

Town of Forgan, Oklahoma

Independent Accountant's Report on
Applying Agreed Upon Procedures

For the Year Ended June 30, 2013

PUTNAM & COMPANY, PLLC
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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, 2013 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, 2013. 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, 2013:

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 exceeded the authorized budgetary amounts for the year ended June 30, 2013.

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

Recommendation: Expenditures should never exceed the legal appropriations that have been established. 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: No exceptions were noted as a result of applying this procedure.

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 exceeded its legal budgetary appropriation for the General Fund. The Town's legal budget should be monitored on a monthly basis, and supplemental appropriations should be approved by the County Excise Board before expenditures in excess of the approved budget are ever incurred. The Town should also consider preparing formal budgets for its Fire Equipment Fund and the Forgan Public Works Authority.

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

Putnam & Company, PLLC
January 8, 2014

TOWN OF FORGAN, OKLAHOMA
STATEMENT OF CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013

	Fund Balance 06/30/12	Revenues	Disbursements	Fund Balance 06/30/13
TOWN:				
General Fund	\$24,032	289,588	264,052	49,568
Fire Equipment Fund	665	9,669	7,910	2,424
Meter Fund	11,488	2,550	2,427	11,611
Grant Fund #1	285	0	285	0
Grant Fund #2	420	35,679	36,099	0
Town Subtotal	<u>36,890</u>	<u>337,486</u>	<u>310,773</u>	<u>63,603</u>
PUBLIC TRUST:				
Enterprise Fund - Public Works Authority	243,589	196,384	176,320	263,653
FmHA Reserve of 1978	9,432	0	0	9,432
FmHA Reserve of 1990	4,704	0	0	4,704
Savings Fund	909	2	0	911
Public Trust Subtotal	<u>258,634</u>	<u>196,386</u>	<u>176,320</u>	<u>278,700</u>
Overall Totals	<u>\$295,524</u>	<u>533,872</u>	<u>487,093</u>	<u>342,303</u>

See Accountant's Report on Agreed Upon Procedures

**THE TOWN OF FORGAN, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND AND FIRE EQUIPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General Fund			Fire Equipment Fund		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:						
Taxes	\$18,562	17,659	(903)			0
Licenses and Permits	5,547	11,409	5,862			0
Intergovernmental	75,003	95,486	20,483			0
Charges for Service	45,024	54,083	9,059			0
Fines and Forfeitures	9,121	16,541	7,420			0
Interest	250	217	(33)			0
Grants			0			0
Miscellaneous	9,376	25,373	15,997		9,669	9,669
Total Revenues	162,883	220,768	57,885	0	9,669	9,669
EXPENDITURES :						
Personal Services	80,000	70,376	9,624			0
Maintenance and Operation	171,034	193,676	(22,642)	665	7,910	(7,245)
Capital Outlay			0			0
Total Expenditures	251,034	264,052	(13,018)	665	7,910	(7,245)
Revenues Over/(Under) Expenditures	(88,151)	(43,284)	44,867	(665)	1,759	2,424
OTHER FINANCING SOURCES/(USES):						
Deobligation of Prior Year Funds			0			0
Transfer from Public Works Authority	64,119	68,820	4,701			0
Total Other Financing Sources/(Uses)	64,119	68,820	4,701	0	0	0
Revenues and Other Financing Sources/(Uses) Over/(Under) Expenditures	(24,032)	25,536	49,568	(665)	1,759	2,424
Fund Balance, Beginning Balance	24,032	24,032	0	665	665	0
Fund Balance, Ending Balance	\$0	49,568	49,568	0	2,424	2,424

**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, 2013**

REVENUE:**Charges for Service:**

Water	\$138,640
Sewer	53,072
Penalties	3,676
Reconnect Fees	500
Meter Tampering Fines	50
Lagoon Fees	100
Interest	304
Miscellaneous	42
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Total Revenue	196,384
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EXPENDITURES:

Personal Services	46,234
Maintenance & Operation	105,367
Depreciation	8,939
Interest Expense	5,548
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Total Expenditures	166,088
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Excess of Revenue Over (Under) Expenditures	30,296
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OTHER FINANCING SOURCES (USES):

Deobligation of Prior Year Funds	
Principal Retirement	(10,232)
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Total Other Financing Sources (Uses)	(10,232)
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Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	20,064
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Fund Balance, Beginning of Year	243,589
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Fund Balance, End of Year	\$263,653
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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, 2013**

Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2012	Federal Receipts	Federal Expenditures	Cash/ Ending Balance at June 30, 2013
<u>Oklahoma Economic Development Authority</u>					
<u>OEDA/REAP Contract # 107-12</u>					
	\$49,999		35,679	35,679	0
	\$49,999	0	35,679	35,679	0
				35,679	0
				35,679	0
				35,679	0

Total Federal Assistance

See Accountant's Report on Agreed Upon Procedures