commercial rental real estate in the Town of Indiahoma, Oklahoma. This loan is guaranteed by Indiahoma Public Works Authority (a public trust). Subsequently, ICDC ceased to function as a viable entity and effectively defaulted on the loan. The Public Works Authority has met its obligation as guarantor, making scheduled payments in timely manner.

When ICDC ceased to operate, there was no legal dissolution of the corporation or transfer of title to the property. The loan requirement for an annual financial audit of ICDC cannot be met because there is no Board of Directors to engage an auditor, no financial statements to audit, or funds with which to pay for such audit.

Cash transactions resulting from the Public Works Authority's involvement with this loan and related property are reflected in the accompanying financial statements in a manner consistent with that utilized in prior years.