

**TOWN OF DOVER
KINGFISHER COUNTY, OKLAHOMA**

**AUDIT REPORT
FISCAL YEAR ENDED
JUNE 30, 2018**

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

**TOWN OF DOVER
KINGFISHER COUNTY, OKLAHOMA
TOWN COUNCIL AND OFFICERS**

Mike McNulty, Resigned May 2018
Brian Chestnut, Appointed Mayor May 2018
Mike Walters
Evan Chada, Resigned July 2018
James Bowen, Resigned September 2017

Holly Sisco

Mayor
Mayor
Vice Mayor
Trustee
Trustee

Clerk/Treasurer

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Honorable Board of Trustees
Town of Dover
Dover Public Works Authority
Dover, Oklahoma

Independent Auditors' Report

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely component units, each major fund, and aggregate remaining fund information of the Town of Dover, State of Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Dover, State of Oklahoma, as of June 30, 2018, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

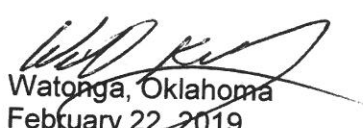
Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dover, State of Oklahoma's basic financial statements. The management's discussion, which has been omitted, and analysis and budgetary comparison located in the supplemental section, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2019, on our consideration of the Town of Dover, State of Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Dover, State of Oklahoma's internal control over financial reporting and compliance.



Watonga, Oklahoma
February 22, 2019

GOVERNMENT-WIDE STATEMENTS

TOWN OF DOVER, Oklahoma
Statement of Net Position - Modified Cash Basis
June 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
<i>Current and unrestricted assets:</i>			
Cash and Cash Equivalents	\$ 726,452	\$ 248,564	\$ 975,016
Total Current and unrestricted assets	726,452	248,564	975,016
<i>NonCurrent and restricted assets:</i>			
Restricted Cash and Investments	211,579	17,887	229,466
Deposits with insurance pool	-	-	-
Capital Assets (Note			
Land, infrastructure	-	14,379	14,379
Depreciable capital assets, net	-	488,427	488,427
Total noncurrent and restricted assets	211,579	520,693	732,272
Total Assets	<u>938,031</u>	<u>769,257</u>	<u>1,707,288</u>
LIABILITIES			
Customer Deposits	-	15,855	15,855
Long-term Liabilities (Note			
Due within one year	-	-	-
Due in more than one year	-	-	-
Total Liabilities	<u>-</u>	<u>15,855</u>	<u>15,855</u>
NET POSITION			
Invested in capital assets, net of related debt	-	502,806	502,806
Restricted	211,579	2,032	213,611
Unrestricted	726,452	248,564	975,016
Total Net Position	<u>\$ 938,031</u>	<u>\$ 753,402</u>	<u>\$ 1,691,433</u>

See accompanying notes to the basic financial statements.

TOWN OF DOVER, Oklahoma
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functional Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 303,492	\$ 1,436	\$ -	\$ -	\$ (302,056)	\$ -	\$ (302,056)
Public Safety	3,160	34,186	3,744	-	34,770	-	34,770
Highway and streets	-	-	-	-	-	-	-
Total governmental activities	306,651	35,622	3,744	-	(267,286)	-	(267,286)
Business-Type Activities:							
Water & Sewer	129,270	248,339	-	47,000	-	166,069	166,069
Sanitation (Trash)	49,064	55,281	-	-	-	6,216	6,216
Miscellaneous	-	-	-	-	-	-	-
Total business-type activities	178,335	303,620	-	47,000	-	172,285	172,285
Total Primary Government	484,986	339,242	3,744	47,000	(267,286)	172,285	(95,001)
General Revenues:							
Taxes:							
Sales, Use & Tobacco Tax					434,254	-	434,254
Franchise Tax					20,973	-	20,973
Motor Vehicle Tax					9,023	-	9,023
Gas Excise Tax					-	-	-
Alcoholic Beverage Tax					-	-	-
Investment Income					499	184	683
Miscellaneous					15,380	-	15,380
Transfers-Internal Activity					-	-	-
Total general revenues and transfers					480,129	184	480,313
Changes in Net Assets							
					212,843	172,469	385,312
Net Position - Beginning							
					725,188	580,933	1,306,121
Net Position - Ending							
					938,031	753,402	1,691,433

See accompanying notes to the basic financial statements.

**GOVERNMENTAL FUND
STATEMENTS**

TOWN OF DOVER, Oklahoma
STATEMENT OF NET POSITION - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Public Ways	Fire Protection	Police Bail Bond	Total
ASSETS					
Cash and cash equivalents	\$ 726,452	\$ -	\$ -	\$ -	\$ 726,452
Investments	-	-	-	-	-
Restricted cash and cash equivalents	-	164,517	3,689	-	171,059
Restricted investments	-	40,520	-	2,852	40,520
Capital Assets					
Land, inexhaustible assets and construction-in-process	-	-	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-	-	-
Total Assets	726,452	205,038	3,689	2,852	938,031
LIABILITIES					
Customer deposits	-	-	-	-	-
Long-term debt	-	-	-	-	-
Due within one year	-	-	-	-	-
Due in more than one year	-	-	-	-	-
Total Liabilities	-	-	-	-	-
NET POSITION					
<i>Non-Spendable:</i>					
Invested in Capital Assets, net of debt	-	-	-	-	-
<i>Restricted:</i>					
Public Ways	-	-	-	-	-
Fire Protection	-	205,038	-	-	205,038
<i>Committed:</i>					
Assigned:	-	-	3,689	-	3,689
Police Bail	-	-	-	-	-
<i>Unrestricted:</i>					
General Fund	-	-	-	2,852	2,852
Total Net Position	726,452	205,038	3,689	2,852	938,031

Reconciliation to Statement of Net Position:

Capital assets
Certain liabilities not payable in the reporting period

See accompanying notes to the basic financial statements,
\$ 938,031

TOWN OF DOVER, Oklahoma
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
CASH BASIS
GOVERNMENTAL FUNDS

	General Fund	Public Ways	Fire Protection	Police Bail Bond	Total
Revenues:					
Taxes	\$ 455,227	\$ -	\$ -	\$ -	\$ 455,227
Intergovernmental	9,023	-	-	-	9,023
Charges for services	1,350	-	-	-	1,350
Fines and forfeitures	-	-	-	34,186	34,186
Licenses and permits	86	-	-	-	86
Investment income	347	150	2	-	499
Miscellaneous	9,228	-	6,152	-	15,380
Total Revenues	<u>475,261</u>	<u>150</u>	<u>6,154</u>	<u>34,186</u>	<u>515,751</u>
Expenditures:					
Personnel Service	45,186	-	-	-	45,186
Maintenance and Operation	178,212	48,322	10,519	3,160	240,213
Capital Outlay	21,253	-	-	-	21,253
Total Expenditures	<u>244,651</u>	<u>48,322</u>	<u>10,519</u>	<u>3,160</u>	<u>306,651</u>
Excess (deficiency) of revenues over expenditures	230,610	(48,172)	(4,365)	31,026	209,099
Other Financing Sources					
Transfers In	31,000	91,090	-	-	122,090
Transfers Out	(91,090)	-	-	(31,000)	(122,090)
Grant Proceeds	-	-	3,744	-	3,744
Total Other Financing Sources	<u>(60,090)</u>	<u>91,090</u>	<u>3,744</u>	<u>(31,000)</u>	<u>3,744</u>
Net Changes in Fund Balances	170,520	42,918	(621)	26	212,843
Fund Balance - Beginning	555,932	162,119	4,311	2,827	725,188
Fund Balance - Ending	<u>726,452</u>	<u>205,038</u>	<u>3,689</u>	<u>2,852</u>	<u>938,031</u>
Reconciliation to the Statement of Activities:					
Net change in fund balances					212,843
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:					
Capital assets capitalized					-
Depreciation expense					-
Change in net assets of governmental activities					<u>\$ 212,843</u>

See Accompanying notes to the basic financial statements.

PROPRIETARY FUND STATEMENTS

TOWN OF DOVER, Oklahoma
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2018

ASSETS	Public Works Authority	Meter Deposits	Total
Current Assets:			
Cash and cash equivalents	\$ 248,564	\$ -	\$ 248,564
Noncurrent Assets:			
Restricted cash and cash equivalents	-	17,887	17,887
Restricted investments	-	-	-
Capital Assets, net of accumulated depreciation	502,806	-	502,806
Total noncurrent assets	502,806	17,887	520,693
Total Assets	751,370	17,887	769,257
LIABILITIES			
Current Liabilities:			
Notes payable-current portion	-	-	-
Total current liabilities	-	-	-
Noncurrent Liabilities:			
Refundable deposits	-	15,855	15,855
Notes payable-long-term portion	-	-	-
Total noncurrent liabilities	-	15,855	15,855
Total Liabilities	-	15,855	15,855
NET ASSETS			
Invested in Capital Assets, net of debt	502,806	-	502,806
Restricted	-	2,032	2,032
Unrestricted	248,564	-	248,564
Total Net Assets	\$ 751,370	\$ 2,032	\$ 753,402

See accompanying notes to the basic financial statements.

TOWN OF DOVER, Oklahoma
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS

	Public Works Authority	Meter Deposit	Total
Revenues:			
Charges for services:			
Charges for services-Water	\$ 53,317	\$ -	\$ 53,317
Charges for services-Bulk Water	151,989	-	151,989
Charges for services-Trash	55,281	-	55,281
Other	43,033	-	43,033
Total Revenues	<u>303,620</u>	<u>-</u>	<u>303,620</u>
Expenses:			
Personnel Services	41,490	-	41,490
Employee benefits, retirement	4,230	-	4,230
Fuel	5,485	-	5,485
Engineering Fees	7,000	-	7,000
Miscellaneous	1,159	-	1,159
Office Supplies	4,496	-	4,496
Professional Fees	4,250	-	4,250
Repairs and maintenance	24,384	-	24,384
Supplies	6,403	-	6,403
Telephone	1,664	-	1,664
Trash Service	49,064	-	49,064
Utilities	6,844	-	6,844
Depreciation	21,864	-	21,864
Total Expenses	<u>178,335</u>	<u>-</u>	<u>178,335</u>
Operating Income (Loss)	<u>125,285</u>	<u>-</u>	<u>125,285</u>
Non-operating revenues (expenses):			
Investment income	175	9	184
Grant Proceeds	47,000	-	47,000
Other revenue	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Total Non-operating Revenues (Expenses)	<u>47,175</u>	<u>9</u>	<u>47,184</u>
Changes in Net Position	172,460	9	172,469
Net Position - Beginning	578,910	2,023	580,933
Net Position - Ending	<u>751,370</u>	<u>2,032</u>	<u>753,402</u>

See Accompanying notes to the basic financial statements.

TOWN OF DOVER, Oklahoma
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
PROPRIETARY FUNDS

	Public Works Authority	Meter Deposits	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 303,620	\$ -	\$ 303,620
Payments to Suppliers	(114,980)	-	(114,980)
Payments for personnel services	(41,490)	-	(41,490)
Other	-	-	-
Net cash provided (used) by operating activities	<u>147,149</u>	<u>-</u>	<u>147,149</u>
CASH FROM NON-CAPITAL FINANCING ACTIVITIES			
Net receipts from customer deposits	-	(3)	(3)
Transfers from General Fund	-	-	-
Miscellaneous non operating receipts	1,120	-	1,120
	<u>1,120</u>	<u>(3)</u>	<u>1,116</u>
CASH FLOW FROM CAPITAL RELATED ACTIVITIES			
New Water System Pumps	(9,629)	-	(9,629)
Acquisition of Porperty	(8,630)	-	(8,630)
Water Meters and system improvements	(70,397)	-	(70,397)
REAP Grant Proceeds	47,000	-	47,000
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received	<u>175</u>	<u>9</u>	<u>184</u>
Net change in cash and cash equialents	106,787	6	106,793
Balance Beginning of the year	<u>141,777</u>	<u>17,881</u>	<u>159,658</u>
Balance End of the year	<u><u>248,564</u></u>	<u><u>17,887</u></u>	<u><u>266,451</u></u>
Reconciliation of operting income (loss) to net cash from operating activities:			
Operating Income (Loss)	\$ 125,285	\$ -	\$ 125,285
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	21,864	-	21,864
Increase in customer deposits	-	-	-
	<u>\$ 147,149</u>	<u>\$ -</u>	<u>\$ 147,149</u>

See Accompanying notes to the basic financial statements.

Note 1. Summary of Significant Accounting Policies

The accounting policy of the Town of Dover is to prepare its financial statements on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial Reporting Entity

The Town's financial reporting entity is composed of the following:

Primary Government	Town of Dover
Blended Component Units	Dover Public Works Authority
Discretely Presented Component Units	None

Government-wide and fund financial statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified cash basis of accounting. Revenues are recognized as when they are received. Expenditures generally are recognized when a liability is paid.

The Town reports the following major governmental funds.

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are wither legally restricted for a specific purposes or designated to finance particular functions or activities. These funds include the Public Ways Fund (1-cent sales tax), Fire Protection Fund, and the Police Bail Fund. The Public works Authority, a proprietary fund, is used to account for the business-like activities provided to the general public. Included in this fund is the Meter Deposit Fund.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during

Cash and cash equivalents

The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices. All investments of the Town are currently held as certificate of deposits.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental columns in the government-wide financial statements. Capital assets are omitted from the Town's financial statements. The Town has presented the capital assets in the Public Works or proprietary fund. The Town capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment, \$10,000 for improvements, and \$50,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Capital Assets	Years
Buildings	30 - 50
Building improvements	20 - 50
Machinery and equipment	5 - 15
Infrastructure	20 - 65
Vehicles	5 - 10

Compensated absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is not reported in governmental funds only for amounts expected to be paid (matured), for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund. No liability for compensated absences has been presented on the basic financial statements.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

No long-term liabilities exist as of the balance sheet date, nor did the Town incur any debt during the fiscal year under being reported.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balance as they do not constitute either expenditures or liabilities. No encumbrances exist as of the end of the fiscal year.

Fund equity and net assets

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

In the government-wide financial statements, net assets are classified in the following categories:
Invested in Capital Assets, Net of Related Debt—This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets—This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets—This category represents the net assets of the Town that are not restricted for any project or other purpose by third parties.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance—total governmental funds, and net assets—governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” There are no reconciling items to be reported under the current accounting method utilized by the Town.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities
The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances—total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” There are no reconciling items to be reported under the Town’s accounting basis.

Note 3. Budgets and Budgetary Accounting

The Town’s general budget policies are as follows:

General Fund

The Town, in accordance with Oklahoma Statutes, Title 69 the Town of Dover formally adopt budgets which include the General Fund. This annual budget is adopted or based upon 90 percent of prior years receipts.

Special revenue funds

The Town does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies.

Note 4. Cash, Cash Equivalents and Investments

The Town utilizes the services of a Treasurer for cash and investment control and accountability. The treasurer is authorized to deposit funds in accounts that are either fully insured or collateralized by acceptable collateral valued at no more than market value. Permissible investments include direct obligations of the United States Government and its Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of the current fiscal year end all cash and investments of the Town were entirely insured or collateralized as required by Oklahoma Statutes.

Deposits

The Town's cash deposits at year-end are categorized to give an indication of the level of risk assumed by the Town at year-end as follows:

Insured or collateralized with securities held by the Town or by its agent in the Town's name.

Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

All deposits of the Town are categorized as (A&B) which shows that all funds are fully insured or collateralized. The carrying amount and market value is equal to the cash balance reported in the financial statement and in the following chart as of June 30, 2018.

Deposit Categories of Credit Risk

	Category			Bank Balance	Carrying Amount	Market Value
	A	B	C			
Cash	\$ 498,564	\$ 665,398	\$	\$ 1,163,962	\$ 1,163,962	\$ 1,163,962
Investments		40,520		40,520	40,520	40,520
Total	\$ <u>498,564</u>	\$ <u>705,917</u>	\$ <u></u>	\$ <u>1,204,482</u>	\$ <u>1,204,482</u>	\$ <u>1,204,482</u>

Investments

The Town's investments consisted of bank certificates of deposit during the year and are categorized as (A) type deposits identified above. The carrying amount and market value are reported in the chart above as of June 30, 2018.

Restricted funds are in designated funds that have restricted the use of these funds to certain functions. These include funds held in the meter deposits or customer deposit, public ways fund, which holds sales taxes allocated to maintenance of the Town's streets, and funds restricted for both the police and fire department uses. Total restricted funds held are cash and cash equivalents of \$189,046, and all of the certificates of deposits held by the town, in the amount of \$40,520.

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2018, interfund receivables and payables that resulted from various interfund transactions were as follows:

NONE

Interfund transfers during the year ended June 30, 2018 were as follows:

Transfers To	Transfers From	
Police Bail Bond Fund	General Fund	\$ 91,090
General Fund	Police Bail Bond	31,000
Total Transfers		<u>\$ 122,050</u>

Transfers are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations.

Special revenue funds transfer excess revenues to fund various projects within the Town.

Note 6. Capital Assets

See TABLE 1.

Note 7. Unearned Revenue/Deferred Revenue

The Town has no Unearned or Deferred revenues as of June 30, 2018.

Note 8. Long-Term Debt and Bond Anticipation Notes

The Town has no short-term or long-term debt as of June 30, 2018.

Subsequent event

There are no reportable subsequent events as of the report date.

Note 9. Lease Commitments

There are no current lease commitments as of June 30, 2018 or as of the report date.

Note 10. Contingent Liabilities and Commitments

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is not currently involved in any litigation matters. In the estimation of the Town's management and legal counsel, the final settlement of these matters will not have a material adverse effect on the financial condition of the Town.

Note 11. Fund Deficits

There are no fund deficits as of June 30, 2018, or as of the report date.

Note 12. Pension Fund

The Town of Dover participated in two pension and retirement plans. The plans in which the city participated are as follows:

*Oklahoma Municipal Retirement Fund – Public Works Authority
The Oklahoma Firefighters Pension*

Oklahoma Municipal Retirement Fund

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Normal retirement is age 65 with ten (10) or more years of vesting service, or age 62, with thirty (30) years of service. The normal retirement benefit is equal to 2.625% of final average compensation multiplied by the number of years of credited service.

Early retirement is age 55 with ten (10) or more years of vesting service. The accrued benefit payable starting at age 65, or an actuarially reduced benefit starting at early retirement age. During the fiscal year ended June 30, 2016, 2017, and 2018 the Town of Dover made total payments, including employee contributions of \$4,061, \$4,013, and \$4,230, respectively.

Firefighters pension plan

Eligible members of the Town's volunteer fire department participate in a retirement and pension plan under the direction of the Oklahoma Firefighters Pension and Retirement System administered by a 13-member Oklahoma Firefighters Pension and Retirement System Board, which is a cost-sharing multiple-employer public employee retirement system (PERS). The Board acts as the fiduciary for investment and administration of the Plan.

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Normal retirement is the first day following the day the member completes twenty (20) years of service, regardless of age. A member who terminates after ten years of credited service is eligible for a vested severance benefit determined by the normal retirement formula, based on service and salary history to date of termination. The benefit is payable at age 50 or when the member would have completed twenty years of service, whichever is later, provided the member's contribution accumulation is not withdrawn.

Paid firefighters' normal retirement benefit is equal to 50% of final average compensation.

No employee contributions are required of volunteer firefighters. Participating municipalities and fire protection districts contribute 13% of gross salary for each paid firefighter and \$60.00 per year for each volunteer firefighter. Municipalities with revenues under \$25,000 make no contribution for volunteers. The state contributes 34% of the Insurance Premium Tax. The Town remitted \$1,140 during the fiscal year for firefighters' pension.

Note 13. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering a portion of those risks of loss. Management believes such coverage is sufficient to preclude significant uninsured losses to the Town.

In the event settled claims exceed the commercial coverage provided by the Town, Oklahoma statutes provide for payment by tax levy through the Sinking Fund at the rate of one-third each year. As an alternative to paying money judgments out of the Sinking Fund at the rate of one-third each year, the

court, based on consideration of evidence and proof, may provide for the judgment to be paid over a period of not less than one nor more than ten years. The interest rate on any judgment when payment is extended more than three years shall be the rate prescribed by law for the first three years and at the rate of six percent for each remaining year.

TOWN OF DOVER, Oklahoma

Schedule of Changes in Capital Assets - Modified Cash Basis

TABLE 1. Continuation of Note 6.

	July 1, 2017	Additions	Disposals	June 30, 2018
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets				
Buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Improvements	-	-	-	-
Total other capital assets at historical costs	-	-	-	-
Less accumulated depreciation for:				
Buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Improvements	-	-	-	-
Total accumulated depreciation	-	-	-	-
Other capital assets, net	-	-	-	-
Governmental activities capital assets, net	\$ -	\$ -	\$ -	\$ -
Business-type activities:				
Capital assets not being depreciated:				
Land	5,749	8,630	-	14,379
Construction in progress	-	-	-	-
Total capital assets not being depreciated	5,749	8,630	-	14,379
Other capital assets				
Buildings	60,033	-	-	60,033
Machinery and equipment	59,578	9,629	-	69,207
Utility infrastructure, water & sewer	720,257	70,397	-	790,654
Total other capital assets at historical costs	839,868	80,026	-	919,894
Less accumulated depreciation for:	-			-
Utility Property	409,604	21,864	-	431,468
Total accumulated depreciation	409,604	21,864	-	431,468
Other capital assets, net	430,264	58,162	-	488,427
Governmental activities capital assets, net	\$ 436,013	\$ 66,793	\$ -	502,806

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Board of Trustees
Town of Dover

To the Honorable Board of Trustees
Dover Public Works Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Dover, State of Oklahoma, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Dover, State of Oklahoma's basic financial statements, and have issued our report thereon dated February 22, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Dover, State of Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Dover, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Dover, State of Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Dover, State of Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government

Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Watonga, Oklahoma
February 29, 2019

SUPPLEMENTAL INFORMATION

TOWN OF DOVER, Oklahoma
 Budgetary Comparison Schedule General Fund - Cash Basis
 For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 559,932	\$ 559,932	\$ 555,932	\$ (4,000)
Resources (Inflows):				
Taxes:				
Sales Tax	222,321	222,321	364,176	141,854
Franchise Tax	13,370	13,370	20,973	7,603
Use Tax	35,139	35,139	65,744	30,605
Tobacco Tax	3,365	3,365	4,334	969
Total Taxes	274,196	274,196	455,227	181,031
Intergovernmental:				
Alcoholic Beverage Tax	5,193	5,193	-	(5,193)
Motor Vehicle Tax	2,672	2,672	9,023	6,351
Gas Excise Tax	1,562	1,562	-	(1,562)
Grants	-	-	-	-
Investment Income	214	214	347	134
Miscellaneous Income				
Police Fines	41,040	41,040	31,000	(10,040)
Rental	1,058	1,058	1,350	293
Permits	428	428	86	(342)
Miscellaneous	908	908	9,228	8,320
Other Financing Sources:				
Reserves	-	-	-	-
Transfer from Other Funds	-	-	-	-
Amounts available for appropriations	887,203	887,203	1,062,193	174,990
General Government				
Personal Services	100,000	100,000	45,186	(54,814)
Maintenance and Operations	150,000	180,000	178,212	(1,788)
Capital Outlay	75,000	75,000	21,253	
Reserves	462,203	432,203	-	(432,203)
	787,203	787,203	244,651	(488,805)
Police Department				
Personal Services	-	-	-	-
Maintenance and Operations	-	-	-	-
Capital Outlay	-	-	-	-
	-	-	-	-
Other Financing Uses:				
Transfer to Public Works	100,000	100,000	91,090	(8,910)
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	887,203	887,203	335,741	(497,715)
Ending Budgetary Fund Balance	-	-	726,452	\$ 672,705

TOWN OF DOVER, Oklahoma
Kingfisher County
Schedule of Grant Awards,
Revenues and Expenditures
For Year Ended June 30, 2018

<u>Grant Description</u>	<u>Contract Number</u>	<u>Grant Award</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>
DEPARTMENT OF AGRICULTURE	FIRE GRANT	\$ 3,744	\$ 3,744	\$ 3,744
REAP Grant	Water System	47,000	47,000	47,000
			-	
		<u>50,744</u>	<u>50,744</u>	<u>50,744</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditors' report.