

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING
AGREED-UPON PROCEDURES
TOWN OF TERRAL, OKLAHOMA
JULY 1, 2014 TO JUNE 30, 2015**

BY





Independent Accountant's Report on Applying Agreed Upon Procedures

Town Council, Town of Terral
Terral, Oklahoma

Trustees of the Terral Public Works Authority
Terral, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances-Cash Basis of the Town of Terral, Oklahoma as of June 30, 2015 and the related Budgetary Comparison Schedule of the General Fund-Cash Basis, Street & Alley Fund-Cash Basis and the Public Works Authority Fund-Cash Basis, for the fiscal year ended June 30, 2015 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting information in the form of financial statements prescribed by Oklahoma Statutes that is the representation of the management. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

Management is responsible for the preparation and fair presentation of the accompanying statements in accordance with their comprehensive basis of accounting. Management is also responsible for the 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 cash basis of accounting. If the omitted disclosures were

included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues and expenses. 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, 2015. Management of the Town of Terral 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. 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 Finding

As to the **Town of Terral** as of and for the fiscal year ended June 30, 2015:

- 1. Procedures Performed:** From the Town's trial balances, we prepared a summary of changes in fund balances for each major fund and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: We found two instances of noncompliance during the fiscal year.

- 2. Procedures Performed:** From the Town's trial balances, we prepared a summary of budget and actual financial schedule for the General Fund and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with appropriation limitations.

Findings: The Town had not prepared a budget for the General Fund for the year ended June 30, 2015. Therefore, they were noncompliant with budget laws of the State of Oklahoma.

- 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: We found no instances of any significant or unusual reconciling items.

- 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: We found no uninsured or uncollateralized deposits.

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

Findings: We found no instances of noncompliance.

- 7. 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: We found no instances of noncompliance.

- 8. 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: We found no instances of noncompliance.

As to the **Town of Terral Public Works Authority**, as of and for the fiscal year ended June 30, 2015:

- 1. Procedures Performed:** From the Authority's trial balances, we prepared a summary of changes in fund balances for each major fund and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: We found two instances of noncompliance during the fiscal year.

- 2. Procedures Performed:** From the Authority's trial balances, we prepared a summary of budget and actual financial schedule for the Public Works Authority Fund and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with appropriation limitations.

Findings: The Town had not prepared a budget for the Public Works Authority Fund for the year ended June 30, 2015. Therefore, they were noncompliant with budget laws of the State of Oklahoma.

- 3. 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: We found no instances of any significant or unusual reconciling items.

4. 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: We found no uninsured or uncollateralized deposits.

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

Findings: We found no instances of noncompliance.

6. 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: We found no instances of noncompliance.

7. 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: We found no instances of noncompliance.

As to the **Town of Terral and Terral Public Works Authority** as of and for the fiscal year ended June 30, 2015:

1. Procedures Performed: From the Town's and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: We found no instances of noncompliance.

2. Procedures Performed: From the Town's and Authority's trial balances, we compiled the Annual Survey of City and City Finances (SA&I 2643) as described in Oklahoma Statutes 11-17-105.1.

Findings: We found no instances of noncompliance.

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

Furrh & Associates, PC
FURRH & ASSOCIATES, PC
Lawton, Oklahoma
January 21, 2016

Town of Terral
Terral, Oklahoma

Summary of Changes in Fund Balance - Cash Basis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balances</u>
General Fund	\$ 1,444	\$ 54,404	\$ 55,526	\$ 322
General Fund- CDs	101,315	344	0	101,659
Public Works Authority	5,576	151,624	148,114	9,086
PWA-Meter Deposit Fund	5,142	764	1,661	4,245
CDBG/ REAP Fund	0	6,403	6,403	0
Volunteer Fire Department	14,776	5,573	8,356	11,993
Internet Fund	2,409	2,608	500	4,517
Community Center	415	4,757	4,178	994
Fireworks	296	1,356	1,000	652
Street & Alley Fund	286	3,443	3,595	134
Totals	<u>\$ 131,659</u>	<u>\$ 231,276</u>	<u>\$ 229,333</u>	<u>\$ 133,602</u>

Please see Independent Accountant's report.

Town of Terral
Terral, Oklahoma
Budgetary Comparison Schedule - Cash Basis
General Fund
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Original / Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Beginning Budgetary Fund Balance:	\$ 0	\$ 105,464	\$ 105,464
Resources (Inflows):			
Tax Revenue	0	47,778	47,778
Franchise Revenue	0	7,007	7,007
Grant Income	0	6,403	6,403
Lease Income	0	2,100	2,100
Donations	0	1,356	1,356
Interest Income	0	352	352
Miscellaneous Income	0	119	119
Total Inflows	0	65,115	65,115
Amounts Available for Appropriation	0	170,579	170,579
Charges to Appropriations (Outflows):			
Personal Services	0	14,825	14,825
Maintenance, Operations, Repairs	0	42,201	42,201
Grant Expense	0	6,403	6,403
Total Charges to Appropriations	0	63,429	63,429
Ending Budgetary Fund Balance:	\$ 0	\$ 107,150	\$ 107,150

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Town of Terral
Terral, Oklahoma
Budgetary Comparison Schedule - Cash Basis
Public Works Authority Fund
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Original / Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Beginning Budgetary Fund Balance:	\$ 0	\$ 5,576	\$ 5,576
Resources (Inflows):			
Utilities Income	0	150,278	150,278
Miscellaneous Income	0	1,346	1,346
Total Inflows	0	151,624	151,624
Amounts Available for Appropriation	0	157,200	157,200
Charges to Appropriations (Outflows):			
Utilities Purchased	0	50,865	50,865
Personal Services	0	45,417	45,417
Interest Paid	0	13,708	13,708
Maintenance, Operations, Repairs	0	38,124	38,124
Total Charges to Appropriations	0	148,114	148,114
Ending Budgetary Fund Balance:	\$ 0	\$ 9,086	\$ 9,086

Town of Terral, OK
Oklahoma Department of Commerce
Contract 15898 CDBG 13
Revenue and Expenditures Compared to Budget
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
<u>Revenue</u>			
CDBG Grant	\$ 104,421	\$ 0	\$ (104,421)
In Kind Donations	68,199	0	(68,199)
Total Revenue	<u>172,620</u>	<u>0</u>	<u>(172,620)</u>
<u>Expenditures</u>			
Construction Costs	166,709	0	(166,709)
Administrative Costs	5,911	0	(5,911)
Total Expenditures	<u>172,620</u>	<u>0</u>	<u>(172,620)</u>
Ending Budgetary Fund Balance:	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Please see Independent Accountant's report.

Town of Terral, OK
Oklahoma Department of Commerce
REAP 15-2268
Revenue and Expenditures Compared to Budget
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
<u>Revenue</u>			
Grant Funds	\$ 45,000	\$ 6,403	\$ (38,597)
In Kind Donations	15,860	0	(15,860)
Total Revenue	<u>60,860</u>	<u>6,403</u>	<u>(54,457)</u>
<u>Expenditures</u>			
Construction Costs	60,860	6,403	(54,457)
Administrative Costs	0	0	0
Total Expenditures	<u>60,860</u>	<u>6,403</u>	<u>(54,457)</u>
Ending Budgetary Fund Balance:	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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