

Town of Arapaho
Agreed Upon Procedures
June 30, 2012

RSMeacham CPAs & Advisors

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Members of American
Institute of Certified
Public Accountants

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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, 2012 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
RSMeacham CPAs & Advisors
August 13, 2012

**Town of Arapaho, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2012**

As to the Town of Arapaho as of and for the fiscal year ended June 30, 2012:

- 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.
- VIII. 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, 2012**

As to the Arapaho Public Works Authority, as of and for the year ended June 30, 2012:

- 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 \$29,785.60

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, 2012

	Beginning of Year <u>Fund Balances</u>	Current Year Change	End of Year <u>Fund Balances</u>
TOWN:			
General Fund	\$ 604,647	\$ 149,576	\$ 754,223
Street & Alley Fund	25,276	318	25,594
Expendable Trust Fire	6,548	(108)	6,440
Arapaho Fire Department	<u>26,629</u>	<u>14,628</u>	<u>41,257</u>
CITY TOTAL	<u>663,100</u>	<u>164,414</u>	<u>827,514</u>
ARAPAHO PUBLIC WORKS AUTHORITY			
APWA	677,443	26,319	703,762
Water Fund	-	-	-
PWA Savings	<u>16,478</u>	<u>(3,646)</u>	<u>12,832</u>
APWA TOTAL	<u>\$ 693,921</u>	<u>\$ 22,673</u>	<u>\$ 716,594</u>

See accountant's report.

TOWN OF ARAPAHO, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 604,647	\$ 604,647	\$ 604,647	\$ -
Resources (Inflows):				
Taxes:				
Sales tax	67,371	107,371	214,165	106,794
Use tax	8,575	15,575	20,801	5,226
Tobacco tax	928	2,528	2,971	443
Total Taxes	<u>76,874</u>	<u>125,474</u>	<u>237,937</u>	<u>112,463</u>
Intergovernmental:				
Alcoholic beverage tax	3,617	3,617	4,391	774
Grant revenue	-	-	-	-
Franchise tax	12,777	12,777	14,701	1,924
Total Intergovernmental	<u>16,394</u>	<u>16,394</u>	<u>19,092</u>	<u>2,698</u>
Fees and Forfeitures	3,029	3,029	564	(2,465)
Investment Income	8,600	1,600	2,218	618
Donations	-	5,329	5,329	-
Miscellaneous Income	4,563	7,246	7,151	(95)
Transfers from other funds	-	-	-	-
Grants-Fire Dept	-	-	-	-
Grants-CEM	-	10,500	10,740	240
Grants-Other	-	37,253	39,557	2,304
Total current year resources	<u>109,460</u>	<u>206,825</u>	<u>322,588</u>	<u>115,763</u>
Amounts available for appropriation	\$ 714,107	\$ 811,472	\$ 927,235	\$ 115,763
Charges to Appropriations (Outflows):				
General government:				
Personal services	33,355	39,355	30,813	8,542
Materials and supplies	6,500	6,500	5,837	663
Other services and charges	45,700	45,700	39,339	6,361
Capital outlay	20,000	57,253	39,557	17,696
Transfers	-	-	-	-
Total General Government	<u>105,555</u>	<u>148,808</u>	<u>115,545</u>	<u>33,263</u>
Administration				
Personal services	1,900	1,900	1,900	-
Materials and supplies	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
Transfers	-	-	-	-
Total Administration	<u>1,900</u>	<u>1,900</u>	<u>1,900</u>	<u>-</u>
Public Works-Street Dept				
Personal services	-	-	-	-
Materials and supplies	-	-	-	-
Other services and charges	2,000	3,000	2,501	499
Capital outlay	-	-	-	-
Transfers	-	-	-	-
Total Public Works-Street Dept	<u>2,000</u>	<u>3,000</u>	<u>2,501</u>	<u>499</u>
Police:				
Personal services	46,335	46,335	5,650	40,685
Materials and supplies	5,500	3,000	2,569	431
Other services and charges	6,500	3,500	2,922	578
Capital outlay	2,000	2,000	1,168	832
Debt service	-	-	-	-
Total Police	<u>60,335</u>	<u>54,835</u>	<u>12,910</u>	<u>42,525</u>
Fire:				
Personal services	1,100	1,140	1,020	120
Materials and supplies	5,500	6,800	6,039	761
Other services and charges	3,000	4,000	3,295	705
Capital outlay	6,000	10,200	-	10,200
Total Fire	<u>15,600</u>	<u>22,140</u>	<u>10,354</u>	<u>11,786</u>
Civil Emergency Management				
Personal services	8,100	8,100	7,110	990
Materials and supplies	3,850	4,850	1,394	3,456
Other services and charges	3,050	3,550	2,544	1,006
Capital outlay	27,500	37,500	7,199	30,301
Total Civil Emergency Management	<u>42,500</u>	<u>54,000</u>	<u>18,248</u>	<u>35,752</u>
Animal Control				
Personal services	-	-	-	-
Materials and supplies	1,000	1,000	455	545
Other services and charges	300	300	-	300
Capital outlay	-	-	-	-
Total Animal Control	<u>1,300</u>	<u>1,300</u>	<u>455</u>	<u>845</u>
Park				
Personal services	-	-	-	-
Materials and supplies	500	500	-	500
Other services and charges	1,700	1,700	-	1,700
Capital outlay	5,000	5,000	4,345	655
Total Park	<u>7,200</u>	<u>7,200</u>	<u>4,345</u>	<u>2,855</u>
Other Financing Uses				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>236,390</u>	<u>293,183</u>	<u>163,658</u>	<u>127,525</u>
Change in Fund Balance	(126,930)	(86,358)	156,930	243,288
Ending Budgetary Fund Balance	<u>477,177</u>	<u>518,289</u>	<u>761,577</u>	<u>243,288</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
OTHER ACCRUALS			(7,354)	
UNRESTRICTED FUND BALANCE AT END OF YEAR (GAAP BASIS)			<u>754,223</u>	

ARAPAHO PUBLIC WORKS AUTHORITY, ARAPAHO, OKLAHOMA
BALANCE SHEET-CASH BASIS
JUNE 30, 2012

	2012
ASSETS	
Current assets:	
Cash, including time deposits	\$ 702,605
Total current assets	702,605
Restricted assets:	
Cash, including time deposits	101,063
Total restricted assets	101,063
Non-current assets:	
Land	30,910
Capital assets (net)	1,112,343
Total non-current assets	1,143,253
Total assets	1,946,921
LIABILITIES	
Liabilities, payable from restricted assets	
Accounts payable	6,564
Meter deposits payable	32,600
Interest payable	1,068
Notes payable, current	29,613
Total liabilities payable from restricted assets	69,845
Noncurrent liabilities:	
Notes payable, non-current	533,940
Total non-current liabilities	533,940
Total liabilities	603,785
FUND BALANCE	
Restricted for:	
Debt service	38,678
Debt service-USDA	29,786
Grant	639,374
Unrestricted	635,298
Fund Balance	1,946,921

ARAPAHO PUBLIC WORKS AUTHORITY ARAPAHO, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Operating Revenues:	
Charges for services:	
Water	265,711
Sewer	86,457
Sanitation	66,277
Grants	80,094
Other	14,973
Total Operating Revenues	<u>513,512</u>
Operating Expenses:	
Administration	
Water	207,670
Sewer	32,233
Sanitation	71,334
Grant expense	80,094
Depreciation	69,428
Interest	27,056
Total Operating Expenses	<u>487,815</u>
Operating Income	25,697
Non-Operating Revenues:	
Interest	2,422
Total Non-Operating Revenues	<u>2,422</u>
Net Income Before Contributions and Transfers	28,119
Transfers out	<u>(1,800)</u>
Change in fund balance	26,319
Fund Balance - beginning	<u>677,443</u>
Fund Balance - ending	<u>703,762</u>

**Town of Arapaho
Notes to the Agreed Upon Procedures
For the Fiscal Year Ended June 30, 2012**

LONG-TERM DEBT

The following is a summary of enterprise fund long-term debt for the year ended June 30, 2012:

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.	\$40,003
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.	33,956
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.	5,996
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.	51,533
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.	432,066
	\$563,554

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, 2012

Resources:	
Sales tax revenue	\$ 29,286
Donations	1,890
Grants	4,413
Other	-
Total Operating Revenues	<u>35,589</u>
Charges to appropriations:	
Materials and supplies	6,581
Other services and charges	10,295
Capital outlay	4,181
Total Operating Expenses	<u>21,057</u>
Operating Income	14,532
Non-Operating Revenues:	
Interest	96
Total Non-Operating Revenues	<u>96</u>
Net Income Before Contributions and Transfers	14,628
Transfers out	<u>-</u>
Change in fund balance	14,628
Fund Balance - beginning	<u>26,629</u>
Fund Balance - ending	<u>\$ 41,257</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES	
OTHER ACCRUALS	-
UNRESTRICTED FUND BALANCE AT END OF YEAR (GAAP BASIS)	<u>\$ 41,257</u>

Exhibit VII

TOWN OF ARAPAHO, OKLAHOMA
 SCHEDULE OF GRANTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Grant revenue Grant received from:	Funding period	Project description	Award	Amount received	Amount expended	Receipts less expenditures
SWODA	2011-2012	Water tower repair	\$ 80,064	\$ 80,064	\$ 80,064	-
State of Oklahoma, Department of Emergency Management	2011-2012	CEM	10,740	10,740	9,365	1,375
Oklahoma Department of Commerce	2011-2012	Water tower	39,557	39,557	39,557	-
		Total	\$ 130,361	\$ 130,361	\$ 128,986	\$ 1,375

See accountant's report.