

**TOWN OF FREEDOM**

**WOODS COUNTY, OKLAHOMA**

**ACCOUNTANT'S REPORT  
AGREED UPON PROCEDURES**

**FISCAL YEAR ENDED**

**JUNE 30, 2012**

***WILLIAM K. GAUER***  
***CERTIFIED PUBLIC ACCOUNTANT***  
***WATONGA, OKLAHOMA***

**TOWN OF FREEDOM  
WOODS COUNTY, OKLAHOMA  
TOWN COUNCIL AND OFFICERS**

Ty Harper  
Randy Reed  
Rolando Galindo

Mayor  
Council  
Council

Cindy Reed

Town Clerk/Treasurer

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**WILLIAM K. GAUER**

*CERTIFIED PUBLIC ACCOUNTANT*

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURES THAT INCLUDES AN ACCOUNTANT'S COMPILATION REPORT ON  
ACCOMPANYING FINANCIAL STATEMENTS COMPILED BY THE ACCOUNTANT**

Independent Accountant's Report

To the Specified Users of the Report:

Town Board, Town of Freedom  
Freedom, Oklahoma

Trustees of the Freedom Municipal Authority  
Freedom, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

I have compiled the accompanying Summary of Changes in Fund Balances-Cash Basis of the Town of Freedom and Public Trusts, Example, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Public Works Authority-Cash Basis, and Schedule of Grant Activity-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 cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. I have not audited or reviewed the financial statements referred to above, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis described above.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and the requirements of Oklahoma Statutes and for designing, implementing, and maintain internal controls relevant to the preparation and fair presentation of the financial statements.

My 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 an assurance that there are no material modifications that should be made to the financial statements.

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
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Town of Freedom and Public Trust

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Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with 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, I 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 Freedom 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. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I 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 Freedom** 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 accompanying Exhibit A) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** None

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

**Findings:** None

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:** None

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
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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:** None

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

**Findings:** None

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:** None

7. **Procedures Performed:** We compared 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:** None

As to the **Freedom Municipal Authority**, as of and for the fiscal year ended June 30, 2012:

**1. Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit C) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

**Findings:** None

**2. Procedures Performed:** We agreed 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:** None

**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:** None

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURES THAT INCLUDES AN ACCOUNTANT'S COMPILATION REPORT ON  
ACCOMPANYING FINANCIAL STATEMENTS COMPILED BY THE ACCOUNTANT  
(Continued)**

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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:** None

**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 of noncompliance.

**Findings:** None

**6. Procedures Performed:** We compared 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:** None

As to the **Town of Freedom and Municipal Authority Grant Programs**, as of and for the fiscal year ended June 30, 2012:

**1. Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit D) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

**Findings:** Grant schedule of activity needs to include CFDA and other identifying contract numbers or information.

I was 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 I performed additional procedures, other matters might have come to my 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.

  
January 31, 2013

**Exhibit A**  
Town of Freedom  
Summary of Changes in Fund Balances-Cash Basis  
For the Fiscal Year Ended June 30, 2012

	Beginning of	Current		End of
	Year	Year Change	Year Change	Year
	Fund Balances	Increases	Decreases	Fund Balances
<b>TOWN:</b>				
General Fund:				
Checking	\$ 488	\$ 103,583	\$ 71,735	\$ 32,336
Savings	2,257	23	-	2,281
Certificate of Deposits	10,574	-	74	10,500
Total General Fund	12,831	23	74	45,117
Fire Fund:				
Checking	23,724	39,060	48,765	14,019
Savings	20,431	13,308	-	33,739
4th of July Fund	44,155	52,368	48,765	47,758
Proprietary Fund (Ambulance)	801	1,751	2,026	525
RV Park	11,332	36,306	33,454	14,185
Airport Fund	1,921	28,482	9,933	20,471
Ambulance Grant	1,524	9	-	1,533
Grant Fund	53	12,697	12,750	-
Town Subtotal	3,260	15,836	14,370	4,725
Town Subtotal	75,877	147,472	121,371	134,314
<b>MUNICIPAL AUTHORITY:</b>				
Utilities Fund	(6,678)	216,665	206,323	3,664
Utilities Fund - CDs	20,000	-	10,000	10,000
Property and Equipment Fund	51,475	-	-	51,475
Gas Deposit Fund	5,988	1,038	300	6,727
Water Deposit Fund	4,518	930	396	5,052
MA Subtotal	75,303	218,633	217,019	76,918
Overall Totals	\$ 151,180	\$ 366,105	\$ 338,390	\$ 211,231

**Exhibit B**  
**Town of Freedom**  
 Budgetary Comparison Schedule General Fund - Cash Basis  
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 13,455	\$ 13,455	\$ 13,615	\$ 161
<b>Resources (Inflows):</b>				
<b>Taxes:</b>				
Franchise Tax	6,108	6,108	6,785	677
Sales Tax	25,951	25,951	61,177	35,227
Tobacco Tax	390	390	1,221	831
Total Taxes	32,449	32,449	69,184	36,735
<b>Intergovernmental:</b>				
Motor Vehicle Tax	-	-	-	-
Alcoholic Beverage Tax	5,873	5,873	7,453	1,580
Gas Tax	-	-	775	775
Grants	-	-	12,556	12,556
<b>Investment Income</b>	81	81	116	35
<b>Miscellaneous Income</b>	-	-	13,500	13,500
<b>Other Financing Sources:</b>				
Transfer from Other Funds	20,000	20,000	-	(20,000)
<b>Amounts available for appropriations</b>	71,858	71,858	117,199	45,341
<b>General Government:</b>				
Personal Services	5,000	5,000	4,800	(200)
Maintenance and Operations	67,019	67,019	67,282	263
Contractual Services	-	-	-	-
Capital Outlay	-	-	-	-
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	72,019	72,019	72,082	63
<b>Ending Budgetary Fund Balance</b>	<u>(161.36)</u>	<u>\$ (161)</u>	<u>\$ 45,117</u>	<u>\$ 45,278</u>

**Exhibit C**  
**Freedom Municipal Authority**  
**Statement of Receipts and Disbursements - Cash Basis**  
**For the Fiscal Year Ended June 30, 2012**

	Actual Amounts
<b>Gross Revenues</b>	
Gas Sales	\$ 91,000
Water	62,068
Sewer	9,960
Garbage	43,369
Other	50
<b>Total Gross Revenue</b>	<b>206,447</b>
<b>Operating Expenses</b>	
Personnel Services:	
Wages and Salaries	46,225
Taxes - Payroll	3,867
<b>Total Personnel Services</b>	<b>50,092</b>
Maintenance and Operations:	
Annual Fees	5,275
Conference and meetings	-
Dues and subscriptions	290
Insurance	5,700
Operations	939
Postage	-
Penalties	-
Printing and copying	-
Returned Items	270
Supplies	9,823
Utilities	-
<b>Total Maintenance and Operations</b>	<b>22,297</b>
Contact Services:	
Accounting Fees	1,780
Legal Fees	550
Contract - Gas Purchases	39,164
Contract - Water Purchases	43,468
Contract - Trash Removal	43,705
Contract - Other	4,232
<b>Total Contract Services</b>	<b>132,899</b>
<b>Total Operating Expense/Disbursements</b>	<b>205,288</b>
<b>Net Operating Revenue</b>	<b>1,159</b>
Other Income (Expenses)	
Interest Income	218
Interest Expense	-
Transfer from Other Funds	-
<b>Other Income</b>	<b>218</b>
<b>Net Revenue</b>	<b>\$ 1,377</b>

Town of Freedom  
Woods County, Oklahoma  
Schedule of Grant Awards,  
Revenues and Expenditures - Cash Basis  
For Year Ended June 30, 2012

Grant Description	Contract Number	Grant Award	Revenue Collected	Total Expenditures
State of Oklahoma Ambulance		13,500	13,500	13,500
		13,500	13,500	13,500
OEDA-REAP Grant Building For Fire Department	11-211	50,000	50,000	50,000
		50,000	50,000	50,000
Department of Agriculture Fire Dept Operations Grant	Fire Department	4,413	4,413	0
		4,413	4,413	0
<b>Total</b>		<b>\$67,913</b>	<b>\$67,913</b>	<b>\$63,500</b>