Agreed Upon Procedures

Town of Gracemont

Caddo County, Oklahoma
Year Ending June 30, 2011

NOV 03 2011

RECEIPT # 167198

TOWN OF GRACEMONT

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 Gracemont
Gracemont, Oklahoma

Trustees of the Gracemont Public Works Authority
Gracemont, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Gracemont and Public Trust, Gracemont, 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, Statement of Revenues, Expenses and Changes in Fund Balance of Gracemont 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 Gracemont 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 Gracemont** 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 three 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 personal service budget was overspent $140, the maintenance & operations budget was overspent $8,142 and the capital outlay budget was overspent by $9,414. The total budget for the General Fund was overspent $1,307.
   - In the Fire Department Fund, the personal service budget was overspent by $760, the maintenance & operations budget was overspent by $1,506, and the transfer budget was overspent by $100. The total budget was not overspent.

- In the Park Fund, the maintenance & operations budget was overspent by $440. The total budget was not overspent.
- In the Municipal Fund, the maintenance & operations budget was overspent by $2,733. The total budget was overspent by the same.
- In the Police Fund, the maintenance & operations budget was overspent by $2,000. The total budget was overspent by the same.

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 for revenue received in special funds or transfers between funds 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 failed to make all required transfers of sales tax to the fire department as required by ordinance. The Town is required to restrict 1% of the 4% sales tax rate for Fire Department expenditures. The Town should have transferred $15,152 to the Fire Department Fund. Only $12,558 was actually transferred, therefore they were short for the year by $2,594.

   Recommendation: The Town should closely monitor the sales tax received from the state and make sure that the required transfer into the Fire Department Fund is made as the revenue is received. Periodic review of the total received and the transfer made will ensure that no errors have occurred.

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: No exceptions were found as a result of applying the procedure.

As to the **Gracemont Public Works 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: No exceptions were found as a result of applying the procedure.

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: The Agreed-upon Procedure report issued April 29, 2011, noted that the balance of the meter deposit fund was short $86 based on the compiled list of depositors. As of June 30, 2011 the Town had not made the required transfer to bring the meter deposit up to a balance sufficient to cover all depositors. However, the required transfer was made in August, 2011 to correct this comment.

   Recommendation: The Town should closely monitor the meter deposit account to ensure that there is a sufficient balance in the account to cover all depositors as required by law. This requires having an up to date record of all depositors on hand and reconciling it periodically to the bank account.

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: No exceptions were found as a result of applying the procedure.

As to the **Town of Gracemont 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: No exceptions were found as a result of applying the procedure.

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 P.C.

Angel, Johnston and Blasingame, P.C.
October 24, 2011

Exhibit 1

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED 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	$ 15,667	$ 140,128	$ 149,836	$ 5,958
Street & Alley Fund	4,771	3,007	3,919	3,859
Fire Department Fund	33,225	27,129	20,591	39,763
Park Fund	3,862	564	3,342	1,084
Municipal Court Fund	1,385	3,257	4,118	525
Rodeo Fund	2,169	23	0	2,192
Grant Fund	1	0	0	1
Skate Park Fund	1,953	20	0	1,973
Police Fund	1,472	4,993	3,472	2,993
Town Subtotal	64,505	179,121	185,279	58,347
PUBLIC TRUST:				
GPWA Operating Fund	27,441	130,317	136,397	21,361
GPWA Meter Deposit Fund	890	796	0	1,686
GPWA Reserve Fund	4,795	36	0	4,831
Public Trust Subtotal	33,126	131,149	136,397	27,878
Overall Totals	$ 97,631	$ 310,270	$ 321,676	$ 86,225

See Independent Accountant's Report

Exhibit 2

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED 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:	$ 29,551.00	$ 29,551.00	$ 15,666.64	$ 13,884.36
Charges for Services:				
Permit fees	-	-	324.79	(324.79)
Total Charges for Services	-	-	324.79	(324.79)
Intergovernmental-Local:				
Franchise tax	2,357.21	2,357.21	6,529.09	(4,171.88)
Police Fines	-	-	20,078.99	(20,078.99)
Total Intergovernmental-Local	2,357.21	2,357.21	26,608.08	(24,250.87)
Intergovernmental-State:				
Sales tax	50,310.22	50,310.22	60,609.53	(10,299.31)
Use tax	2,388.93	2,388.93	3,751.08	(1,362.15)
Alcohol beverage tax	1,081.29	1,081.29	2,326.01	(1,244.72)
Tobacco tax	723.98	723.98	871.95	(147.97)
Total Intergovernmental-State	54,504.42	54,504.42	67,558.57	(13,054.15)
Intergovernmental-State:				
Federal Grants	-	-	-	-
Total Intergovernmental-State	-	-	-	-
Miscellaneous Revenue:				
Interest	129.29	129.29	139.44	(10.15)
Sale of Property	-	-	1,300.00	(1,300.00)
Royalty	-	-	2,743.77	(2,743.77)
Donation	-	-	1,050.00	(1,050.00)
Marquee/Copy Revenue	-	-	945.93	(945.93)
Miscellaneous	61,987.10	61,987.10	3,215.36	58,771.74
Total Miscellaneous Revenue	62,116.39	62,116.39	9,394.50	52,721.89
Non-Revenue Receipts:				
Transfers from other funds	-	-	36,241.74	(36,241.74)
Amounts available for appropriation	148,529.02	148,529.02	155,794.32	(7,265.30)
Charges to Appropriations:				
Personal Services	99,510.14	99,510.14	99,650.55	(140.41)
Maintenance & Operations	19,716.35	19,716.35	34,402.12	(14,685.77)
Capital Outlay	29,302.53	29,302.53	6,369.47	22,933.06
Debt Service	-	-		-
Total Other	148,529.02	148,529.02	140,422.14	8,106.88
Other Financing Uses:				
Transfers to other funds	-	-	9,414.34	(9,414.34)
Total Charges to Appropriations	148,529.02	148,529.02	149,836.48	(1,307.46)
Ending Budgetary Fund Balance	$ -	$ -	$ 5,957.84	$ (5,957.84)

See Independent Accountant's Report

Exhibit 2

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Beginning Budgetary Fund Balance:	$ 33,225.19	$ 33,225.19	$ 33,225.29	$ (0.10)
Revenues	-	-	27,128.78	(27,128.78)
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	33,225.19	33,225.19	60,354.07	(27,128.88)
Charges to Appropriations:				
Personal Services	2,000.00	2,000.00	2,759.75	(759.75)
Maintenance & Operations	16,225.19	16,225.19	17,731.05	(1,505.86)
Capital Outlay	15,000.00	15,000.00	-	15,000.00
Debt Service				-
Total Other	33,225.19	33,225.19	20,490.80	12,734.39
Other Financing Uses:				
Transfers to other funds	-	-	100.00	(100.00)
Total Charges to Appropriations	33,225.19	33,225.19	20,590.80	12,634.39
Ending Budgetary Fund Balance	$ -	$ -	$ 39,763.27	$ (39,763.37)

Exhibit 3

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

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

Operating Revenues:	
Charges for services:	
Utility Revenues	$ 129,557
Total Operating Revenue	129,557
Operating Expenses:	
Personal Services	3,754
Maintenance & Operations	83,796
Other	
Total Operating Expenses	87,550
Operating Income (Loss)	42,007
Non-Operating Revenues (Expenses):	
Investment income	327
Grants	
Restitution	740
Sale of Assets	
Capital outlay	(12,000)
Total Non-Operating Revenues (Expenses)	(10,933)
Net Income (Loss) Before Contributions and Transfers	31,074
Capital contributions	
Transfers in	525
Transfers out	(36,847)
Changes In Fund Balance	(5,248)
Fund Balance - beginning	33,126
Fund Balance - ending	$ 27,878

Exhibit 4

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, 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:							
FEMA-CDFA 97.036 OK-DR-1718	$ 59,190	$ 59,190	$ 45,478	$ 13,713	$ -	$ 6,570	$ 7,143
OK Department of Agriculture Fire Operations Grant	4,398	-	-	-	4,398	4,398	-
Association of South Central Oklahoma REAP Gracemont-102268	25,000	25,000	-	25,000	-	25,000	-
	-	-	-	-	-	-	-
Town Subtotal	88,588	84,190	45,478	38,713	4,398	35,967	7,143
PUBLIC WORKS AUTHORITY:							
No Activity in Current Year							
PWA Subtotal	0	0	0	0	0	0	0
Overall Totals	$ 88,588	$ 84,190	$ 45,478	$ 38,713	$ 4,398	$ 35,967	$ 7,143

See Independent Accountant's Report