

**TOWN OF TUPELO  
COAL COUNTY, OKLAHOMA**

**INDEPENDENT ACCOUNTANT'S REPORT  
AGREED UPON PROCEDURES  
ON  
COMPILED FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED**

**JUNE 30, 2012**

*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

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Town officials

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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURES THAT INCLUDES AN ACCOUNTANT'S COMPILATION REPORT ON  
ACCOMPANYING FINANCIAL STATEMENTS COMPILED BY THE ACCOUNTANT**

Independent Accountant's Report

To the Specified Users of the Report:

Town Board, Town of Tupelo  
Example, Oklahoma

Trustees of the Tupelo Public Works Authority  
Tupelo, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

I have compiled the accompanying Summary of Changes in Fund Balances-Cash Basis of the Town of Tupelo and Public Trusts, Example, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Public Works Authority-Cash Basis, and Schedule of Grant Activity-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 cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. I have not audited or reviewed the financial statements referred to above, and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis described above.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and the requirements of Oklahoma Statutes and for designing, implementing, and maintain internal controls relevant to the preparation and fair presentation of the financial statements.

My 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 an assurance that there are no material modifications that should be made to the financial statements.

*A Professional Services Firm*  
American Institute of CPAs / Oklahoma Society of CPAs

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
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(Continued)**

Town of Tupelo and Public Trust  
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Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with 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, 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 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 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. 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, 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 A) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** None

**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 listing separately each federal fund (see accompanying Exhibit B) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

**Findings:**

- a. Town did not adopt or publish a budget for the fiscal year ended June 30, 2102.
- b. Town needs to segregate intergovernmental receipts for alcoholic beverage tax and commercial beverage tax in recording funds received from the county.

**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.

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Town of Tupelo and Public Trust

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**Findings:** None

**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:** None

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

**Findings:** None

**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:** The Town needs t setup its books to identify expenses specific to 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:** 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:** None

As to the **Example 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 C) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

**Findings:** None

**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:** None

**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.

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
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**Findings:** None

**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:**

**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:** None

**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:**

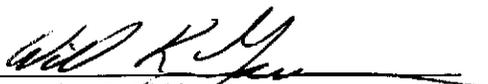
As to the **Town of Tupelo and Public Works Grant Programs**, as of and for the fiscal year ended June 30, 2012:

**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 D) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

**Findings:** Grant schedule of activity needs to include CFDA and other identifying contract numbers or information.

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, we do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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.

  
December 7, 2012

**Exhibit A**  
Town of Tupelo  
And  
Tupelo Public Works Authority  
Summary of Changes in Fund Balances-Cash Basis  
For the Fiscal Year Ended June 30, 2012

	Beginning of Year <u>Fund Balances</u>	Current Year <u>Revenue</u>	Current Year <u>Expenditures</u>	End of Year <u>Fund Balances</u>
<b>TOWN:</b>				
General Fund:				
Operating Account	\$ 5,244	\$ 137,311	\$ 141,441	\$ 1,113
Police Department Fund:				
Police Department Fines	1,118	85,364	84,591	1,891
Municipal Court - Penalty Assessment Fees	-	-	-	-
Municipal Court - AFIS and Forensic Fees	-	-	-	-
Total Police Fund	<u>1,118</u>	<u>85,364</u>	<u>84,591</u>	<u>1,891</u>
Senior Citizens Community Center	7,157	8,255	7,460	7,953
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total General Fund</b>	<b><u>13,519</u></b>	<b><u>230,930</u></b>	<b><u>233,492</u></b>	<b><u>10,957</u></b>
Street & Alley Fund	3,885	5,468	8,405	948
Home Grant Fund	135	-	-	135
<b>Town Subtotal</b>	<b><u>17,539</u></b>	<b><u>236,398</u></b>	<b><u>241,897</u></b>	<b><u>12,040</u></b>
<b>PUBLIC WORKS AUTHORITY:</b>				
PWA Revenue Fund	2,502	185,375	186,345	1,533
PWA Emergency Fund	2,555	6,967	7,538	1,983
PWA Change Fund	1,105	-	1,105	-
PWA Meter Fund	13,134	8,521	15,807	5,848
PWA Meter Fund-Due to Depositors	(14,493)	8,521	15,807	(5,972)
PWA Capital Asset Fund				
Land	2,011	-	-	2,011
Depreciable Capital Assets, net	102,499	68,821	14,138	157,182
PWA Long-Term Debt				
First American Bank (\$34,522)	-	7,375	24,645	(17,270)
GMAC Note #1 (Berkadia; \$126,800@5%)	(18,960)	6,599	-	(12,361)
GMAC Note #1 (Berkadia; \$20,400@5%)	(4,167)	1,029	-	(3,138)
<b>PWA Subtotal</b>	<b><u>86,186</u></b>	<b><u>293,208</u></b>	<b><u>265,384</u></b>	<b><u>129,817</u></b>
<b>Overall Totals</b>	<b><u>\$ 103,725</u></b>	<b><u>\$ 529,606</u></b>	<b><u>\$ 507,281</u></b>	<b><u>141,857</u></b>

See Accompanying Accountant's Report

**Exhibit B**  
**Town of Tupelo**  
**Budgetary Comparison Schedule General Fund-Cash Basis**  
**For the Fiscal Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 5,244	\$ 5,244	\$ 5,244	\$ -
<b>Resources (Inflows):</b>				
<b>Taxes:</b>				
Sales Tax	-	-	24,869	24,869
Franchise Tax	-	-	22,926	22,926
Tobacco Tax	-	-	379	379
<b>Total Taxes</b>	<u>-</u>	<u>-</u>	<u>48,174</u>	<u>48,174</u>
<b>Intergovernmental:</b>				
Motor Vehicle Tax - Street & Alley	-	-	-	-
Alcoholic Beverage Tax	-	-	2,111	2,111
Gas Excise Tax	-	-	622	622
Grant Revenue	-	-	18,500	18,500
<b>Total Intergovernmental</b>	<u>-</u>	<u>-</u>	<u>21,233</u>	<u>21,233</u>
<b>Investment Income</b>	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
<b>Miscellaneous Income</b>				
Other receipts	-	-	7,374	7,374
Police Fines	-	-	60,456	80,779
Vending	-	-	41	41
	<u>-</u>	<u>-</u>	<u>67,871</u>	<u>88,194</u>
<b>Other Financing Sources:</b>				
Transfer from Other Funds	-	-	-	-
<b>Total Resources</b>	<u>-</u>	<u>-</u>	<u>137,311</u>	<u>157,634</u>
<b>Amounts Available for Appropriation</b>	<u>5,244</u>	<u>5,244</u>	<u>142,554</u>	<u>157,634</u>
<b>Charges to Appropriations (Outflows):</b>				
Personnel Services	-	-	50,962	50,962
Maintenance and Operations	-	-	70,479	70,479
Capital Outlay	-	-	18,500	18,500
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	1,500	1,500
<b>Total Charges to Appropriations</b>	<u>-</u>	<u>-</u>	<u>141,441</u>	<u>141,441</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 5,244</u>	<u>\$ 5,244</u>	<u>\$ 1,113</u>	<u>\$ 16,193</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, 2012

**Operating Revenues:**

Charges for Services:	
Water and Trash Receipts	\$ 143,275
Penalties and Charges	-
Total Operating Revenues	<u>143,275</u>

**Operating Expenses:**

Salaries and other personnel costs	39,739
Contract Trash Collections	21,885
Water Purchases	57,042
Utilities & Telephone	3,482
Repairs and Maintenance	9,403
Supplies and Parts	7,520
Bank Fees	180
Returned Checks	180
Professional Fees	3,650
Insurance	16
Miscellaneous	7,779
Depreciation	14,138
Total Operating Expenses:	<u>165,013</u>

Operating Income (21,738)

**Non-Operating Revenue (Expenses):**

Investment Income	101
Interest Expense	(1,197)
Miscellaneous-REAP Grant	42,000
Total Non-Operating Revenues (Expenses)	<u>40,904</u>

**Net Income (Loss) Before Contributions and Transfers** 19,166

**Capital Contributions**

Transfers In	-
Transfers Out	-
	<u>-</u>

**Change in Fund Balance** 19,166

**Fund Balance - Beginning** 86,186

Prior Period Adjustment; Capital Assets 24,465

**Fund Balance - Ending** \$ 129,817

**EXHIBIT D**  
Town of Tupelo  
Coal County, Oklahoma  
Schedule of Grant Activity-Cash Basis  
For Year Ended June 30, 2012

<b>TOWN:</b>	<u>Grant Award</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Remainder</u>
CDBG-CIP		\$ 18,500	\$ 18,500	\$ -
<b>Town Subtotal</b>	<u>-</u>	<u>18,500</u>	<u>18,500</u>	<u>-</u>
<b>PUBLIC WORKS AUTHORITY:</b>				
REAP Grant	42,000	42,000	42,000	-
<b>PWA Subtotal</b>	<u>42,000</u>	<u>42,000</u>	<u>42,000</u>	<u>-</u>
<b>Overall Totals</b>	<u>\$ 42,000</u>	<u>\$ 60,500</u>	<u>\$ 60,500</u>	<u>\$ -</u>

See Accompanying Accountant's Report