

TOWN OF GRACEMONT

June 30, 2012

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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, 2012 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 Grant 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, 2012. 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 cash 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 in accordance with 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, 2012. 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, 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 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 three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the personal service budget was overspent \$6,853. The total budget for the General Fund was not overspent.
- ✚ In the Park Fund, the personal service budget was overspent by \$120. The total budget was not overspent.
- ✚ In the Rodeo Fund, the transfers budget was overspent by \$4. The total budget was overspent the same.
- ✚ In the Grant Fund, the capital outlay budget was overspent by \$26,485. The total budget was overspent by \$26,484.
- ✚ In the Municipal Fund, the maintenance & operations budget was overspent by \$901. 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: No exceptions were found as a result of applying the procedure.
 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, 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 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: 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: No exceptions were found as a result of applying the procedure.

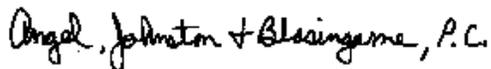
As to the **Town of Gracemont and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

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 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 and Blasingame, P.C.
October 31, 2012

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
TOWN:				
General Fund	\$ 6,338	\$ 114,287	\$ 118,116	\$ 2,509
Street & Alley Fund	3,859	3,069	1,701	5,227
Fire Department Fund	39,763	29,336	24,437	44,662
Park Fund	1,084	2,228	2,200	1,112
Municipal Court Fund	525	1,181	1,426	281
Rodeo Fund	2,192	4	2,196	0
Grant Fund	1	26,485	26,485	1
Skate Park Fund	1,973	19	0	1,992
Police Fund	2,993	807	2,158	1,642
Town Subtotal	<u>58,727</u>	<u>177,418</u>	<u>178,719</u>	<u>57,425</u>
PUBLIC TRUST:				
GPWA Operating Fund	21,361	136,510	148,206	9,664
GPWA Meter Deposit Fund	1 ** 426	126	0	552
GPWA Reserve Fund	1 5,591	51	1,309	4,333
Public Trust Subtotal	<u>27,378</u>	<u>136,687</u>	<u>149,515</u>	<u>14,549</u>
Overall Totals	<u>\$ 86,105</u>	<u>\$ 314,104</u>	<u>\$ 328,235</u>	<u>\$ 71,975</u>

** Includes a prior period adjustment.

1 Prior year income for these funds were reversed.

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$ 5,957.84	\$ 5,957.84	\$ 6,337.88	\$ (380.04)
Charges for Services:				
Permit fees	292.31	292.31	223.10	69.21
Total Charges for Services	<u>292.31</u>	<u>292.31</u>	<u>223.10</u>	<u>69.21</u>
Intergovernmental-Local:				
Franchise tax	5,876.18	5,876.18	7,384.04	(1,507.86)
Police Fines	18,071.09	18,071.09	7,546.67	10,524.42
Total Intergovernmental-Local	<u>23,947.27</u>	<u>23,947.27</u>	<u>14,930.71</u>	<u>9,016.56</u>
Intergovernmental-State:				
Sales tax	54,548.58	54,548.58	41,346.70	13,201.88
Use tax	2,093.41	2,093.41	4,477.73	(2,384.32)
Alcohol beverage tax	3,375.97	3,375.97	2,539.64	836.33
Tobacco tax	784.76	784.76	772.63	12.13
Total Intergovernmental-State	<u>60,802.72</u>	<u>60,802.72</u>	<u>49,136.70</u>	<u>11,666.02</u>
Intergovernmental-State:				
Federal Grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	125.50	125.50	59.13	66.37
Sale of Property	-	-	253.40	(253.40)
Royalty	2,469.39	2,469.39	-	2,469.39
Donation	-	-	58.30	(58.30)
Reimbursements	-	-	5,434.40	(5,434.40)
Marquee/Copy Revenue	851.34	851.34	301.60	549.74
Miscellaneous	-	-	933.27	(933.27)
Total Miscellaneous Revenue	<u>3,446.23</u>	<u>3,446.23</u>	<u>7,040.10</u>	<u>(3,593.87)</u>
Non-Revenue Receipts:				
Transfers from other funds	<u>32,617.56</u>	<u>32,617.56</u>	<u>42,956.75</u>	<u>(10,339.19)</u>
Amounts available for appropriation	<u>127,063.93</u>	<u>127,063.93</u>	<u>120,625.24</u>	<u>6,438.69</u>
Charges to Appropriations:				
Personal Services	82,663.93	82,663.93	89,516.91	(6,852.98)
Maintenance & Operations	35,000.00	35,000.00	28,599.11	6,400.89
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Other	<u>117,663.93</u>	<u>117,663.93</u>	<u>118,116.02</u>	<u>(452.09)</u>
Other Financing Uses:				
Transfers to other funds	<u>9,400.00</u>	<u>9,400.00</u>	<u>-</u>	<u>9,400.00</u>
Total Charges to Appropriations	<u>127,063.93</u>	<u>127,063.93</u>	<u>118,116.02</u>	<u>8,947.91</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,509.22</u>	<u>\$ (2,509.22)</u>

See Independent Accountant's Report

TOWN OF GRACEMONT AND PUBLIC TRUST
 Gracemont, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
 FIRE DEPARTMENT FUND
 For the Fiscal Year Ended June 30, 2012
 (Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 39,763.27	\$ 39,763.27	\$ 39,763.27	\$ -
Revenues	-	-	29,336.28	(29,336.28)
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	39,763.27	39,763.27	69,099.55	(29,336.28)
Charges to Appropriations:				
Personal Services	3,000.00	3,000.00	780.00	2,220.00
Maintenance & Operations	30,000.00	30,000.00	23,657.21	6,342.79
Capital Outlay	6,563.27	6,563.27	-	6,563.27
Debt Service	-	-	-	-
Total Other	39,563.27	39,563.27	24,437.21	15,126.06
Other Financing Uses:				
Transfers to other funds	200.00	200.00	-	200.00
Total Charges to Appropriations	39,763.27	39,763.27	24,437.21	15,326.06
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 44,662.34	\$ (44,662.34)

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1.00	\$ 1.00	\$ 1.00	\$ -
Revenues	-	-	26,485.00	(26,485.00)
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	1.00	1.00	26,486.00	(26,485.00)
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	1.00	1.00	-	1.00
Capital Outlay	-	-	26,485.00	(26,485.00)
Debt Service	-	-	-	-
Total Other	1.00	1.00	26,485.00	(26,484.00)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	1.00	1.00	26,485.00	(26,484.00)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1.00	\$ (1.00)

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, 2012
(Unaudited)

Operating Revenues:

Charges for services:

Utility Revenues	\$ 125,238
Total Operating Revenue	125,238

Operating Expenses:

Personal Services	7,098
Maintenance & Operations	80,979
Other	13,700
Total Operating Expenses	101,777

Operating Income (Loss)	23,460
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Non-Operating Revenues (Expenses):

Investment income	271
Grants	11,092
Back Due Cleet Fees	(1,309)
Sale of Assets	-
Capital outlay	-
Total Non-Operating Revenues (Expenses)	10,054

Net Income (Loss) Before Contributions and Transfers	33,514
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Capital contributions	-
Transfers in	86
Transfers out	(46,429)

Changes in Fund Balance	(12,828)
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Fund Balance - beginning	27,878
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Prior Period Adjustment	(501)
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Fund Balance - ending	\$ 14,549
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TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
FEMA-CDFA 97.036 OK-DR-1718	\$ 22,562	\$ 22,562	\$ 18,565	\$ 3,997	\$ -	\$ -	\$ 3,997
OK Department of Agriculture Fire Operations Grant	4,413	-	-	-	4,413	4,413	-
Town Subtotal	<u>26,975</u>	<u>22,562</u>	<u>18,565</u>	<u>3,997</u>	<u>4,413</u>	<u>4,413</u>	<u>3,997</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma REAP Gracemont-12	45,000	-	-	-	37,577	40,797	(3,220)
PWA Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Totals	<u>\$ 26,975</u>	<u>\$ 22,562</u>	<u>\$ 18,565</u>	<u>\$ 3,997</u>	<u>\$ 4,413</u>	<u>\$ 4,413</u>	<u>\$ 3,997</u>