

TOWN OF FORT COBB
June 30, 2017

TABLE OF CONTENTS

| | Page |
|---|-------------|
| Independent Accountant's Report | 1-5 |
| Summary of Changes in Fund Balances-Modified Cash Basis | 6 |
| Budgetary Comparison Schedule-Modified Cash Basis -General Fund | 7 |
| Budgetary Comparison Schedule-Modified Cash Basis -Fire Department Cash Fund | 8 |
| Budgetary Comparison Schedule-Modified Cash Basis -Capital Improvement Cash Fund | 9 |
| Schedule of Grant Activity-Modified Cash Basis | 10 |

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Fort Cobb
Fort Cobb, Oklahoma

Fort Cobb Economic Development Authority
Fort Cobb, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

Report On Compiled Financial Statements And Schedules

Management is responsible for the accompanying financial statements and schedules of the Town of Fort Cobb and Fort Cobb Economic Development Authority, Fort Cobb, Oklahoma, which comprise a Summary of Changes in Fund Balances-Modified Cash Basis as of the year ended June 30, 2017, and the related Budgetary Comparison Schedule-Modified Cash Basis-General Fund, Budgetary Comparison Schedule-Modified Cash Basis-Fire Department Cash Fund, Budgetary Comparison Schedule-Modified Cash Basis-Capital Improvement Fund, and Schedule of Grant Activity-Modified Cash Basis for the year then ended in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement 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 accompanying financial statements and schedules 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 or schedules.

The financial statements and schedules have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements and schedules prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements and schedules, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements and schedules are not designed for those who are not informed about such matters.

Report On Applying Agreed-upon Procedures

We 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 Economic Development 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, 2017. Management of the Town of Fort Cobb and Fort Cobb Economic Development Authority is responsible for the Town's and Authority's financial accountability and its compliance with those legal and contractual requirements. 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 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 Fort Cobb** as of and for the fiscal year ended June 30, 2017:

1. **Procedures Performed:** From the Town's trial balances, we compiled a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we compiled a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit(s) 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Condition: Expenditures exceeded total appropriations in two funds for the year ended June 30, 2017.

- **In the Fire Department Cash Fund, the capital outlay budget was overspent by \$33,660. The total budget was overspent by \$19,412.**
- **In the Police Department Cash Fund, the maintenance and operations budget was overspent by \$3,221. The total budget was overspent by \$3,045.**

Cause: The Town failed to notice these funds were overspent and have additional appropriations or amendments approved by year end.

Criteria: State Statute 68 prohibits spending in excess of appropriations. Amendments to the Town's appropriations should be approved when the Town knows it will be close or over its current budget amounts. Council may approve transfers between categories in each fund and budget supplements, however, any supplements must also be approved by the county excise board.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. The governing body can approve transfers between budgeted categories for each fund. Budget supplements must be approved by the governing board and county excise board.

Management's Corrective Action Plan: The Town Clerk will monitor the budgets more closely and make amendments during the year to correct overspending.

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.

Findings: No exceptions were found as a result of applying the procedure.

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.

Condition: The Town did not have sufficient collateral pledged at Washita Valley Bank to cover all monies deposited in this bank at year end. Uncollateralized deposits totaled \$8,851.

Cause: The Town did not monitor the balances of its bank accounts and ensure there was sufficient collateral to cover all funds over the \$250,000 FDIC limit.

Criteria: O.S. Title 62, section 511-516 requires deposits of public funds in excess of FDIC limits to be secured by proper collateral.

Recommendation: The Town needs should increase the amount of collateral pledged with Washita Valley Bank to cover all uninsured and uncollateralized deposits.

Management's Corrective Action Plan: The Town will monitor the balances of all accounts and contact the bank to have the collateral pledged increased to cover all funds as needed.

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

Condition: The Town's required transfer of police fines to the Police Cash Fund was short \$2,795.

Cause: The Town had a turnover of employees in the prior year and the new clerk was unable to locate the ordinance requiring this transfer. The ordinance has since been located.

Criteria: The Town is required to deposit 25% of all police fines collected, after fees, into the Police Department Cash Fund to be used for police operations per board approval in November 2007.

Recommendation: The Town should correct the shortage by transferring \$2,795 from the Court Fund to Police Department Cash Fund. The Town should also review the total fines collected each year and make the required transfer, after payment of fees.

Management's Corrective Action Plan: The Town has made the necessary transfer and now reviews fine collections and makes transfers monthly.

Condition: The Town's required transfer of Sales Tax to the Capital Improvement Fund was short \$3,442.

Cause: The Town's calculation of the required restricted revenue was incorrect and resulted in the shortage.

Criteria: The Town is required to deposit ½ of 1% of all sales taxes collected into the Capital Improvement Fund to be used for capital improvement expenditures as described in Ordinance 99-1.

Recommendation: The Town should correct the shortage by transferring \$3,442 from the General Fund to Capital Improvement Fund. The Town should also review the total sales tax received and the transfers made to ensure the correct amounts have been transferred.

Management's Corrective Action Plan: The Town has made the necessary transfer and will monitor future transfers.

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: No exceptions were found as a result of applying the procedure.

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: The Town has no debt service requirement, therefore no debt service coverage requirements of bond indentures were evaluated for compliance.

As to the **Fort Cobb Economic Development Authority**, as of and for the fiscal year ended June 30, 2017:

1. **Procedures Performed:** From the Authority's trial balances, we compiled a schedule of revenues, expenditures and changes in fund balances for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: The Authority is inactive; therefore this procedure is not applicable.

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: The Authority is inactive; therefore this procedure is not applicable.

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.

Findings: The Authority is inactive; therefore this procedure is not applicable.

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: The Authority is inactive; therefore this procedure is not applicable.

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: The Authority is inactive; therefore this procedure is not applicable.

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: The Authority is inactive; therefore this procedure is not applicable.

As to the **Town of Fort Cobb and Fort Cobb Economic Development Authority** grant programs, as of and for the fiscal year ended June 30, 2017:

1. **Procedures Performed:** From the Town and Authority's trial balances, we compiled a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants to meet the requirements prescribed in Oklahoma Statutes §11-17.105-.107 and §60-180.1-.3. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial information and compliance. Accordingly, we do not express such an opinion or conclusion. 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.

Angel, Johnston & Blasingame, P.C.

Angel, Johnston and Blasingame, P.C.
December 26, 2017

TOWN OF FORT COBB AND PUBLIC TRUST
Fort Cobb, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
For the Fiscal year ended June 30, 2017
(Unaudited)

| | <u>Beginning of Year Fund Balances</u> | <u>Current Year Receipts</u> | <u>Current Year Disbursements</u> | <u>End of Year Fund Balances</u> |
|--|--|--------------------------------------|---|--|
| TOWN: | | | | |
| General Fund | \$ 101,822 | \$ 527,735 | \$ 363,412 | \$ 266,145 |
| Street and Alley Fund | 10,724 | 5,453 | 4,832 | 11,345 |
| Police Department Cash Fund | 1,367 | 3,106 | 3,757 | 716 |
| Fire Department Cash Fund | 21,408 | 48,977 | 40,820 | 29,565 |
| Capital Improvement Cash Fund | 33,819 | 17,439 | 15,151 | 36,107 |
| REAP Fund | - | - | - | - |
| Meter Deposit Fund | - | - | - | - |
| Court Fund | - | - | - | - |
| Air Evac Fund | - | - | - | - |
| Town Total | <u>\$ 169,139</u> | <u>\$ 602,710</u> | <u>\$ 427,972</u> | <u>\$ 343,877</u> |
| TRUST: | | | | |
| Fort Cobb Economic Development Authority - Inactive | \$ - | \$ - | \$ - | \$ - |
| Trust Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Overall Total | <u>169,139</u> | <u>602,710</u> | <u>427,972</u> | <u>343,877</u> |

TOWN OF FORT COBB AND PUBLIC TRUST
Fort Cobb, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND
For the Fiscal Year Ended June 30, 2017
(Unaudited)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|----------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Beginning Budgetary Fund Balance: | \$ 96,888 | \$ 96,888 | \$ 96,888 | \$ - |
| Resources (Inflow): | | | | |
| Service Revenue: | | | | |
| Utilities | 197,075 | 197,075 | 232,007 | 34,933 |
| Utility Penalties & Fees | - | - | 6,282 | 6,282 |
| Total Services | <u>197,075</u> | <u>197,075</u> | <u>238,290</u> | <u>6,282</u> |
| Taxes: | | | | |
| Franchise tax | 18,256 | 18,256 | 15,725 | (2,532) |
| Sales Tax | 128,706 | 128,706 | 149,609 | 20,903 |
| Alcohol beverage Tax | 5,323 | 5,323 | 6,280 | 957 |
| Use Tax | 13,596 | 13,596 | 91,037 | 77,442 |
| Tobacco Tax | 1,805 | 1,805 | 1,972 | 167 |
| Pilot | 1,541 | 1,541 | 1,939 | 398 |
| Total Taxes | <u>169,227</u> | <u>169,227</u> | <u>266,562</u> | <u>97,335</u> |
| Miscellaneous Revenue: | | | | |
| Fines & Forfeitures | 7,626 | 7,626 | 13,256 | 5,629 |
| Licenses & Permits | 604 | 604 | 466 | (138) |
| Interest | 1,151 | 1,151 | 1,765 | 613 |
| Rent | 788 | 788 | 200 | (588) |
| Sale of Property | - | - | 400 | 400 |
| Donations | - | - | 500 | 500 |
| Reimbursements | - | - | 2,041 | 2,041 |
| Miscellaneous | - | - | 4,256 | 4,256 |
| Total Miscellaneous Revenue | <u>10,169</u> | <u>10,169</u> | <u>22,883</u> | <u>12,714</u> |
| Other Financing Sources: | | | | |
| Transfers from other funds | - | - | - | - |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Resources (Inflows) | <u>376,471</u> | <u>376,471</u> | <u>527,735</u> | <u>116,331</u> |
| Amounts available for appropriation | <u>473,359</u> | <u>473,359</u> | <u>624,623</u> | <u>116,331</u> |
| Charges to Appropriations (Outflows): | | | | |
| Personal Services | 276,000 | 276,000 | 223,112 | 52,888 |
| Maintenance & Operations | 187,394 | 187,394 | 142,514 | 44,880 |
| Capital Outlay | 4,965 | 4,965 | - | 4,965 |
| Total Other | <u>468,359</u> | <u>468,359</u> | <u>365,627</u> | <u>102,732</u> |
| Other Financing Uses: | | | | |
| Transfers to other funds | 5,000 | 5,000 | - | 5,000 |
| Total Charges to Appropriations (Outflows) | <u>473,359</u> | <u>473,359</u> | <u>365,627</u> | <u>107,732</u> |
| Unallocated (Restricted) Funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending Budgetary Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 258,996</u> | <u>\$ (258,996)</u> |
| Current Year Encumbrances | | | <u>7,148</u> | |
| Ending Fund Balance | | | <u>\$ 266,145</u> | |

TOWN OF FORT COBB AND PUBLIC TRUST
Fort Cobb, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT CASH FUND
For the Fiscal Year Ended June 30, 2017
(Unaudited)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> |
|---|-------------------------|---------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Beginning Budgetary Fund Balance: | \$ 21,408 | \$ 21,408 | \$ 21,408 | \$ - |
| Resources (Inflow): | | | | |
| Miscellaneous Revenue: | | | | |
| Fire Runs | - | - | 2,150 | 2,150 |
| Grants | - | - | 37,477 | 37,477 |
| Donations | - | - | 9,350 | 9,350 |
| Miscellaneous | - | - | - | - |
| Total Miscellaneous Revenue | <u>-</u> | <u>-</u> | <u>48,977</u> | <u>48,977</u> |
| Other Financing Sources: | | | | |
| Transfers from other funds | - | - | - | - |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Resources (Inflows) | <u>-</u> | <u>-</u> | <u>48,977</u> | <u>48,977</u> |
| Amounts available for appropriation | <u>21,408</u> | <u>21,408</u> | <u>70,385</u> | <u>48,977</u> |
| Charges to Appropriations (Outflows): | | | | |
| Personal Service | 2,000 | 2,000 | - | 2,000 |
| Maintenance & Operations | 19,408 | 19,408 | 7,160 | 12,248 |
| Capital Outlay | - | - | 33,660 | (33,660) |
| Total Other | <u>21,408</u> | <u>21,408</u> | <u>40,820</u> | <u>(19,412)</u> |
| Other Financing Uses: | | | | |
| Transfers to other funds | - | - | - | - |
| Total Charges to Appropriations (Outflows) | <u>21,408</u> | <u>21,408</u> | <u>40,820</u> | <u>(19,412)</u> |
| Unallocated (Restricted) Funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending Budgetary Fund Balance | \$ <u>-</u> | \$ <u>-</u> | \$ <u>29,565</u> | \$ <u>(29,565)</u> |
| Current Year Encumbrances | | | <u>-</u> | |
| Ending Fund Balance | | | <u>\$ 29,565</u> | |

TOWN OF FORT COBB AND PUBLIC TRUST
Fort Cobb, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT CASH FUND
For the Fiscal Year Ended June 30, 2017
(Unaudited)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|-----------|-------------------|-------------------------------|
| | Original | Final | | |
| Beginning Budgetary Fund Balance: | \$ 33,819 | \$ 33,819 | \$ 33,819 | \$ - |
| Resources (Inflow): | | | | |
| Taxes: | | | | |
| Sales Tax | - | - | 17,439 | 17,439 |
| Total Taxes | - | - | 17,439 | 17,439 |
| Other Financing Sources: | | | | |
| Transfers from other funds | - | - | - | - |
| Total Other Financing Sources | - | - | - | - |
| Total Resources (Inflows) | - | - | 17,439 | 17,439 |
| Amounts available for appropriation | 33,819 | 33,819 | 51,258 | 17,439 |
| Charges to Appropriations (Outflows): | | | | |
| Capital Outlay | 19,819 | 19,819 | - | 19,819 |
| Debt Service | 14,000 | 14,000 | 15,151 | (1,151) |
| Total Other | 33,819 | 33,819 | 15,151 | 18,668 |
| Other Financing Uses: | | | | |
| Transfers to other funds | - | - | - | - |
| Total Charges to Appropriations (Outflows) | 33,819 | 33,819 | 15,151 | 18,668 |
| Unallocated (Restricted) Funds | - | - | - | - |
| Ending Budgetary Fund Balance | \$ - | \$ - | \$ 36,107 | \$ (36,107) |
| Current Year Encumbrances | | | - | |
| Ending Fund Balance | | | \$ 36,107 | |

TOWN OF FORT COBB AND PUBLIC TRUST
Fort Cobb, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2017
(Unaudited)

| | <u>Award Amount</u> | <u>Prior Year(s) Receipts</u> | <u>Prior Year(s) Disbursements</u> | <u>Beginning of Year Unexpended Grant Funds</u> | <u>Current Year Receipts</u> | <u>Current Year Disbursements</u> | <u>End of Year Unexpended Grant Funds</u> |
|---|---------------------|-------------------------------|------------------------------------|---|------------------------------|-----------------------------------|---|
| TOWN: | | | | | | | |
| Department of Agriculture Fire Operations | \$ 3,817 | \$ - | \$ - | \$ - | \$ 3,817 | \$ 2,216 | \$ 1,601 |
| Association of South Central Oklahoma Fort Cobb REAP 16-2257 | 45,000 | - | - | - | 33,660 | 33,660 | - |
| Town Total | <u>\$ 48,817</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 37,477</u> | <u>\$ 35,876</u> | <u>\$ 1,601</u> |