

TOWN OF CEMENT

June 30, 2015

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

To the Specified Users of the Report:

Town Council, Town of Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Cement and Public Trust, Cement, Oklahoma as of June 30, 2015 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Equipment and Maintenance Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, , Budgetary Comparison Schedule of REAP Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2015. The financial statements 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 comprehensive basis of accounting other than generally accepted accounting principles. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and the requirements of Oklahoma statutes and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

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

Additionally, 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 Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2015. Management of the Town of Cement 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 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 Cement** as of and for the fiscal year ended June 30, 2015:

1. **Procedures Performed:** From the Town's trial balances, we prepared 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 prepared 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 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 and in all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2015 by the following:

- ✚ In the General Fund, the personal service budget was overspent \$748 and the maintenance & operations budget was overspent \$24,142. The total budget was overspent \$24,890.
- ✚ No budget was created for the REAP Grant Fund, therefore the entire fund was over budget \$75,007.

Cause: The Town failed to notice these funds and their individual budget categories were overspent and submit a budget supplement to correct the error.

Criteria: The Town is not allowed to spend more than its appropriations. Amendments to their appropriations should be approved when the Town knows it will be close or over its current budget amounts. The board may approve transfers between categories in each fund and supplements may be filed with the county for new revenue.

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. Council can approve transfers between budgeted categories for each fund. Budget supplements must be approved by the County Excise Board.

Management's Corrective Action Plan: The Town Clerk will monitor the budget more closely and make budget adjustments as needed.

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.

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

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 has not completely corrected the transfer error from the prior year. \$2,028 needs to be returned to Cemetery Care Fund that was incorrectly transferred out in a prior year.

Cause: The Town deposits all lot sales and interment revenue into the Cemetery Care Fund and then transfers 75% to the General Fund. The Town misinterpreted the comment on a prior year report and transferred 75% of the Fund Balance for the Cemetery Care Fund.

Criteria: Per Town ordinance, the Town is required to deposit 25% of all lot sales and internments into the Cemetery Care Fund. These funds may only be used for the purchase of capital improvements and land for the Cemetery. The remainder of the lot sales and interment revenue is to be transferred to General Fund.

Recommendation: The Town must transfer back to the Cemetery Care Fund the remaining \$2,028 of restricted revenue that was transferred out in error. The Town must also ensure that it reviews the total sales each year and makes sure the required transfers are made.

Management's Corrective Action Plan: The Town corrected this after the end of the fiscal year.

Condition: The Town failed to make all transfers of restricted Sales Tax revenue to their required funds during the year.

Cause: The Town was not aware they missed the June 2014 transfer of \$1,346 to the Fire Department Fund and \$673 to the Capital Improvement Fund.

Criteria: Per Town ordinance, the Town is required to deposit .5% of all sales tax received into Fire Department Fund and .25% of all sales tax received into Capital Improvement.

Recommendation: The Town must transfer the shortages to their required funds as soon as they are able. The Town must also ensure that it reviews the total sales tax transfers each year and makes sure all required transfers are made.

Management's Corrective Action Plan: The Town corrected this after the end of the fiscal year.

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 reserve requirement, this procedure was not performed.

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

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

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

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

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

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

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

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 has no reserve requirement, this procedure was not performed.

As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2015:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 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.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.

Angel, Johnston + Blasingame, P.C.

Angel, Johnston and Blasingame, P.C.
November 2, 2015

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2015
(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	\$ 3,055	\$ 168,109	\$ 141,288	\$ 29,876
Street & Alley Fund	1,371	4,737	5,569	539
Cemetery Care Fund	8,480	400	163	8,717
Fire Department Fund	23,132	27,024	26,256	23,901
Capital Improvement Fund	11,499	9,444	3,573	17,370
Fire Department Grant Fund	4,546	6,236	3,646	7,137
Reserve Police Fund	423	2,400	72	2,750
REAP Grant Fund	-	75,007	75,007	-
CDBG Grant Fund	-	-	-	-
Town Subtotal	<u>52,506</u>	<u>293,358</u>	<u>255,573</u>	<u>90,291</u>
PUBLIC TRUST:				
Cement Public Works Authority	43,910	231,388	250,976	24,322
CPWA - Water Meter	564	217	72	709
Public Trust Subtotal	<u>44,474</u>	<u>231,606</u>	<u>251,048</u>	<u>25,031</u>
Overall Totals	<u>\$ 96,980</u>	<u>\$ 524,964</u>	<u>\$ 506,622</u>	<u>\$ 115,322</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND
For the Fiscal Year Ended June 30, 2015
(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:	\$ 3,055	\$ 3,055	\$ 3,055	\$ -
Charges for Services:				
Permit fees	4,566	4,566	5,422	855
Cemetery Lot Sales	1,890	1,890	1,200	(690)
Total Charges for Services	<u>6,456</u>	<u>6,456</u>	<u>6,622</u>	<u>165</u>
Intergovernmental-Local:				
Franchise tax	9,914	9,914	12,590	2,676
Police fines	3,600	3,600	5,978	2,378
Total Intergovernmental-Local	<u>13,514</u>	<u>13,514</u>	<u>18,567</u>	<u>5,053</u>
Intergovernmental-State:				
Sales tax	63,850	63,850	116,165	52,314
Alcohol beverage tax	4,140	4,140	4,744	604
Cigarette tax	954	954	1,618	664
Use tax	7,625	7,625	5,855	(1,770)
State grants	-	-	-	-
Total Intergovernmental-State	<u>76,570</u>	<u>76,570</u>	<u>128,381</u>	<u>51,812</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	16	16	5	(10)
Rental	2,250	2,250	2,725	475
Royalty	12,589	12,589	8,426	(4,162)
Reimbursement	-	-	1,627	1,627
Donations	-	-	80	80
Miscellaneous	-	-	1,675	1,675
Total Miscellaneous Revenue	<u>14,854</u>	<u>14,854</u>	<u>14,539</u>	<u>(315)</u>
Non-Revenue Receipts:				
Transfers from other funds	1,948	1,948	-	(1,948)
Amounts available for appropriation	<u>116,397</u>	<u>116,397</u>	<u>171,164</u>	<u>54,767</u>
Charges to Appropriations:				
Personal Services	90,898	90,898	91,645	(748)
Maintenance & Operations	25,500	25,500	49,642	(24,142)
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Other	<u>116,397</u>	<u>116,397</u>	<u>141,288</u>	<u>(24,890)</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>116,397</u>	<u>116,397</u>	<u>141,288</u>	<u>(24,890)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,876</u>	<u>\$ 29,876</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT EQUIPMENT AND MAINTENANCE FUND
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 23,132	\$ 23,132	\$ 23,132	\$ -
Revenues	-	27,024	27,024	-
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	23,132	50,156	50,156	-
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	17,698	44,435	20,822	23,614
Capital Outlay	-	-	-	-
Debt Service	5,434	5,434	5,434	-
Total Other	23,132	49,869	26,256	23,614
Other Financing Uses:				
Transfers to other funds	-	287	-	287
Total Charges to Appropriations	23,132	50,156	26,256	23,901
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 23,901	\$ 23,901

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 11,499	\$ 11,499	\$ 11,499	\$ -
Revenues	-	9,444	9,444	-
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	11,499	20,944	20,944	-
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	72	(72)
Capital Outlay	11,499	20,944	3,501	17,443
Debt Service	-	-	-	-
Total Other	11,499	20,944	3,573	17,370
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	11,499	20,944	3,573	17,370
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 17,370	\$ 17,370

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
REAP GRANT FUND
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ -	\$ -
Revenues	-	-	75,007	75,007
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	75,007	75,007
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	5,500	(5,500)
Capital Outlay	-	-	69,507	(69,507)
Debt Service	-	-	-	-
Total Other	-	-	75,007	(75,007)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	75,007	(75,007)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Operating Revenues:

Charges for services:		
Water Revenues	\$	112,768
Sewer Revenues		36,937
Solid Waste Revenues		73,730
Penalties, Reconnect and Taps		7,919
Miscellaneous		21
Total Operating Revenue		<u>231,375</u>

Operating Expenses:

Personal Services		57,011
Maintenance & Operations		
Water		105,411
Sewer		3,735
Sanitation		64,992
Total Operating Expenses		<u>231,149</u>

Operating Income (Loss)		<u>226</u>
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Non-Operating Revenues (Expenses):

Investment income		19
Miscellaneous income		212
Grant revenue		-
Grant expenses		-
Capital outlay		(19,899)
Total Non-Operating Revenues (Expenses)		<u>(19,669)</u>

Net Income (Loss) Before Contributions and Transfers		(19,443)
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Capital contributions

Transfers in

Transfers out

Changes in Fund Balance		<u>(19,443)</u>
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Fund Balance - beginning		<u>44,474</u>
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Fund Balance - ending	\$	<u><u>25,031</u></u>
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TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2015
(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 Operational Grants	\$ 4,484	\$ -	\$ -	\$ -	\$ 4,484	\$ 4,484	\$ -
Association of South Central Oklahoma Governments REAP 14-2255	140,861	-	-	-	75,007	75,007	-
Oklahoma Department of Commerce 15882 CDBG 13	140,861	-	-	-	-	-	-
Town Subtotal	<u>4,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,484</u>	<u>4,484</u>	<u>-</u>
PUBLIC WORKS AUTHORITY:							
No Activity in Current Year							
PWA Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 4,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,484</u>	<u>\$ 4,484</u>	<u>\$ -</u>