

# TOWN OF CEMENT

June 30, 2016

## TABLE OF CONTENTS

	<b>Page</b>
Independent Accountant's Report	1-4
Summary of Changes in Fund Balances-Modified Cash Basis	5
Budgetary Comparison Schedule-Modified Cash Basis -General Fund	6
Budgetary Comparison Schedule-Modified Cash Basis - Cemetery Care Fund	7
Budgetary Comparison Schedule-Modified Cash Basis - Fire Department Equipment and Maintenance Fund	8
Budgetary Comparison Schedule-Modified Cash Basis - Capital Improvement Fund	9
Budgetary Comparison Schedule-Modified Cash Basis - REAP Grant Fund	10
Statement of Revenues, Expenses and Changes in Fund Balance -Modified Cash Basis-Cement Public Works Authority	11
Schedule of Grant Activity-Modified Cash Basis	12

**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

Management is responsible for the accompanying Summary of Changes in Fund Balances-Modified Cash Basis of the Town of Cement and Cement Public Works Authority as of and for the year ended June 30, 2016, and the related Budgetary Comparison Schedule-Modified Cash Basis-General Fund, Budgetary Comparison Schedule-Modified Cash Basis-Cemetery Care Fund, Budgetary Comparison Schedule-Modified Cash Basis-Fire Department Equipment and Maintenance Fund, Budgetary Comparison Schedule-Modified Cash Basis-Capital Improvement Fund, Budgetary Comparison Schedule-Modified Cash Basis-REAP Grant Fund, Statement of Revenues, Expenses and Changes in Fund Balance-Modified Cash Basis-Cement Public Works Authority, and Schedule of Grant Activity-Modified Cash Basis for the year ended June 30, 2016, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. 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 applicable to municipalities and the presentation requirements prescribed in Oklahoma Statutes §11-17.105-.107 and §60-180.1-.3. 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 are prepared in accordance with the modified cash basis of accounting, 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.

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, 2016. Management of the Town of Cement and Cement Public Works Authority is responsible for the Town's and Authority's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed by Oklahoma Statutes. 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, 2016:

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 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 one fund for the year ended June 30, 2016 by the following:

- ✚ No budget was created for the REAP Grant Fund, therefore the entire fund was over budget \$65,854. This is the second year this was a comment.

**Cause:** The Town failed to notice this fund and its individual budget categories were overspent and submit a budget supplement to correct the error.

**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. The board may approve transfers between categories in each fund and supplements may be filed with the county for new revenue which will cause expenditures to exceed current appropriations.

**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.

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

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:** Town had no contractual or debt service requirements. This procedure does not apply.

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

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:** 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:** Authority had no contractual or debt service requirements. This procedure does not apply.

As to the **Town of Cement and Cement Public Works Authority** grant programs, as of and for the fiscal year ended June 30, 2016:

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.

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 3, 2016

**TOWN OF CEMENT AND PUBLIC TRUST**  
Cement, Oklahoma

**SUMMARY OF CHANGES IN FUND BALANCES-MODIFIED CASH BASIS**  
For the Fiscal Year Ended June 30, 2016  
(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>
<b>TOWN:</b>				
General Fund	\$ 29,876	\$ 131,623	\$ 128,977	\$ 32,522
Street & Alley Fund	539	4,542	4,181	900
Cemetery Care Fund	8,717	2,570	66	11,221
Fire Department Fund	23,901	23,731	23,792	23,839
Capital Improvement Fund	17,370	8,354	2,760	22,965
Fire Department Grant Fund	7,137	5,490	5,000	7,627
Reserve Police Fund	3,660	166	1,655	2,172
REAP Grant Fund	-	65,854	65,854	-
CDBG Grant Fund	-	-	-	-
<b>Town Subtotal</b>	<u>91,201</u>	<u>242,330</u>	<u>232,285</u>	<u>101,245</u>
<b>PUBLIC TRUST:</b>				
Cement Public Works Authority	40,300	229,697	250,511	19,486
CPWA - Water Meter	32	-	-	32
<b>Public Trust Subtotal</b>	<u>40,332</u>	<u>229,697</u>	<u>250,511</u>	<u>19,518</u>
<b>Overall Totals</b>	<u>\$ 131,533</u>	<u>\$ 472,026</u>	<u>\$ 482,796</u>	<u>\$ 120,763</u>

**TOWN OF CEMENT AND PUBLIC TRUST**  
Cement, Oklahoma

**BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS**  
**GENERAL FUND**  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 29,876	\$ 29,876	\$ 29,876	\$ -
<b>Charges for Services:</b>				
Permit fees	4,880	4,880	5,180	301
Cemetery Lot Sales	1,080	1,080	-	(1,080)
<b>Total Charges for Services</b>	<u>5,960</u>	<u>5,960</u>	<u>5,180</u>	<u>(779)</u>
<b>Intergovernmental-Local:</b>				
Franchise tax	11,331	11,331	10,243	(1,087)
Police fines	5,380	5,380	3,287	(2,092)
<b>Total Intergovernmental-Local</b>	<u>16,711</u>	<u>16,711</u>	<u>13,531</u>	<u>(3,180)</u>
<b>Intergovernmental-State:</b>				
Sales tax	104,548	104,548	84,674	(19,874)
Alcohol beverage tax	4,269	4,269	4,677	408
Cigarette tax	1,456	1,456	1,356	(100)
Use tax	5,270	5,270	8,744	3,474
State grants	-	-	-	-
<b>Total Intergovernmental-State</b>	<u>115,543</u>	<u>115,543</u>	<u>99,450</u>	<u>(16,093)</u>
<b>Intergovernmental-Federal:</b>				
Federal grants	-	-	-	-
<b>Total Intergovernmental-State</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Miscellaneous Revenue:</b>				
Interest	5	5	6	1
Rental	2,453	2,453	2,475	23
Royalty	7,584	7,584	4,993	(2,591)
Reimbursement	-	-	187	187
Donations	-	-	510	510
Miscellaneous	-	-	5,291	5,291
<b>Total Miscellaneous Revenue</b>	<u>10,041</u>	<u>10,041</u>	<u>13,462</u>	<u>3,421</u>
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	<u>178,131</u>	<u>178,131</u>	<u>161,499</u>	<u>(16,631)</u>
<b>Charges to Appropriations:</b>				
Personal Services	95,000	95,000	87,936	7,064
Maintenance & Operations	83,131	83,131	44,870	38,261
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
<b>Total Other</b>	<u>178,131</u>	<u>178,131</u>	<u>132,805</u>	<u>45,325</u>
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	<u>178,131</u>	<u>178,131</u>	<u>132,805</u>	<u>45,325</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,694</u>	<u>\$ (61,957)</u>
Current Year Encumbrances	<u>-</u>	<u>-</u>	<u>3,828</u>	<u>-</u>
<b>Ending Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,522</u>	<u>\$ (61,957)</u>

TOWN OF CEMENT AND PUBLIC TRUST  
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS  
CEMETERY CARE FUND  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 8,717	\$ 8,717	\$ 8,717	\$ -
<b>Revenues</b>	-	4,217	2,570	(1,647)
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	8,717	12,934	11,287	(1,647)
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	-	20	66	(46)
Capital Outlay	8,717	9,818	-	9,818
Debt Service	-	-	-	-
Total Other	8,717	9,838	66	9,772
<b>Other Financing Uses:</b>				
Transfers to other funds	-	3,096	-	3,096
<b>Total Charges to Appropriations</b>	8,717	12,934	66	12,868
<b>Ending Budgetary Fund Balance</b>	\$ -	\$ -	\$ 11,221	\$ 11,221
Current Year Encumbrances	-	-	-	-
<b>Ending Fund Balance</b>	\$ -	\$ -	11,221	11,221

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, 2016  
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 23,901	\$ 23,901	\$ 23,901	\$ -
<b>Revenues</b>	-	18,630	18,731	101
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	5,000	5,000	-
<b>Amounts available for appropriation</b>	23,901	47,530	47,631	101
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	18,467	42,096	19,717	22,379
Capital Outlay	-	-	-	-
Debt Service	5,434	5,434	4,989	445
Total Other	23,901	47,530	24,707	22,824
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	23,901	47,530	24,707	22,824
<b>Ending Budgetary Fund Balance</b>	\$ -	\$ -	\$ 22,925	\$ 22,925
Current Year Encumbrances	-	-	914	-
<b>Ending Fund Balance</b>	\$ -	\$ -	23,839	22,925

TOWN OF CEMENT AND PUBLIC TRUST  
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS  
CAPITAL IMPROVEMENT FUND  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 17,370	\$ 17,370	\$ 17,370	\$ -
<b>Revenues</b>	-	7,717	8,354	638
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	17,370	25,087	25,725	638
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	-	3,000	0	3,000
Capital Outlay	17,370	22,087	2,760	19,327
Debt Service	-	-	-	-
Total Other	17,370	25,087	2,760	22,327
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	17,370	25,087	2,760	22,327
<b>Ending Budgetary Fund Balance</b>	\$ -	\$ -	\$ 22,965	\$ 22,965
Current Year Encumbrances	-	-	-	-
<b>Ending Fund Balance</b>	\$ -	\$ -	22,965	22,965

TOWN OF CEMENT AND PUBLIC TRUST  
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS  
REAP GRANT FUND  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ -	\$ -
<b>Revenues</b>	-	-	65,854	65,854
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	-	-	65,854	65,854
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	65,854	(65,854)
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Other	-	-	65,854	(65,854)
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	-	-	65,854	(65,854)
<b>Ending Budgetary Fund Balance</b>	\$ -	\$ -	\$ -	\$ -
Current Year Encumbrances	-	-	-	-
<b>Ending Fund Balance</b>	\$ -	\$ -	\$ -	\$ -

**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, 2016**  
**(Unaudited)**

**Operating Revenues:**

Charges for services:

Water Revenues	\$	111,860
Sewer Revenues		34,203
Solid Waste Revenues		74,601
Penalties, Reconnect and Taps		8,610
Total Operating Revenue		229,274

**Operating Expenses:**

Personal Services		65,319
Maintenance & Operations		
Water		104,988
Sewer		11,768
Sanitation		63,543
Total Operating Expenses		245,618

Operating Income (Loss)		(16,344)
-------------------------	--	----------

**Non-Operating Revenues (Expenses):**

Investment income		6
Miscellaneous income		376
Sale of Assets		40
Grant revenue		-
Loan Interest Expense		(448)
Loan Principal Expense		(4,445)
Capital outlay		-
Total Non-Operating Revenues (Expenses)		(4,470)

<b>Net Income (Loss) Before Contributions and Transfers</b>		(20,814)
---	--	----------

Capital contributions

Transfers in

Transfers out

<b>Changes in Fund Balance</b>		(20,814)
--------------------------------	--	----------

<b>Fund Balance - beginning</b>		40,300
---------------------------------	--	--------

<b>Fund Balance - ending</b>	\$	19,486
------------------------------	----	--------

TOWN OF CEMENT AND PUBLIC TRUST  
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS  
For the Fiscal Year Ended June 30, 2016  
(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>
<b>TOWN:</b>							
Department of Agriculture - Fire Operational Grants	\$ 4,290	\$ -	\$ -	\$ -	\$ 4,290	\$ 4,290	\$ -
Association of South Central Oklahoma Governments REAP 14-2255	140,861	75,007	75,007	-	65,854	65,854	-
<b>Town Subtotal</b>	<u>4,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,290</u>	<u>4,290</u>	<u>-</u>
<b>PUBLIC WORKS AUTHORITY:</b>							
No Activity in Current Year							
<b>PWA Subtotal</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Overall Totals</b>	<u>\$ 4,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,290</u>	<u>\$ 4,290</u>	<u>\$ -</u>