Town of Oakland

Independent Accountant's Compilation Report and Report on Agreed Upon Procedures

Year Ended June 30, 2012

HBC CPAs & Advisors

Town of Oakland, Oklahoma
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June 30, 2012

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HBC CPAs & Advisors

Independent Accountant's Compilation Report and Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Council, Town of Oakland
Oakland, Oklahoma

Trustees of the Oakland Public Works Authority
Oakland, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance- Cash Basis (Exhibit A) of the Town of Oakland, Oklahoma and Oakland Public Works Authority as of June 30, 2012, and the related Budgetary Comparison Schedule of General Fund – Cash Basis (Exhibit B). These financial statements have been prepared on the basis of accounting prescribed by the 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. 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 cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of 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 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 of Oakland and Oakland Public Works Authority's assets, liabilities, fund balances, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying statements were prepared for the purpose of complying with financial accountability requirements as prescribed by Oklahoma Statutes Title 11 – 17(105-107) and Title 60 – 180.1-.3 and are not intended to be a complete presentation of the Town of Oakland's assets, liabilities, revenues, expenses and changes in fund balances.

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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 of Oakland and Oakland Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes Title 11 – 17 (105-107) evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2012. Management of the Town of Oakland 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, 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 Oakland** 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: *No exceptions noted.*

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: *No exceptions 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 exceptions noted.*

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: *At June 30, 2012, the Town of Oakland had cash balances of $258,325 which the FDIC insures $250,000 of that amount. The Town of Oakland is underinsured by $8,325 as of June 30, 2012.*

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

   Finding: *According to state law, the Town of Oakland is required to transfer 12.5% of cemetery lot sales to a cemetery care fund. The Town transferred $383 on June 29, 2012 for lot sales occurring in fiscal year ending June 30, 2012. As of November 27, 2012 no other transfers occurred for June 30, 2012. That amount transferred is 3.74% of the lot sales for the period stated.*

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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 exceptions noted.*

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: *No exceptions noted.*

As to the **Oakland Public Works 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 A) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

   Findings: *No exceptions noted.*

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: *No exceptions noted.*

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: *See number four on the Town of Oakland findings.*

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 exceptions 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 of noncompliance.

   Findings: *No exceptions noted.*

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.

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Finding: According to a loan covenant with Rural Economic and Community Development, the Town of Oakland is required to transfer $50 per month to a debt reserve fund until reaching a balance of $5,724. In the fiscal year ended June 30, 2012, the Town did not make any deposits into the debt reserve fund. The loan related to the covenant was paid off March 13, 2012; therefore transfer requirements were not required after that date. The ending balance of this account at June 30, 2012 was $1,912.

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.

HBC CPAs & Advisors

HBC CPAs & Advisors
December 17, 2012

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Exhibit A

Town of Oakland
Summary of Changes in Fund Balances
Year Ended June 30, 2012

	Fund Balances Cash Basis Beginning	Revenue	Expenditures	Fund Balances Cash Basis Ending
CITY:				
General	$ 76,345	$ 65,455	$ 70,918	$ 70,882
Fire	1,333	5,314	6,000	647
Cemetery	55,807	16,281	12,469	59,619
Grant Fund	14,000	16,237	24,017	6,220
Street and Alley	25,586	10,697	4,986	31,297
City Subtotal:	$ 173,071	$ 113,984	$ 118,390	$ 168,665
PUBLIC WORKS:				
Revenue	$ 116,606	$ 263,004	$ 294,681	$ 84,929
Utility Deposits	37,741	6,100	1,751	42,090
Debt Reserve	1,912	-	-	1,912
Water Project	3,015	-	-	3,015
PWA Subtotal:	$ 159,274	$ 269,104	$ 296,432	$ 131,946

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Exhibit B

Town of Oakland
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Beginning Budgetary Fund Balance:	$ 76,345	$ 76,345	$ 76,345	$ -
Resources (Inflows):				
Revenues				
Sales Tax	43,500	43,500	37,819	(5,681)
Alcohol Beverage Tax	6,500	6,500	9,085	2,585
Franchise Taxes	20,000	20,000	17,989	(2,011)
Tobacco Tax	500	500	507	7
Grant Income	-	-		-
Miscellaneous	500	500	55	(445)
Transfers	-	-	-	-
Total Inflows	71,000	71,000	65,455	(5,545)
Charges to Appropriations (Outflows):				
General Government	81,000	81,000	70,918	10,082
Total Outflows	81,000	81,000	70,918	10,082
Ending Budgetary Fund Balance:	$ 66,345	$ 66,345	$ 70,882	$ 4,537

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