

Town Of Hardesty, Oklahoma

Accountant's Report on
Applying Agreed-Upon Procedures

Year Ended June 30, 2011

Kimberlye R. Mayer, CPA, P.C.

735 West Doolin

Blackwell, OK 74631

(580) 363-1453
Fax (580) 363-0068

Accountant's Report

To the Specified Users of the Report:

Board of Trustees of the Town of Hardesty
Hardesty, Oklahoma

Board of Trustees of the Hardesty Municipal Authority
Hardesty, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances – Cash Basis of the Town of Hardesty and the Hardesty Municipal Authority for the year ended June 30, 2011, the Budgetary Comparison Schedule – Cash Basis – General Fund, and the Statement of Revenues, Expenses and Changes in Fund Balance – Cash Basis – Hardesty Municipal Authority for the year ended June 30, 2011, 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 applicable to municipalities and the presentation requirements prescribed in Oklahoma Statutes §11-17-105-.107 and §60-180-1-3, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

This compilation is limited to presenting information in the form of financial statements prescribed by the above noted Oklahoma Statutes that is the representation of the 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.

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, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated on the next page 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 and Municipal Authority in meeting its financial accountability requirements as prescribed by applicable Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2011. Management of the Town of Hardesty 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 on the next page either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings:

As to the Town of Hardesty as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Town's trial balances, we compiled a cash basis schedule of changes in fund balances for each fund (see page 5) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

2. **Procedures Performed:** From the Town's trial balances, we compiled a cash basis budget and actual financial schedule for the General Fund (see page 6) and compared the actual expenditures reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: The Town did not have an approved budget for the fiscal year ended 6/30/11.

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 unusual reconciling items were noted that did not clear on a timely basis.

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: The Town had no uninsured deposits at June 30, 2011.

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

Findings: No instances of noncompliance were noted.

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 instances of noncompliance noted.

7. **Procedures Performed:** A search for Town debt agreements was performed to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purpose of determining contract compliance.

Findings: The Town had no debt, therefore no debt service coverage requirements of bond indentures were evaluated for compliance.

As to the Hardesty Municipal Authority as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Authority's trial balances, we compiled a schedule of revenues, expenses and changes in fund balances - cash basis for the Authority (see page 7) and compare the schedule results to the applicable trust prohibitions for creating net asset deficits to report any noted instance of noncompliance.

Findings: No instances of noncompliance noted.

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

Findings: No unusual reconciling items were noted that did not clear on a timely basis.

3. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: The Town had no uninsured deposits at June 30, 2011.

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4. **Procedures Performed:** We compared 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 were noted.

5. **Procedures Performed:** We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances on noncompliance.

Findings: No instances of noncompliance were noted.

6. **Procedures Performed:** A search for the Authority's debt agreements was performed to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purpose of determining contract compliance.

Findings: The USDA-RD requires reserve funds in the amount of \$8,844. At June 30, 2011, the District had no reserve funds.

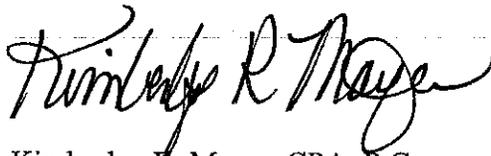
As to the Town of Hardesty and Hardesty Municipal Authority grant programs, as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Town and Authority's trial balances, we compiled a schedule of grant activity for each grant/contract (see page 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 of noncompliance were noted.

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 these specified parties.



Kimberlye R. Mayer, CPA, P.C.
December 29, 2011

TOWN OF HARDESTY, OKLAHOMA
STATEMENT OF CHANGES IN FUND BALANCES
CASH BASIS
YEAR ENDED JUNE 30, 2011

	Fund Balances 6/30/10 <u>(Restated)</u>	<u>Change</u>	Fund Balances 6/30/11 <u></u>
TOWN:			
General Fund	\$ 4,018	\$ 12,178	\$ 16,196
Fire Department	<u>6,326</u>	<u>297</u>	<u>6,623</u>
Town Subtotal	<u>10,344</u>	<u>12,475</u>	<u>22,819</u>
 MUNICIPAL AUTHORITY:			
Hardesty Municipal Authority	<u>33,229</u>	<u>(37,701)</u>	<u>(4,472)</u>
Total Municipal Authority	<u>33,229</u>	<u>(37,701)</u>	<u>(4,472)</u>
 TOWN TOTALS	 <u>\$ 43,573</u>	 <u>\$ (25,226)</u>	 <u>\$ 18,347</u>

See accountant's report on agreed-upon procedures

TOWN OF HARDESTY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$	\$	\$ 4,018	\$ 4,018
Resources (Inflows):				
Sales tax			16,310	16,310
Cigarette tax			271	271
Franchise taxes			3,951	3,951
Gas excise tax			754	754
Alcoholic beverage tax			1,792	1,792
Motor vehicle tax			503	503
Use tax			3,947	3,947
Donations			290	290
Interest income			13	13
Police fines			23,249	23,249
Court fees			12,488	12,488
Other revenues			3,776	3,776
Sale of assets			18,200	18,200
Total Resources			<u>85,544</u>	<u>85,544</u>
Charges (Outflows):				
General Government:				
Personnel services			27,770	(27,770)
Materials and supplies			1,355	(1,355)
Other services and charges			15,527	(15,527)
Capital Outlay			1,000	(1,000)
Total General Government			<u>45,652</u>	<u>(45,652)</u>
Police Department:				
Personnel services			20,615	(20,615)
Materials and supplies			4,663	(4,663)
Other services and charges			8,040	(8,040)
Total Police Department			<u>33,318</u>	<u>(33,318)</u>
Street and Alley:				
Other services and charges			534	(534)
Total Street and Alley			<u>534</u>	<u>(534)</u>
Total Charges			<u>79,504</u>	<u>(79,504)</u>
Transfer in (out)			6,138	6,138
Ending budgetary fund balance	\$	\$	<u>\$ 16,196</u>	<u>\$ 16,196</u>

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TOWN OF HARDESTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCES - CASH BASIS
HARDESTY MUNICIPAL AUTHORITY
YEAR ENDED JUNE 30, 2011

Operating Revenues:	
Charges for services:	
Water	\$ 44,530
Sewer	20,962
Sanitation	32,918
Gas	59,019
Late fees	2,363
Other income	9,532
Total Operating Revenues	<u>169,325</u>
Operating Expenses:	
Administration	71,655
Water	25,208
Sewer	1,434
Sanitation	25,484
Gas	45,906
Total Operating Expenses	<u>169,687</u>
Operating income (loss)	(362)
Non-Operating Revenues (Expenses):	
Interest income	23
Grant revenue	2,673
Principal payments	(6,792)
Interest expense	(5,567)
New loans	100
Grant expenditures	(31,301)
Increase deposit account	9,663
Total Non-Operating Revenues (Expenses)	<u>(31,201)</u>
Net Income (Loss) Before Transfers	(31,563)
Transfers In (Out)	<u>(6,138)</u>
Change in Fund Balance	(37,701)
Fund Balance, beginning of year	<u>33,229</u>
Fund Balance, end of year	<u><u>\$ (4,472)</u></u>

See accountant's report on agreed-upon procedures

TOWN OF HARDESTY, OKLAHOMA
 SCHEDULE OF GRANT ACTIVITY
 CASH BASIS
 YEAR ENDED JUNE 30, 2011

<u>Grantor</u>	<u>Award Amount</u>	<u>Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
State Dept. of Agriculture	\$ 4,398	\$ 4,398	\$ 4,398	\$
Oklahoma Dept. of Commerce REAP (115-08)	\$ 50,000	\$ 2,673	\$ 31,301	\$

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