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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Sentinel
Sentinel, Oklahoma

Trustees of the Sentinel Public Works Authority
Sentinel, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Management is responsible for the accompanying financial statements of The Town of Sentinel and the Sentinel Public Works Authority, which comprise the Statement of Changes in Unrestricted Fund Balances (GAAP Basis) for the Town of Sentinel and The Sentinel Public Works Authority, the Budgetary Comparison Schedule-Cash Basis for the General Fund, the Budgetary Comparison Schedule-Cash Basis for the Street & Alley Fund, the Budgetary Comparison Schedule-Cash Basis for the Cemetery Fund, and the Budgetary Comparison Schedule-Cash Basis for the Ambulance Fund, Public Works Balance Sheet, and the Statement of Revenues, Expenses, and Changes in Fund Balance for the Sentinel Public Works Authority, and the Schedule of Grants for the Town of Sentinel, for the fiscal year ended June 30, 2015, in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Trust's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

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 Sentinel (the Town) and the Sentinel 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, 2015. Management of the Town of

Sentinel 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.

RSMeacham CPAs & Advisors
August 24, 2015

**Town of Sentinel, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2015**

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

- 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 Exhibits II-V, no instances of noncompliance noted. The Town's significant funds are the Street & Alley, Cemetery, and the Ambulance fund. Budgets were adopted at the departmental level.

- III. Agree the Town's material bank account balances to bank statements, and trace 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.

**Town of Sentinel, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2015
(Continued from previous page)**

- 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. The General Fund has no debt.

- VIII. Prepare a schedule of grants awarded, received, and expended during the fiscal year.

Findings: See exhibit VIII. No instances of noncompliance noted.

**Sentinel, Oklahoma Public Works Authority
Procedures and Findings
For the Year Ended June 30, 2015**

As to the Sentinel Public Works Authority, as of and for the year ended June 30, 2015:

- 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 VII, no instances of noncompliance noted.

- II. Agree the Authority's material bank account balances to bank statements, and trace 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:
Rural development \$74,607.15.

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

Findings: See Exhibit VI.

TOWN OF SENTINEL, OKLAHOMA
SUMMARY OF CHANGES IN UNRESTRICTED FUND BALANCES (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Change</u>	<u>End of Year Fund Balances</u>
TOWN:			
General Fund	\$ 379,777	\$ (41,654)	\$ 338,123
Street & Alley Fund	109,400	12,438	121,838
Cemetery Care Fund	121,626	(1,875)	119,751
Ambulance Fund	17,152	20,539	37,691
EPA Wastewater Project Fund	4,119	10	4,129
CENA Grant Fund	3	-	3
Outdoor & Recreation Fund	995	7	1,002
Town Subtotal	<u>633,072</u>	<u>\$ (10,535)</u>	<u>622,537</u>
PROPRIETARY FUNDS:			
Public Works Authority	281,958	46,016	327,974
Overall Totals	<u>\$ 915,030</u>	<u>\$ 35,481</u>	<u>\$ 950,511</u>

**TOWN OF SENTINEL, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 379,777	\$ 379,777	\$ 379,777	\$ -
Resources (Inflows):				
Taxes:				
Sales tax	187,440	187,440	178,868	(8,572)
Tobacco tax	2,236	2,236	2,119	(117)
Total Taxes	<u>189,676</u>	<u>189,676</u>	<u>180,987</u>	<u>(8,689)</u>
Intergovernmental:				
Alcoholic beverage tax	10,771	10,771	12,521	1,750
Franchise tax	18,270	21,270	21,885	615
Total Intergovernmental	<u>29,041</u>	<u>32,041</u>	<u>34,406</u>	<u>2,365</u>
Fines and Forfeitures	3,000	15,000	15,945	945
Fire department (Includes grant revenue)	2,500	6,984	6,999	15
Investment Income	500	698	1,823	1,125
Royalty Income	3,000	3,000	2,153	(847)
Miscellaneous Income	29,000	31,025	34,380	3,355
Grants-SWODA and DEPT of COMMERCE	-	29,631	21,040	(8,591)
Subtotal	<u>38,000</u>	<u>86,338</u>	<u>82,340</u>	<u>(3,998)</u>
Total current year resources	<u>258,717</u>	<u>308,055</u>	<u>297,733</u>	<u>(10,322)</u>
Amounts available for appropriation	<u>\$ 636,494</u>	<u>\$ 687,832</u>	<u>\$ 677,510</u>	<u>\$ (10,322)</u>
Charges to Appropriations (Outflows):				
Other:				
Personal services	40,000	40,000	9,567	30,433
Materials and supplies	7,700	5,000	3,837	1,163
Other services and charges	40,500	76,798	66,999	9,799
Capital outlay	5,000	32,215	27,215	5,000
Grant expenditures	-	34,421	26,584	7,837
Total Other	<u>93,200</u>	<u>188,434</u>	<u>134,202</u>	<u>54,232</u>
City Hall				
Personal services	40,000	40,000	37,690	2,310
Materials and supplies	2,000	2,544	2,544	-
Other services and charges	6,800	12,000	12,000	-
Total City Hall	<u>48,800</u>	<u>54,544</u>	<u>52,234</u>	<u>2,310</u>
Swimming Pool				
Personal services	9,000	9,000	5,103	3,897
Materials and supplies	2,000	2,000	2,000	-
Other services and charges	8,200	8,200	7,809	391
Capital outlay	1,500	1,500	-	1,500
Total Swimming Pool	<u>20,700</u>	<u>20,700</u>	<u>14,912</u>	<u>5,788</u>
Parks				
Personal services	-	-	-	-
Materials and supplies	1,400	1,400	-	1,400
Other services and charges	2,025	2,025	-	2,025
Capital outlay	-	-	-	-
Total Parks Expenditures	<u>3,425</u>	<u>3,425</u>	<u>-</u>	<u>3,425</u>
Community House				
Personal services	18,000	18,917	18,710	207
Materials and supplies	1,200	1,200	2,295	(1,095)
Other services and charges	900	900	900	-
Total Community House	<u>20,100</u>	<u>21,017</u>	<u>21,905</u>	<u>(888)</u>
Library				
Personal services	-	-	-	-
Utilities	2,200	2,250	-	2,250
Total Library	<u>2,200</u>	<u>2,250</u>	<u>-</u>	<u>2,250</u>
Police:				
Personal services	55,000	55,000	52,008	2,992
Materials and supplies	6,800	6,800	3,401	3,399
Other services and charges	13,070	15,120	10,720	4,400
Capital outlay	1,500	1,500	-	1,500
Total Police	<u>76,370</u>	<u>78,420</u>	<u>66,129</u>	<u>12,291</u>
Fire:				
Personal services	2,200	2,200	1,008	1,192
Materials and supplies	10,200	10,000	830	9,170
Other services and charges	8,700	8,900	7,568	1,332
Capital outlay	1,500	1,500	-	1,500
Total Fire	<u>22,600</u>	<u>22,600</u>	<u>9,406</u>	<u>13,194</u>
Ambulance				
Personal services	-	-	-	-
Materials and supplies	250	250	-	250
Other services and charges	6,351	6,351	-	6,351
Total Ambulance	<u>6,601</u>	<u>6,601</u>	<u>-</u>	<u>6,601</u>
Other Financing Uses:				
Transfers to other funds	6,000	6,000	6,000	-
Total Charges to Appropriations	<u>299,996</u>	<u>403,991</u>	<u>304,788</u>	<u>88,628</u>
Change in Fund Balance	(43,279)	(95,936)	(7,055)	78,306
Ending Budgetary Fund Balance	<u>336,498</u>	<u>283,841</u>	<u>372,722</u>	<u>78,306</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			(34,599)	
Unrestricted Fund balance at end of year (GAAP basis)			<u>338,123</u>	

TOWN OF SENTINEL, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 STREET & ALLEY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 109,400	\$ 109,400	\$ 109,400	\$ -
Resources (Inflows):				
Intergovernmental:				
Motor vehicle tax	1,400	5,400	6,857	1,457
Gas excise tax	1,600	1,600	1,682	82
Total Intergovernmental	<u>3,000</u>	<u>7,000</u>	<u>8,539</u>	<u>1,539</u>
Miscellaneous Income	150	150	340	190
Transfers from other funds	6,000	6,000	6,000	-
Subtotal	<u>6,150</u>	<u>6,150</u>	<u>6,340</u>	<u>190</u>
Total current year resources	<u>9,150</u>	<u>13,150</u>	<u>14,879</u>	<u>1,729</u>
Amounts available for appropriation	<u>\$ 118,550</u>	<u>\$ 122,550</u>	<u>\$ 124,279</u>	<u>\$ 1,729</u>
Charges to Appropriations (Outflows):				
Other:				
Materials and supplies	5,800	5,800	2,476	3,324
Total Other	<u>5,800</u>	<u>5,800</u>	<u>2,476</u>	<u>3,324</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>6,100</u>	<u>5,800</u>	<u>2,476</u>	<u>3,324</u>
Change in Fund Balance	6,100	7,350	12,403	5,053
Ending Budgetary Fund Balance	<u>115,500</u>	<u>116,750</u>	<u>121,803</u>	<u>5,053</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			35	
Unrestricted Fund balance at end of year (GAAP basis)			<u>121,838</u>	

TOWN OF SENTINEL, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 CEMETERY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 121,626	\$ 121,626	\$ 121,626	\$ -
Resources (Inflows):				
Lot purchases	1,000	1,000	1,200	200
Interments	5,000	5,000	4,100	(900)
Donations	4,000	4,000	3,680	(320)
Miscellaneous Income	2,000	2,000	630	(1,370)
Subtotal	12,000	12,000	9,610	(2,390)
Total current year resources	12,000	12,000	9,610	(2,390)
Amounts available for appropriation	\$ 133,626	\$ 133,626	\$ 131,236	\$ (2,390)
Charges to Appropriations (Outflows):				
Other:				
Personal services	1,200	1,200	3,611	(2,411)
Materials and supplies	4,800	4,800	4,704	96
Other services and charges	1,050	1,050	318	732
Total Other	7,050	7,050	8,633	(1,583)
Other Financing Uses:				
Capital Outlay	-	-	4,000	(4,000)
Total Charges to Appropriations	7,050	7,050	12,633	(5,583)
Change in Fund Balance	4,950	4,950	(3,023)	(7,973)
Ending Budgetary Fund Balance	126,576	126,576	118,603	(7,973)
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			1,148	
Unrestricted Fund balance at end of year (GAAP basis)			119,751	

TOWN OF SENTINEL, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 AMBULANCE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 17,152	\$ 17,152	\$ 17,152	\$ -
Resources (Inflows):				
Membership fee	17,000	20,000	42,737	22,737
Other Income	400	400	872	472
Donations	2,000	2,000	888	(1,112)
Miscellaneous Income	20,000	20,000	9,884	(10,116)
Transfers from other funds			-	-
Subtotal	<u>39,400</u>	<u>42,400</u>	<u>54,381</u>	<u>11,981</u>
Total current year resources	<u>39,400</u>	<u>42,400</u>	<u>54,381</u>	<u>11,981</u>
Amounts available for appropriation	<u>\$ 56,552</u>	<u>\$ 59,552</u>	<u>\$ 71,533</u>	<u>\$ 11,981</u>
Charges to Appropriations (Outflows):				
Other:				
Personal services	34,000	34,000	30,510	3,490
Materials and supplies	4,450	4,450	3,927	523
Other services and charges	4,400	4,400	4,369	32
Total Other	<u>42,850</u>	<u>42,850</u>	<u>38,806</u>	<u>4,045</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>42,850</u>	<u>42,850</u>	<u>38,806</u>	<u>4,045</u>
Change in Fund Balance	(3,450)	(450)	15,576	16,026
Ending Budgetary Fund Balance	<u>13,702</u>	<u>16,702</u>	<u>32,728</u>	<u>16,026</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			4,963	
Unrestricted Fund balance at end of year (GAAP basis)			<u>37,691</u>	

Exhibit VI

TOWN OF SENTINEL, OKLAHOMA
PUBLIC WORKS AUTHORITY
BALANCE SHEET-CASH BASIS
JUNE 30, 2015

	<u>2015</u>
ASSETS	
Current assets:	
Cash, including time deposits	\$ 273,890
Total current assets	<u>273,890</u>
Restricted assets:	
Cash, including time deposits	108,161
Total restricted assets	<u>108,161</u>
Non-current assets:	
Capital assets (net)	287,812
Total non-current assets	<u>287,812</u>
Total assets	<u><u>669,863</u></u>
LIABILITIES	
Liabilities, payable from restricted assets	
Accrued payroll liabilities payable	368
Meter deposits payable	33,554
Interest payable	306
Due to general fund	104,746
Total liabilities payable from restricted assets	<u>138,974</u>
Non-current liabilities:	
Notes payable, non-current	202,884
Total non-current liabilities	<u>202,884</u>
Total liabilities	<u><u>341,858</u></u>
FUND BALANCE	
Restricted	74,607
Unrestricted	253,398
Total fund balance	<u>328,005</u>
Total Liabilities and Fund Balance	<u><u>669,863</u></u>

See accountant's report.

**TOWN OF SENTINEL, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS
PUBLIC WORKS AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Operating Revenues:	
Charges for services:	<u>2015</u>
Water	198,066
Sewer	96,667
Sanitation	94,896
Penalties	5,844
Total Operating Revenues	<u><u>395,473</u></u>
Operating Expenses:	
Water	302,928
Sewer	34,865
Sanitation	13,161
Grant expense	91,262
Total Operating Expenses	<u><u>442,216</u></u>
Operating Income	(46,743)
Non-Operating Revenues:	
Grants	91,242
Interest	1,517
Total Non-Operating Revenues	<u><u>92,759</u></u>
Net Income Before Contributions and Transfers	<u><u>46,016</u></u>
Change in fund balance	46,016
Fund Balance - beginning	<u><u>281,959</u></u>
Fund Balance - ending	<u><u><u>327,975</u></u></u>

TOWN OF SENTINEL, OKLAHOMA
SCHEDULE OF GRANTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grant revenue	Funding period	Project Description	Award	Amount received	Amount expended	Receipts less expenditures
Grant received from:						
SWODA	2014-2015	Water system improvements	99,860	91,242	91,242	-
SWODA	2015	CENA	5,327	5,327	5,327	-
Dept of Agriculture	2015	Fire/Forrestry	4,484	4,484	4,484	-
FEMA	2015	Hazard/Mitigation	15,713	15,713	15,713	-
		Total	<u>125,384</u>	<u>116,766</u>	<u>116,766</u>	<u>-</u>