

Town of Sentinel

Sentinel, Oklahoma

**Agreed Upon Procedures
And Accompanying
Independent Auditor's Report**

For The Year Ended

June 30, 2016



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Members of American
Institute of Certified
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Members of Oklahoma
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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, the Schedule of Grants for the Town of Sentinel, and the Statement of Revenues, Expenses, and Changes in Fund Balance-Cash Basis for the REAP Fund, for the fiscal year ended June 30, 2016, in accordance with accounting principles accepted in the State of Oklahoma for municipalities meeting the criteria for Agreed Upon Procedures. 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. We did not audit or review the financial statements nor were we required to perform any procedures to verify 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 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, 2016. 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. 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 23, 2016

**Town of Sentinel, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2016**

As to the Town of Sentinel, as of and for the fiscal year ended June 30, 2016:

- 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, The Town's significant funds are the Street & Alley, Cemetery, and the Ambulance fund. Budgets were adopted at the departmental level. Findings on this item are on Exhibit II, Community House expenditures exceeded budget by \$5,315 and on Exhibit V, Ambulance expenditures exceeded budget by \$2,875.

- 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, 2016
(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, 2016**

As to the Sentinel Public Works Authority, as of and for the fiscal year ended June 30, 2016:

- 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 \$74,888.42.

- 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 (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Change</u>	<u>End of Year Fund Balances</u>
TOWN:			
General Fund	\$ 338,123	\$ (38,137)	\$ 299,986
Street & Alley Fund	121,838	840	122,678
Cemetery Care Fund	119,751	9,842	129,593
Ambulance Fund	37,691	(1,526)	36,165
EPA Wastewater Project Fund	4,129	5	4,134
CENA Grant Fund	3	-	3
Outdoor & Recreation Fund	1,002	2	1,004
Town Subtotal	<u>622,537</u>	<u>\$ (28,974)</u>	<u>593,563</u>
PROPRIETARY FUNDS:			
Public Works Authority	327,975	49,414	377,390
Overall Totals	<u>\$ 950,512</u>	<u>\$ 20,440</u>	<u>\$ 970,953</u>

See accountant's report.

TOWN OF SENTINEL, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 283,841	\$ 338,123	\$ 338,123	\$ -
Resources (Inflows):				
Taxes:				
Sales tax	164,000	178,000	173,386	(2,614)
Tobacco tax	1,954	1,954	2,073	119
Total Taxes	<u>165,954</u>	<u>177,954</u>	<u>175,459</u>	<u>(2,495)</u>
Intergovernmental:				
Alcoholic beverage tax	9,755	12,255	12,346	91
Franchise tax	21,388	21,386	18,644	(2,742)
Total Intergovernmental	<u>31,141</u>	<u>33,641</u>	<u>30,989</u>	<u>(2,652)</u>
Fines and Forfeitures	15,000	15,000	13,116	(1,884)
Fire department (Includes grant revenue)	6,984	8,334	7,742	(592)
Investment Income	700	700	2,149	1,449
Royalty income	2,000	3,010	3,158	148
Miscellaneous Income	33,550	37,491	41,464	3,973
Grants-SWODA and DEPT of COMMERCE		2,520	6,360	3,840
Subtotal	<u>58,234</u>	<u>67,055</u>	<u>73,989</u>	<u>6,934</u>
Total current year resources	<u>255,329</u>	<u>278,650</u>	<u>280,437</u>	<u>1,787</u>
Amounts available for appropriation	<u>\$ 539,170</u>	<u>\$ 618,773</u>	<u>\$ 618,560</u>	<u>\$ 1,787</u>
Charges to Appropriations (Outflows):				
Other:				
Personal services	30,000	30,000	5,544	24,456
Materials and supplies	15,300	13,800	12,066	1,734
Other services and charges	63,000	58,065	57,431	634
Capital outlay	15,000	33,300	22,270	11,030
Grant expenditures	-	10,201	-	10,201
Total Other	<u>123,300</u>	<u>145,366</u>	<u>97,311</u>	<u>48,055</u>
City Hall:				
Personal services	40,000	40,960	39,199	1,761
Materials and supplies	2,200	2,200	1,517	683
Other services and charges	12,600	12,750	5,976	6,774
Total City Hall	<u>54,800</u>	<u>55,910</u>	<u>46,692</u>	<u>9,218</u>
Swimming Pool:				
Personal services	8,000	8,000	7,102	898
Materials and supplies	2,350	2,350	1,669	681
Other services and charges	7,500	7,500	4,220	3,280
Capital outlay	-	13,050	13,050	-
Total Swimming Pool	<u>17,850</u>	<u>30,900</u>	<u>26,041</u>	<u>4,859</u>
Parks:				
Personal services	-	-	-	-
Materials and supplies	-	-	-	-
Other services and charges	1,500	1,500	-	1,500
Capital outlay	-	-	-	-
Total Parks Expenditures	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Community House:				
Personal services	18,900	18,900	18,621	279
Materials and supplies	-	-	-	-
Other services and charges	1,400	1,400	6,994	(5,994)
Total Community House	<u>20,300</u>	<u>20,300</u>	<u>25,615</u>	<u>(5,315)</u>
Library:				
Personal services	-	-	-	-
Other services and charges	2,250	2,250	1,917	333
Total Library	<u>2,250</u>	<u>2,250</u>	<u>1,917</u>	<u>333</u>
Police:				
Personal services	55,000	56,300	55,092	1,208
Materials and supplies	7,500	7,500	2,800	4,600
Other services and charges	10,950	10,950	9,038	1,912
Capital outlay	-	-	-	-
Total Police	<u>73,450</u>	<u>74,750</u>	<u>67,031</u>	<u>7,719</u>
Fire:				
Personal services	2,200	2,200	1,080	1,120
Materials and supplies	5,500	5,500	4,572	928
Other services and charges	11,000	11,000	4,060	6,940
Capital outlay	-	-	-	-
Total Fire	<u>18,700</u>	<u>18,700</u>	<u>9,712</u>	<u>8,988</u>
Ambulance:				
Personal services	-	-	-	-
Materials and supplies	400	-	-	-
Other services and charges	1,500	-	-	-
Total Ambulance	<u>1,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Uses:				
Transfers to other funds	6,000	30,000	6,000	24,000
Total Charges to Appropriations	<u>320,050</u>	<u>379,676</u>	<u>280,320</u>	<u>97,980</u>
Change in Fund Balance	(64,721)	(101,026)	117	99,766
Ending Budgetary Fund Balance	<u>219,120</u>	<u>237,097</u>	<u>338,240</u>	<u>99,766</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			(38,254)	
Unrestricted Fund balance at end of year (GAAP basis)			<u>299,986</u>	

TOWN OF SENTINEL, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 STREET & ALLEY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 122,514	\$ 121,838	\$ 121,838	\$ -
Resources (Inflows):				
Intergovernmental:				
Motor vehicle tax	6,000	6,000	6,558	558
Gas excise tax	1,500	1,500	1,691	191
Total Intergovernmental	<u>7,500</u>	<u>7,500</u>	<u>8,249</u>	<u>749</u>
Miscellaneous Income	150	5,350	5,426	76
Transfers from other funds	6,000	6,000	6,000	-
Subtotal	<u>6,150</u>	<u>11,350</u>	<u>11,426</u>	<u>76</u>
Total current year resources	<u>13,650</u>	<u>18,850</u>	<u>19,676</u>	<u>826</u>
Amounts available for appropriation	<u>\$ 136,164</u>	<u>\$ 140,688</u>	<u>\$ 141,514</u>	<u>\$ 826</u>
Charges to Appropriations (Outflows):				
Other:				
Materials and supplies	5,100	20,635	17,671	2,965
Total Other	<u>5,100</u>	<u>20,635</u>	<u>17,671</u>	<u>2,965</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>5,100</u>	<u>20,635</u>	<u>17,671</u>	<u>2,965</u>
Change in Fund Balance	8,550	(1,785)	2,005	3,790
Ending Budgetary Fund Balance	<u>131,064</u>	<u>120,053</u>	<u>123,843</u>	<u>3,790</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			(1,165)	
Unrestricted Fund balance at end of year (GAAP basis)			<u>122,678</u>	

TOWN OF SENTINEL, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 CEMETERY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 126,576	\$ 119,751	\$ 119,751	\$ -
Resources (Inflows):				
Lot purchases	800	1,000	1,150	150
Interments	3,500	3,500	2,600	(900)
Donations	3,000	7,500	27,817	20,317
Miscellaneous Income	500	14,500	2,107	(12,393)
Subtotal	<u>7,800</u>	<u>26,500</u>	<u>33,674</u>	<u>7,174</u>
Total current year resources	<u>7,800</u>	<u>26,500</u>	<u>33,674</u>	<u>7,174</u>
Amounts available for appropriation	<u>\$ 134,376</u>	<u>\$ 146,251</u>	<u>\$ 153,425</u>	<u>\$ 7,174</u>
Charges to Appropriations (Outflows):				
Other:				
Personal services	1,700	9,505	9,117	388
Materials and supplies	2,250	1,345	1,043	302
Other services and charges	3,850	5,156	5,115	41
Total Other	<u>7,800</u>	<u>16,006</u>	<u>15,275</u>	<u>731</u>
Other Financing Uses:				
Capital Outlay	-	8,214	8,213	1
Total Charges to Appropriations	<u>7,800</u>	<u>24,220</u>	<u>23,488</u>	<u>732</u>
Change in Fund Balance	-	2,280	10,186	7,906
Ending Budgetary Fund Balance	<u>126,576</u>	<u>122,031</u>	<u>129,937</u>	<u>7,906</u>
 ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			(344)	
Unrestricted Fund balance at end of year (GAAP basis)			<u>129,593</u>	

TOWN OF SENTINEL, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 AMBULANCE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 11,356	\$ 37,691	\$ 37,691	\$ -
Resources (Inflows):				
Membership fee	35,000	35,000	44,158	9,158
Other Income	10,000	10,000	32,313	22,313
Donations	800	800	405	(395)
Miscellaneous Income	350	350	257	(93)
Transfers from other funds		24,000	-	(24,000)
Subtotal	<u>46,150</u>	<u>70,150</u>	<u>77,133</u>	<u>6,983</u>
Total current year resources	<u>46,150</u>	<u>70,150</u>	<u>77,133</u>	<u>6,983</u>
Amounts available for appropriation	<u>\$ 57,506</u>	<u>\$ 107,841</u>	<u>\$ 114,824</u>	<u>\$ 6,983</u>
Charges to Appropriations (Outflows):				
Other:				
Personal services	28,000	78,000	80,888	(2,888)
Materials and supplies	1,100	1,160	1,151	9
Other services and charges	11,150	16,040	16,036	4
Total Other	<u>40,250</u>	<u>95,200</u>	<u>98,075</u>	<u>(2,875)</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>40,250</u>	<u>95,200</u>	<u>98,075</u>	<u>(2,875)</u>
Change in Fund Balance	5,900	(25,050)	(20,942)	4,108
Ending Budgetary Fund Balance	<u>17,256</u>	<u>12,641</u>	<u>16,749</u>	<u>4,108</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			19,416	
Unrestricted Fund balance at end of year (GAAP basis)			<u>36,165</u>	

Exhibit VI

TOWN OF SENTINEL, OKLAHOMA
PUBLIC WORKS AUTHORITY
BALANCE SHEET-CASH BASIS
JUNE 30, 2016

	<u>2016</u>
ASSETS	
Current assets:	
Cash, including time deposits	\$ 315,732
Due from other funds	<u>1,519</u>
Total current assets	<u>317,251</u>
Restricted assets:	
Cash, including time deposits	<u>109,693</u>
Total restricted assets	<u>109,693</u>
Non-current assets:	
Capital assets (net)	<u>301,624</u>
Total non-current assets	<u>301,624</u>
Total assets	<u><u>728,568</u></u>
LIABILITIES	
Liabilities, payable from restricted assets:	
Accrued payroll liabilities payable	11
Meter deposits payable	34,804
Interest payable	343
Due to general fund	<u>123,196</u>
Total liabilities payable from restricted assets	<u>158,355</u>
Non-current liabilities:	
Notes payable, non-current	<u>192,823</u>
Total non-current liabilities	<u>192,823</u>
Total liabilities	<u>351,178</u>
FUND BALANCE	
Restricted	74,888
Unrestricted	<u>302,501</u>
Total fund balance	<u>377,390</u>
Total Liabilities and Fund Balance	<u><u>728,568</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, 2016**

Operating Revenues:	
Charges for services:	2016
Water	204,798
Sewer	94,724
Sanitation	95,697
Penalties	6,510
Total Operating Revenues	<u>401,729</u>
Operating Expenses:	
Water	302,734
Sewer	37,492
Sanitation	13,212
Grant expense	10,178
Total Operating Expenses	<u>363,616</u>
Operating Income	38,114
Non-Operating Revenues:	
Grants	9,900
Interest	1,401
Total Non-Operating Revenues	<u>11,301</u>
Net Income	<u>49,414</u>
Change in fund balance	49,414
Fund Balance - beginning	<u>327,975</u>
Fund Balance - ending	<u><u>377,390</u></u>

TOWN OF SENTINEL, OKLAHOMA
 SCHEDULE OF GRANTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Grant revenue Grant received from:	Funding period	Project Description	Award	Amount received	Amount expended	Receipts less expenditures
REAP	2015-2016	Water line improvements	75,700	75,700	-	75,700
SWODA	2016	REAP	9,900	9,900	9,900	-
Dept of Agriculture	2016	Fire/Forrestry	4,290	4,290	4,290	-
SWODA	2015-2016	CENA	6,360	6,360	6,360	-
		Total	<u>96,250</u>	<u>96,250</u>	<u>20,550</u>	<u>75,700</u>

TOWN OF SENTINEL, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS
REAP Grant No. FAP-11-0031-R
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Program Revenues:	
Charges for services:	
Grants	75,700
Total Operating Revenues	<u>75,700</u>
Program Expenses:	
Grant expense	-
Total Operating Expenses	<u>-</u>
Operating Income	75,700
	<u>75,700</u>
Net Income Before Contributions and Transfers	<u>75,700</u>
Change in fund balance	75,700
Fund Balance - beginning	<u>-</u>