

**Town of Forgan, Oklahoma**

**Independent Accountant's Report on  
Applying Agreed Upon Procedures**

**For the Year Ended June 30, 2012**

**PUTNAM & COMPANY, PLLC**  
**Certified Public Accountants**  
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**Independent Accountant's Report**  
**On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Forgan  
Forgan, Oklahoma

Trustees of the Forgan Public Works Authority  
Forgan, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

Rural Development Authority  
Woodward, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Forgan and Public Trust, Forgan, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Equipment Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Forgan Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis and budget laws of the State of Oklahoma.

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

Our 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 or provide 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 and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated below 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 Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2012. Management of the Town of Forgan 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 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 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 Forgan, as of, and for the fiscal year ended June 30, 2012:

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

**Findings:** No exceptions were noted as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund expenditures listing separately each federal program (see Exhibit 4) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

**Findings:** General Fund expenditures were within the budgeted amounts for the year ended June 30, 2012.

- Annual budgets were not prepared for the Town's Fire Equipment Fund and the Forgan Public Works Authority.

**Recommendation:** The Town should consider preparing budgets for all funds and related entities and closely monitor each budget on a monthly basis. The categories of each budgeted fund should be tracked in order to determine the remaining budget balances. Council should approve transfers between budgeted categories for each fund, as necessary. Budget supplements for Town funds should also be filed with the County Excise Board.

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:** We noted that bonus checks were written to some Town employees at year end. However, they remained outstanding for an extended period of time after the close of the fiscal year.

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

**Findings:** No exceptions were found as a result of applying the procedure.

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

**Findings:** No instances of non-compliance 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.

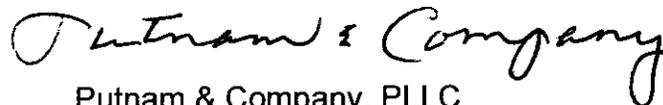
**Findings:** The Town should consider preparing formal budgets for its Fire Equipment Fund and the Forgan Public Works Authority in the future. No other instances of non-compliance were noted.

7. **Procedures Performed:** We compared the Town's account balances in reserve accounts with the contractually required balances for debt service coverage to report any noted instances of noncompliance.

**Findings:** No instances of non-compliance were noted.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Putnam & Company, PLLC  
January 6, 2014

**TOWN OF FORGAN, OKLAHOMA**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Fund Balance 06/30/11	Revenues	Disbursements	Fund Balance 06/30/12
<b>TOWN:</b>				
General Fund	\$42,732	252,223	270,923	24,032
Fire Equipment Fund	1,247	5,882	6,464	665
Meter Fund	10,588	2,000	1,100	11,488
Grant Fund #1	285	0	0	285
Grant Fund #2	337	49,999	49,999	337
Town Subtotal	<u>55,189</u>	<u>310,104</u>	<u>328,486</u>	<u>36,807</u>
<b>PUBLIC TRUST:</b>				
Enterprise Fund - Public Works Authority	234,221	199,420	190,052	243,589
FmHA Reserve of 1978	9,432	0	0	9,432
FmHA Reserve of 1990	4,704	0	0	4,704
Savings Fund	906	3	0	909
Public Trust Subtotal	<u>249,263</u>	<u>199,423</u>	<u>190,052</u>	<u>258,634</u>
Overall Totals	<u>\$304,452</u>	<u>509,527</u>	<u>518,538</u>	<u>295,441</u>

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**THE TOWN OF FORGAN, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND AND FIRE EQUIPMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General Fund			Fire Equipment Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES:</b>						
Taxes	\$17,882	20,625	2,743			0
Licenses and Permits	7,809	6,164	(1,645)			0
Intergovernmental	86,273	83,337	(4,936)			0
Charges for Service	45,057	50,026	4,969			0
Fines and Forfeitures	1,360	10,134	8,774			0
Interest	308	278	(30)			0
Grants		0	0			0
Miscellaneous	12,883	10,416	(2,467)		5,882	5,882
<b>Total Revenues</b>	<b>173,572</b>	<b>180,980</b>	<b>7,408</b>	<b>0</b>	<b>5,882</b>	<b>5,882</b>
<b>EXPENDITURES :</b>						
Personal Services	90,000	87,879	2,121			0
Maintenance and Operation	196,971	182,849	14,122	1,247	6,464	(5,217)
Capital Outlay	5,000	195	4,805			0
<b>Total Expenditures</b>	<b>291,971</b>	<b>270,923</b>	<b>21,048</b>	<b>1,247</b>	<b>6,464</b>	<b>(5,217)</b>
Revenues Over/(Under) Expenditures	(118,399)	(89,943)	28,456	(1,247)	(582)	665
<b>OTHER FINANCING SOURCES/(USES):</b>						
Deobligation of Prior Year Funds		0	0			0
Transfer from Public Works Authority	75,467	71,244	(4,223)			0
<b>Total Other Financing Sources/(Uses)</b>	<b>75,467</b>	<b>71,244</b>	<b>(4,223)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Revenues and Other Financing Sources/(Uses) Over/(Under) Expenditures	(42,932)	(18,699)	24,233	(1,247)	(582)	665
<b>Fund Balance, Beginning Balance</b>	<b>42,932</b>	<b>42,932</b>	<b>0</b>	<b>1,247</b>	<b>1,247</b>	<b>0</b>
<b>Fund Balance, Ending Balance</b>	<b>\$0</b>	<b>24,233</b>	<b>24,233</b>	<b>0</b>	<b>665</b>	<b>665</b>

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**FORGAN PUBLIC WORKS AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - - PROPRIETARY FUND TYPE - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2012**

## REVENUE:

## Charges for Service:

Water	\$136,137
Sewer	50,839
Penalties	3,451
Reconnect Fees	1,300
Meter Tampering Fines	50
Lagoon Fees	200
Interest	383
Miscellaneous	20
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Total Revenue	192,380

## EXPENDITURES:

Personal Services	49,814
Maintenance & Operation	115,520
Depreciation	8,938
Interest Expense	6,084
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Total Expenditures	180,356

Excess of Revenue Over (Under) Expenditures	<hr/> 12,024
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## OTHER FINANCING SOURCES (USES):

Deobligation of Prior Year Funds	7,040
Principal Retirement	(9,696)
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Total Other Financing Sources (Uses)	(2,656)

Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	9,368
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Fund Balance, Beginning of Year	<hr/> 234,221
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Fund Balance, End of Year	<hr/> <hr/> \$243,589
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See accompanying letter and notes to financial statements.

**TOWN OF FORGAN, OKLAHOMA  
 (INCLUDING THE FORGAN PUBLIC WORKS AUTHORITY)  
 SCHEDULE OF GRANT ACTIVITY - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012**

Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2011	Federal Receipts	Federal Expenditures	Cash/ Ending Balance at June 30, 2012
<u>Oklahoma Economic Development Authority</u>					
<u>OEDA/REAP Contract # 209-11</u>					
	\$49,999		49,999	49,999	0
	<u>\$49,999</u>	<u>0</u>	<u>49,999</u>	<u>49,999</u>	<u>0</u>
<b>Total Federal Assistance</b>					

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