

Agreed Upon Procedures

Town of Cement

Caddo County, Oklahoma
Year Ending June 30, 2011

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TOWN OF CEMENT

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 Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, 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 Cement and Public Trust, Cement, Oklahoma as of June 30, 2011 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works 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 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, 2011. Management of the Town of Cement 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 Cement** 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 Town's 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 one fund. 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 personal service budget was overspent \$8,587, the maintenance & operations budget was overspent \$9,470 and the transfer's budget was overspent by \$22,697. The total budget for the General Fund was overspent \$24,392.

- ✚ In the Capital Improvement Fund, the capital outlay budget was overspent by \$1,077. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the transfer's budget was overspent by \$5,734. The total budget was not overspent.

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: 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: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$1,069 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

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 were found as a result of applying the procedure.

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 reserve requirement, this procedure was not performed.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 22,571	\$ 22,571	\$ 22,571	\$ -
Revenues	-	5,418	2,568	2,850
Non-Revenue Receipts:				
Transfers from other funds	-	18,313	21,313	(3,000)
Amounts available for appropriation	22,571	46,301	46,451	(150)
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	12,771	36,501	16,518	19,983
Capital Outlay	-	-	-	-
Debt Service	3,300	3,300	1,900	1,400
Total Other	16,071	39,801	18,418	21,383
Other Financing Uses:				
Transfers to other funds	6,500	6,500	6,495	5
Total Charges to Appropriations	22,571	46,301	24,913	21,389
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 21,539	\$ (21,539)

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 9,863	\$ 9,863	\$ 9,863	\$ -
Revenues	-	18,039	20,889	(2,850)
Non-Revenue Receipts:				
Transfers from other funds	-	-		-
Amounts available for appropriation	9,863	27,902	30,752	(2,850)
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	2,000	20,039	4,908	15,131
Capital Outlay	7,863	7,863	-	7,863
Debt Service	-	-	-	-
Total Other	9,863	27,902	4,908	22,994
Other Financing Uses:				
Transfers to other funds	-	-	5,734	(5,734)
Total Charges to Appropriations	9,863	27,902	10,642	17,261
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 20,111	\$ (20,111)

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

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

Operating Revenues:	
Charges for services:	
Water Revenues	\$ 100,795.75
Sewer Revenues	39,097.69
Solid Waste Revenues	75,411.90
Penalties and Reconnect	10,008.60
Miscellaneous	1,025.54
Total Operating Revenue	<u>226,339.48</u>
Operating Expenses:	
Personal Services	47,469.60
Maintenance & Operations	
Water	83,278.70
Sewer	42,692.41
Sanitation	63,408.07
Total Operating Expenses	<u>236,848.78</u>
Operating Income (Loss)	<u>(10,509.30)</u>
Non-Operating Revenues (Expenses):	
Investment income	44.56
Miscellaneous income	
Grant revenue	98,689.88
Grant expenses	(78,845.00)
Capital outlay	-
Total Non-Operating Revenues (Expenses)	<u>19,889.44</u>
Net Income (Loss) Before Contributions and Transfers	9,380.14
Capital contributions	
Transfers in	-
Transfers out	<u>-</u>
Changes in Fund Balance	9,380.14
Fund Balance - beginning	<u>27,302.89</u>
Fund Balance - ending***	<u>\$ 36,683.03</u>

*** Balance does not include the Meter Deposit Fund

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED 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 Grants 2011	\$ 4,398	-	-	\$ -	4,398	4,398	\$ -
FEMA - CFDA 97.036 - Storm Grants	20,242	2,855	20,242	(17,387)	14,495	-	(2,892)
Town Subtotal	<u>24,640</u>	<u>2,855</u>	<u>20,242</u>	<u>(17,387)</u>	<u>18,893</u>	<u>4,398</u>	<u>(2,892)</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-05	20,000	19,129	19,129	-	-	-	-
REAP-Cement-09	60,000	790	790	-	59,209	59,209	-
REAP-Cement-102256	45,000	-	-	-	19,636	19,636	-
FEMA - CFDA 97.036 - Storm Grants	14,339	-	8,219	(8,219)	7,045	-	(1,174)
Oklahoma Department of Commerce 13783 CDBG 09	12,800	-	-	-	12,800	-	12,800
PWA Subtotal	<u>152,139</u>	<u>19,919</u>	<u>28,138</u>	<u>(8,219)</u>	<u>98,690</u>	<u>78,845</u>	<u>11,626</u>
Overall Totals	<u>\$ 176,779</u>	<u>\$ 22,774</u>	<u>\$ 48,380</u>	<u>\$ (25,606)</u>	<u>\$ 117,583</u>	<u>\$ 83,243</u>	<u>\$ 8,734</u>