

Town Of Hardesty, Oklahoma

Independent Accountant's Report on
Applying Agreed-Upon Procedures

Year Ended June 30, 2013

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September 11, 2013

Town of Hardesty
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This letter is to confirm our understanding of the nature, timing, objectives, and limitations of the services we are to provide to you.

We will compile, from information you provide, a Summary of Changes in Fund Balances-Cash Basis of the Town of Hardesty and the Hardesty Municipal Authority for the year ended June 30, 2013, 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, 2013, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

We will also separately compile and file the Annual Survey of City and Town Finances (form SA&I 2643), described in Oklahoma Statutes §11-17-105.1. The financial statements will be 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. The financial statements will omit all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. Accordingly, these financial statements are not designed for those who are not informed about such matters.

A compilation is limited to presenting information in the form of financial statements prescribed by Oklahoma Statutes that is the representation of the management. We will not audit or review the aforementioned financial statements and, accordingly, will not express an opinion or any other form of assurance on them.

Additionally, we will apply the agreed-upon procedures which the specified parties, Town Council of the Town of Hardesty, Trustees of Hardesty Municipal Authority and Office of the Oklahoma State Auditor and Inspector, have specified, listed in the attached schedule, to selected financial information and compliance requirements of the Town of Hardesty and the Hardesty Municipal Authority as of and for the fiscal year ended June 30, 2013 as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3. This engagement is solely to assist the Town, the Authority, and other specified parties 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. Management of the Town of Hardesty is responsible for the Town's financial accountability and its compliance with those

Procedures and Findings:

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

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: No instances of noncompliance were noted.

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, 2013.

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, 2013:

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, 2013.

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, 2013, the Authority had \$2,719 in reserve funds.

As to the Town of Hardesty and Hardesty Municipal Authority grant programs, as of and for the fiscal year ended June 30, 2013:

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.
January 8, 2014

TOWN OF HARDESTY, OKLAHOMA
STATEMENT OF CHANGES IN FUND BALANCES
CASH BASIS
YEAR ENDED JUNE 30, 2013

	<u>Fund Balaces</u> <u>6/30/12</u>	<u>Change</u>	<u>Fund Balaces</u> <u>6/30/13</u>
TOWN:			
General Fund	\$ 35,148	\$ (6,675)	\$ 28,473
Fire Department	<u>10,147</u>	<u>2,991</u>	<u>13,138</u>
Town Subtotal	<u>45,295</u>	<u>(3,684)</u>	<u>41,611</u>
 MUNICIPAL AUTHORITY:			
Hardesty Municipal Authority	<u>6,334</u>	<u>15,723</u>	<u>22,057</u>
Total Municipal Authority	<u>6,334</u>	<u>15,723</u>	<u>22,057</u>
 TOWN TOTALS	 <u><u>\$ 51,629</u></u>	 <u><u>\$ 12,039</u></u>	 <u><u>\$ 63,668</u></u>

See accountant's report on agreed-upon procedures.

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

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 35,148	\$ 35,148	\$ 35,148	\$
 Resources (Inflows):				
Sales tax	33,666	33,666	22,689	(10,977)
Cigarette tax	484	484	299	(185)
Franchise taxes	6,137	6,137	4,631	(1,506)
Gas excise tax	402	402	404	2
Alcoholic beverage tax	3,331	3,331	3,655	324
Motor vehicle tax	1,931	1,931	2,160	229
Use tax	4,531	4,531	5,131	600
Interest income	44	44	34	(10)
Police fines	2,800	2,800	4,109	1,309
Court fees	2,000	2,000	1,729	(271)
Other revenues	24	24	4,304	4,280
Total Resources	55,350	55,350	49,145	(6,205)
 Charges (Outflows):				
General Government:				
Personnel services	20,131	20,131	15,814	4,317
Materials and supplies	510	510	851	(341)
Other services and charges	20,972	20,972	38,775	(17,803)
Capital Outlay				
Total General Government	41,613	41,613	55,440	(13,827)
 Police Department:				
Personnel services				
Materials and supplies				
Other services and charges	1,048	1,048	380	668
Total Police Department	1,048	1,048	380	668
Total Charges	42,661	42,661	55,820	(13,159)
Transfer in (out)				
Ending budgetary fund balance	\$ 47,837	\$ 47,837	\$ 28,473	\$ (19,364)

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TOWN OF HARDESTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - CASH BASIS
HARDESTY MUNICIPAL AUTHORITY
YEAR ENDED JUNE 30, 2013

Operating Revenues:	
Charges for services:	
Water	\$ 52,171
Sewer	29,355
Sanitation	41,599
Gas	56,277
Late fees	4,678
Other income	5,923
Total Operating Revenues	<u>190,003</u>
Operating Expenses:	
Administration	82,273
Water	20,575
Sewer	1,362
Sanitation	22,092
Gas	35,813
Total Operating Expenses	<u>162,115</u>
Operating income (loss)	27,888
Non-Operating Revenues (Expenses)	
Interest income	37
Grant revenue	38,931
Principal payments	(5,321)
Interest expense	(8,815)
Grant expenditures	(38,931)
Increase deposit account	1,934
Total Non-Operating Revenues (Expenses)	<u>(12,165)</u>
Net Income (Loss) Before Transfers	15,723
Transfers In (Out)	<u> </u>
Change in Net Position	15,723
Net Position, beginning of year	6,334
Net Position, end of year	<u><u>\$ 22,057</u></u>

See accountant's report on agreed-upon procedures

TOWN OF HARDESTY, OKLAHOMA
 SCHEDULE OF GRANT ACTIVITY
 CASH BASIS
 YEAR ENDED JUNE 30, 2013

<u>Grantor</u>	<u>Award Amount</u>	<u>Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
State Department of Agriculture	\$	\$	\$	\$
Oklahoma Department of Commerce				
REAP 120-09	\$ 50,000	\$ 2,535	\$ 2,535	\$
REAP 12-109	\$ 49,999	\$ 28,896	\$ 28,896	\$
REAP 13-15	\$ 50,000	\$ 7,500	\$ 7,500	\$

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