Agreed Upon Procedures

Town of Apache

Caddo County, Oklahoma

For Year Ending June 30, 2011

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TOWN OF APACHE

June 30, 2011

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Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Council, Town of Apache
Apache, Oklahoma

Trustees of the Apache Public Works Authority
Apache, Oklahoma

Trustees of the Apache Economic Development Authority
Apache, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances-Modified Cash Basis of the Town of Apache and Public Trusts, Apache, Oklahoma as of June 30, 2011 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Street & Alley Fund-Modified Cash Basis, Budgetary Comparison Schedule of Apache Ambulance Special Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Apache Public Works Authority and Apache Economic Development Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2011. 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 cost 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 on 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, Public Works Authority and Economic Development 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, 2011. Management of the Town of Apache 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 Apache** as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying 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 found 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 and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Towns total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

   Findings: Expenditures exceeded total appropriations in two funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2011.
   - In the General Fund, the transfer budget was overspent $59,566. The total budget was not overspent.
   - In the Fire Department Fund, the personal service budget was overspent by $1,030. The total budget was not overspent.

- In the Ambulance Special Fund, the maintenance & operations budget was overspent by $195,302. The total budget was overspent by the same.
- In the Library Fund, the maintenance & operations budget was overspent by $7,319. The total budget was overspent $4,870.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by 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 found as a result of applying the procedure.

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 and Public Works Authority lacked sufficient collateral at the end of the year to cover all cash and investments held in the Chickasha Bank and Trust Company. The Town appears to be under collateralized by $32,920.

   Recommendation: The Town should periodically review the sum of all accounts and investments held in each bank they use to ensure they have not exceeded the FDIC coverage of $250,000 per official custodian. If so, additional collateral must be obtained from the bank to cover the excess.

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

   Finding: The Town failed to transfer the required 12.5%, $65 based on total sales, of lot sales and interments into the Cemetery Care fund for the year. The Town also failed to correct last year's shortage of $758, making the total required transfer that needs to be made into Cemetery Care $823.

   Recommendation: The Town is required to transfer 12.5% of all lot and interment sales into the Cemetery Care fund for the purposes of purchasing cemetery land and for cemetery capital improvements. Interest from the investment of the 12.5% may be use for cemetery maintenance and operations.

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 is depositing Lot Sales into its Cemetery Perpetual Care Fund and then transferring 30% into the Lot Sales Fund which is their designated Cemetery Care Fund. While the transfers into Lot Sales Fund meet the requirements of that Fund, the use of the Perpetual Care Fund do not comply with the restrictions of this fund. Unless the town can research the portion of the Perpetual Care Fund that was originally bequeathed to start the Fund, all funds in the account are considered restricted and only the interest from this date forward can be transferred out for use.

Recommendation: The Town needs to understand the purpose and restrictions of the Cemetery Care and Perpetual Care fund in order to ensure they are being utilized correctly.

- Cemetery Care Fund – 12.5% of revenue from lot sales and interments from municipally owned cemeteries shall be segregated in a permanent fund entitled "Cemetery Care Fund" and the principal of the fund restricted to purchasing cemetery land or making cemetery capital improvements. Interest may be used for the same purpose or for cemetery care and maintenance.
- Cemetery Perpetual Care Fund – A trust fund required for donations or bequests made for special care to specific lots, monuments or mausoleums. Only the interest from investment of principal may be used, unless otherwise specified by the donor. These funds often involve district courts or trustees.

Findings: The Town's Library has been maintaining its own bank account, receiving revenue and paying its own expenditures. There was no financial information given to the Town board during the year. The Library did not appear to be aware of the budgeting statutes or the amount budgeted by the Town at the beginning of the year.

Recommendation: As a department within the Town, the Library is required to follow state statutes regarding record keeping and budgeting:

- The Town's Clerk and Treasurer are the only persons who should have access to bank statements.
- Only the Treasurer and a board member may sign checks.
- Checks can only be issued by the Town's Clerk.
- All employees should follow the Town's procedures for purchasing, which require requisitions and PO's, issued by the Town Clerk, in order to ensure funds are not over budget and that the Town is accounting for all expenditures.
- All revenue has to be deposited timely and recorded by the Town Clerk as part of the Town's records.
- The Library is required to follow budgeting statutes like all other funds. The library may only expend the funds stated in its budget. If it exceeds this amount, additional appropriations must be requested.
- The Library's financials are required to be presented to the Board monthly as part of the Towns overall presentation.

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: The Town has no required reserves, this procedure was not performed.

As to the **Apache Public Works Authority and Economic Development Authority,** as of and for the fiscal year ended June 30, 2011:

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 3) 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 were found as a result of applying the procedure.

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 were found as a result of applying the procedure.

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 the finding for the Town, procedure number 4.

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 were found as a result of applying the procedure.

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 were found as a result of applying the procedure.

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: The Authorities have no required reserves, this procedure was not performed.

As to the **Town of Apache and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2011:

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 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

   Findings: The library received a State Aide grant during the year and failed to provide the town with documentation of the grant or expenditures for the grant. There is not enough information, based on what was provided, to assess whether the town met all of the criteria for the grant.

   Recommendation: The Town is required to maintain information on all grants received in the cities name and should be monitoring all grants received by its departments. It should obtain copies of all grant agreements and any additional paperwork necessary so that it can verify each department is complying with the specific requirements of each grant.

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.

Angel, Johnston & Blasingame PC

Angel, Johnston and Blasingame, P.C.
September 13, 2011

Exhibit 1

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-CASH BASIS
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	Beginning of Year Fund Balances	Current Year Receipts	Current Year Disbursements	End of Year Fund Balance
TOWN				
General Fund	$ 32,619	$ 638,015	$ 587,927	$ 82,708
Street & Alley Fund	102,112	34,130	22,935	113,307
Fire Department Fund	4,184	14,436	8,611	10,009
Cemetery Maintenance Fund	32,433	6,384	18,400	20,418
Cemetery Lot Sales Fund	23,321	240	-	23,561
Cemetery Perpetual Care Fund	23,337	603	-	23,940
Ambulance Special Fund	12,802	218,986	208,104	23,684
Apache Public Library	1,886	21,711	17,955	5,641
Police Department	100	4,500	4,018	582
Town Subtotal	232,793	939,005	867,951	303,848
PUBLIC WORKS AUTHORITY				
APWA Operations Fund	364,255	534,476	517,722	381,010
Solid Waste Management Fund	1,500	160,391	159,690	2,201
Grant Special Fund	605	-	-	605
APWA Subtotal	366,361	694,867	677,412	383,816
ECONOMIC DEVELOPMENT AUTHORITY				
EDA Fund	35,511	17,921	50,939	2,493
AEDA Subtotal	35,511	17,921	50,939	2,493
Overall Totals	$ 634,665	$ 1,651,793	$ 1,596,302	$ 690,156

See Independent Accountant's Report

Exhibit 2

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

BUDGETARY COMPARISON SCHEDULE-CASH BASIS
GENERAL FUND
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Beginning Budgetary Fund Balance	$ 30,229	$ 30,229	$ 32,619	$ (2,390)
Charges for Services:				
Permit fees	270	615	615	-
Grave openings	5,085	4,450	4,450	-
Total Charges for Services	5,355	5,065	5,065	-
Intergovernmental-Local:				
Franchise tax	28,690	39,550	39,550	-
Police Fines	15,782	21,000	5,046	15,954
PILOT	-	3,946	3,946	-
Total Intergovernmental-Local	44,472	64,496	48,542	15,954
Intergovernmental-State:				
Sales tax	246,718	295,052	295,052	-
Use tax	17,017	14,707	14,707	-
Alcohol beverage tax	12,615	14,504	14,504	-
Tobacco tax	3,522	4,142	4,142	-
Gas Excise Tax	-	-	-	-
Total Intergovernmental-State	279,872	328,405	328,405	-
Intergovernmental - Federal:				
FEMA	-	49,857	49,857	-
Miscellaneous Revenue:				
Interest	377	293	293	-
Rental	6,890	6,985	7,385	(400)
Sale of Property	-	2,708	2,708	-
Royalty	1,489	1,500	1,500	-
Insurance reimbursement	11,751	3,469	3,469	-
Rural Fire Runs	19,170	15,300	-	15,300
Agency commissions	2,195	2,195	2,659	(464)
Donations	180	-	-	-
Ambulance	1,657	-	15,300	(15,300)
Miscellaneous	-	3,157	3,081	76
Total Miscellaneous Revenue	43,709	35,607	36,395	(788)
Non-Revenue Receipts:				
Transfers from other funds	102,421	138,751	169,751	(31,000)
Amounts available for appropriation	506,059	652,410	670,634	(18,224)
Charges to Appropriations:				
Personal Services	350,000	380,000	347,512	32,488
Maintenance & Operations	120,000	150,000	111,976	38,024
Capital Outlay	11,059	51,059	43,872	7,187
Debt Service	-	-	-	-
Total Other	481,059	581,059	503,361	77,698
Other Financing Uses:				
Transfers to other funds	25,000	25,000	84,566	(59,566)
Total Charges to Appropriations	506,059	606,059	587,927	18,132
Unallocated	-	46,351	-	46,351
Ending Budgetary Fund Balance	$ -	$ 0	$ 82,708	$ (82,707)

See Independent Accountant's Report

Exhibit 2

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

BUDGETARY COMPARISON SCHEDULE-CASH BASIS
STREET & ALLEY FUND
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	$ 102,112	$ 102,112	$ 102,112	$ -
Revenues	-	-	22,130	22,130
Non-Revenue Receipts:				
Transfers from other funds	-	-	12,000	12,000
Amounts available for appropriation	102,112	102,112	136,242	34,130
Charges to Appropriations:				
Personal Services	5,000	5,000	-	5,000
Maintenance & Operations	40,000	40,000	12,935	27,065
Capital Outlay	47,112	47,112	-	47,112
Debt Service	-	-	-	-
Total Other	92,112	92,112	12,935	79,176
Other Financing Uses:				
Transfers to other funds	10,000	10,000	10,000	-
Total Charges to Appropriations	102,112	102,112	22,935	79,176
Ending Budgetary Fund Balance	$ -	$ -	$ 113,307	$ (113,307)

See Independent Accountant's Report

Exhibit 2

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

BUDGETARY COMPARISON SCHEDULE-CASH BASIS
AMBULANCE SPECIAL FUND
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Beginning Budgetary Fund Balance:	$ 12,802	$ 12,802	$ 12,802	$ -
Revenues	-	-	218,986	218,986
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	12,802	12,802	231,788	218,986
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	12,802	12,802	208,104	(195,302)
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Other	12,802	12,802	208,104	(195,302)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	12,802	12,802	208,104	(195,302)
Ending Budgetary Fund Balance	$ -	$ -	$ 23,684	$ (23,684)

See Independent Accountant's Report

Exhibit 3

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-CASH BASIS
APACHE PUBLIC WORKS AUTHORITY
APACHE ECONOMIC DEVELOPMENT AUTHORITY
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	Apache Public Works Authority	Apache Economic Dev Authority
Operating Revenues:		
Charges for services:		
Water	$ 211,127	$ -
Sewer	124,092	-
Solid waste	183,029	-
Water machine	1,047	-
Late charges	9,544	-
Miscellaneous	2,872	446.00
Total Operating Revenue	531,711	446.00
Operating Expenses:		
Personal Services	93,551	-
Maintenance and Operations	97,652	-
Landfill Payments	159,690	-
Total Operating Expenses	350,893	-
Operating Income (Loss)	180,818	446.00
Non-Operating Revenues (Expenses):		
Investment income	2,765	-
Donations	-	1,627.11
Grants	-	15,848.00
Capital outlay	(34,129)	(50,939.20)
Grant expenses	-	-
Total Non-Operating Revenues (Expenses)	(31,363)	(33,464.09)
Net Income (Loss) Before Contributions and Transfers	149,455	(33,018.09)
Transfers in	160,391	-
Transfers out	(292,391)	-
Changes in Fund Balance	17,455	(33,018.09)
Fund Balance - beginning	366,361	35,510.73
Fund Balance - ending	$ 383,816	$ 2,492.64

Exhibit 4

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

SCHEDULE OF GRANT ACTIVITY-CASH BASIS
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	Award Amount	Prior Year(s) Receipts	Prior Year(s) Disbursements	Beginning of Year Unexpended Grant Funds	Current Year Receipts	Current Year Disbursements	End of Year Unexpended Grant Funds
TOWN:							
Department of Agriculture - Operational Fire Grant-2011	$ 4,398	$ -	$ -	$ -	$ 4,398	$ 4,398	$ -
OK Department of Commerce - 14145 CDBG-93	100,000	-	-	-	-	-	-
Department of Libraries State Aide Grant	4,032	-	-	-	4,032	4,032	-
Research Grant	2,000	-	-	-	2,000	2,000	-
FEMA CDFA 97.036 Ice Storm Grants	77,296	-	77,296	(77,296)	56,884	-	(20,412)
Association of South Central OK Apache-112253	45,000	-	-	-	-	-	-
Town Subtotal	232,726	-	77,296	(77,296)	67,314	10,430	(20,412)
PUBLIC WORKS AUTHORITY:							
No Activity in Current Year							
PWA Subtotal	-	-	-	-	-	-	-
ECONOMIC DEVELOPMENT AUTHORITY:							
No Activity in Current Year							
EDA Subtotal	-	-	-	-	-	-	-
Overall Totals	$ 232,726	$ -	$ 77,296	$ (77,296)	$ 67,314	$ 10,430	$ (20,412)

See Independent Accountant's Report