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Members of American
Institute of Certified
Public Accountants

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Public Accountants

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Taloga
Taloga, Oklahoma

Trustees of the Taloga Public Works Authority
Taloga, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have performed the procedures enumerated within Appendix A and Appendix B 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 Taloga (the Town) and the Taloga Public Works Authority (the Authority) in meeting its financial accountability requirements as prescribed by such state laws and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2011 for the Town and for the Authority. Management of the Town of Taloga 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 prescribed 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 in Appendix A or B, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on financial accountability and compliance with contractual requirements. 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.

RS Meacham CPA's
RSMeacham CPAs & Advisors
September 30, 2011

**Town of Taloga, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2011**

As to the Town of Taloga as of and for the fiscal year ended June 30, 2011:

- I. Prepare a schedule of changes in fund balances for each fund from the Town's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit I, no instances of noncompliance noted.

- II. Prepare a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund and compare the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances on noncompliance with the appropriation limitations.

Findings: See Exhibit II, no instances of noncompliance noted.

- III. Agree 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 instances of noncompliance noted.

- IV. Compare the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

- V. Compare use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- VI. Compare 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 instances of noncompliance noted.

- VII. Compare 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 instances of noncompliance noted.

- VIII. Prepare a schedule of grant receipts and expenditures for the general fund.

Findings: No instances of noncompliance noted.

**Taloga, Oklahoma Public Works Authority
Procedures and Findings
For the Year Ended June 30, 2011**

As to the Taloga Public Works Authority, as of and for the year ended June 30, 2011:

- I. Prepare a schedule of revenues, expenditures and changes in fund balance for each fund from the Authority's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit I & III, IV, & V, no instances of noncompliance noted.

- II. Agree 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 instances of noncompliance noted.

- III. Compare the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

- IV. Compare the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- V. Compare 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 instances of noncompliance noted.

- VI. Compare 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 instances of noncompliance noted. Reserve balances required by the loan resolution security agreement are as follows:

OWRB PWA 1992 Reserve Fund \$20,755.19

- VII. Prepare a cash basis balance sheet for the Authority.

Findings: See Exhibit III

- VIII. Prepare a schedule of debt for the Authority listing lending institution, issuance amount, year of issuance, interest rate, and term along with outstanding balances at year end.

Findings: See Exhibit V

Town of Taloga
Notes to the Agreed Upon Procedures
For the Fiscal Year Ended June 30, 2011

LONG-TERM DEBT

The following is a summary of enterprise fund long-term debt for the year ended June 30, 2011:

NOTES PAYABLE

Note payable to OWRB dated December 16, 1992 at an original amount of \$280,000 for public utility project improvements. Loan is payable in monthly installments at 6.035% interest, due September 15, 2012.	\$45,000
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	\$45,000

See accountant's report.