

**TOWN OF TUPELO
COAL COUNTY, OKLAHOMA
ACCOUNTANT'S REPORT
FISCAL YEAR ENDED
JUNE 30, 2011**

*WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA*

**TOWN OF TUPELO
COAL COUNTY, OKLAHOMA
TOWN COUNCIL AND OFFICERS**

Danny Johnson
Milisie Postoak
Amanda Daffern

Michelle Gould

Mayor
Councilperson
Councilperson

Town Clerk/Treasurer

CONTENTS

Exhibit

Town officials

Contents

Accountant's report

Summary of Changes in Fund Balances-Budgetary Basis

A

Budgetary Comparison Schedule General Fund – Budgetary Basis

B

Statement of Revenue, Expenses and Changes in Fund Balance—
Modified Cash Basis

C

WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT

121 SOUTH NOBLE ~ P.O. BOX 181
PHONE 580-623-5071

WATONGA, OKLAHOMA 73772
FAX 580-623-5072

Honorable Town Council
Town of Tupelo
Tupelo, Oklahoma

Honorable Board of Trustees
Tupelo Public Works Authority
Tupelo, Oklahoma

Accountant's Report

I have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within applicable state laws of Oklahoma solely to assist the Town in meeting its financial accountability requirements as prescribed by such state laws (HB 1670) and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2011. Management of the Town of Tupelo 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 fieldwork and reporting standards applicable to attestation engagements as contained in Government Auditing Standards of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I 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 Tupelo 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 A) and compared the schedule to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings:

- a. Town did not adopt or publish a budget for the fiscal year ended June 30, 2011.
- b. Town needs to segregate intergovernmental receipts for alcoholic beverage tax and commercial vehicle tax

2. **Procedures Performed:** From the Town's trial balance, we prepared a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund (See accompanying Exhibit B) and compared the actual expenditures reported to the authorized appropriations to report any noted instances of noncompliance with appropriation limitations.

Findings:

- a. Town did not adopt or publish a budget for the fiscal year ended June 30, 2011.
- b. Town needs to segregate intergovernmental receipts for alcoholic beverage tax and commercial vehicle tax

3. **Procedures Performed:** I 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 instances noted

4. **Procedures Performed:** I compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances noted

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

Findings: No instances noted

6. **Procedures Performed:** I 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:

- a. The Town needs to setup its books to identify expenses to specific budgetary items. ie. Police salary and related expense to expenses of the police department. This would apply to salaries paid to the Clerk and miscellaneous employees.

7. **Procedures Performed:** I 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 not set up a debt reserve account for the Berkadia Loans. This is a repeat finding!

I was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I 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 informational 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.

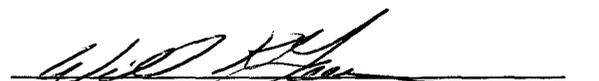

December 16, 2011

Exhibit A
Town of Tupelo
And
Tupelo Public Works Authority
Summary of Changes in Fund Balances-Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Beginning of Year <u>Fund Balances</u>	Current Year <u>Revenue</u>	Current Year <u>Expenditures</u>	End of Year <u>Fund Balances</u>
TOWN:				
General Fund:				
Operating Account	\$ 19,031	\$ 133,702	\$ 147,489	\$ 5,244
Police Department Fund:				
Police Department Fines	2,245	85,399	84,578	3,066
Municipal Court - Penalty Assesment Fees	57	-	57	-
Municipal Court - AFIS and Forensic Fees	77	-	77	-
Total Police Fund	<u>2,379</u>	<u>85,399</u>	<u>84,713</u>	<u>3,066</u>
Senior Citizens Community Center	7,795	7,345	7,983	7,157
	-	-	-	-
Total General Fund	<u>29,205</u>	<u>226,446</u>	<u>240,184</u>	<u>15,467</u>
Street & Alley Fund	1,191	6,200	3,506	3,885
Home Grant Fund	135	-	-	135
Town Subtotal	<u>30,532</u>	<u>232,646</u>	<u>243,690</u>	<u>19,487</u>
PUBLIC WORKS AUTHORITY:				
PWA Revenue Fund	5,685	127,339	130,521	2,502
PWA Emergency Fund	3,494	6,620	7,559	2,555
PWA Change Fund	50	1,055	-	1,105
PWA Meter Fund	13,433	3,089	3,388	13,134
PWA Meter Fund-Due to Depositors	(14,780)	3,376	3,089	(14,493)
PWA Capital Asset Fund				
Land	2,011	-	-	2,011
Depreciable Capital Assets, net	116,637	-	14,138	102,499
PWA Long-Term Debt				
GMAC Note #1 (Berkadia)	(25,217)	6,256	-	(18,960)
GMAC Note #1 (Berkadia)	(5,221)	1,054	-	(4,167)
PWA Subtotal	<u>96,093</u>	<u>148,790</u>	<u>158,696</u>	<u>86,186</u>
Overall Totals	<u>\$ 126,624</u>	<u>\$ 381,436</u>	<u>\$ 402,386</u>	<u>\$ 105,674</u>

Exhibit B
Town of Tupelo
Budgetary Comparison Schedule General Fund-Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 19,031	\$ 19,031	\$ 19,031	\$ -
Resources (Inflows):				
Taxes:				
Sales Tax	-	-	24,318	24,318
Franchise Tax	-	-	7,750	7,750
Tobacco Tax	-	-	350	350
Total Taxes	<u>-</u>	<u>-</u>	<u>32,418</u>	<u>32,418</u>
Intergovernmental:				
Motor Vehicle Tax - Street & Alley	-	-	-	-
Alcoholic Beverage Tax	-	-	6,244	6,244
Gas Excise Tax	-	-	947	947
Grant Revenue	-	-	-	-
Total Intergovernmental	<u>-</u>	<u>-</u>	<u>7,191</u>	<u>7,191</u>
Investment Income	<u>-</u>	<u>-</u>	<u>81</u>	<u>81</u>
Miscellaneous Income				
Other receipts	-	-	13,188	13,188
Police Fines	-	-	80,779	80,779
Vending	-	-	44	44
	<u>-</u>	<u>-</u>	<u>94,012</u>	<u>94,012</u>
Other Financing Sources:				
Transfer from Other Funds	-	-	-	-
Total Resources	<u>-</u>	<u>-</u>	<u>133,702</u>	<u>133,702</u>
Amounts Available for Appropriation	<u>19,031</u>	<u>19,031</u>	<u>152,733</u>	<u>133,702</u>
Charges to Appropriations (Outflows):				
Personnel Services	-	-	56,796	56,796
Maintenance and Operations	-	-	71,502	71,502
Capital Outlay	-	-	13,192	13,192
Other Financing Uses:				
Transfers to other funds	-	-	6,000	6,000
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>147,489</u>	<u>147,489</u>
Ending Budgetary Fund Balance	<u>\$ 19,031</u>	<u>\$ 19,031</u>	<u>\$ 5,244</u>	<u>\$ (13,787)</u>

See Accompanying Accountant's Report

Exhibit C
Tupelo Public Works Authority
Statement of Revenues, Expenses and Changes in Fund Balance-Modified Cash Basis
For the Fiscal Year Ended June 30, 2011

Operating Revenues:

Charges for Services:

Water and Trash Receipts	\$ 131,822
Penalties and Charges	-
Total Operating Revenues	131,822

Operating Expenses:

Salaries and other personnel costs	34,431
Contract Trash Collections	25,844
Water Purchases	55,980
Utilities & Telephone	2,695
Repairs and Maintenance	1,601
Office Supplies	1,133
Supplies and Parts	2,443
Mileage	-
License, Fees & Permits	1,012
Bank Fees	72
Returned Checks	809
Professional Fees	-
Insurance	100
Uniforms	-
Miscellaneous	33
Depreciation	14,138
Total Operating Expenses:	140,290

Operating Income (8,468)

Non-Operating Revenue (Expenses):

Investment Income	53
Interest Expense	(1,492)
Miscellaneous	-
Total Non-Operating Revenues (Expenses)	(1,439)

Net Income (Loss) Before Contributions and Transfers (9,906)

Capital Contributions

Transfers In	-
Transfers Out	-
	-

Change in Fund Balance (9,906)

Fund Balance - Beginning 96,093

Fund Balance - Ending \$ 86,186