

TOWN OF GRACEMONT

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 Gracemont
Gracemont, Oklahoma

Trustees of the Gracemont Public Works Authority
Gracemont, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Gracemont and Public Trust, Gracemont, Oklahoma as of June 30, 2015 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Gracemont 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 Gracemont 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 Gracemont** 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 one fund. In one other fund appropriations were exceeded at the legal level of control for the year ended June 30, 2015.

- ✚ In the Grant Fund, the maintenance & operations budget was overspent by \$3,702 and the capital outlay budget was overspent by \$45,500. The total budget was overspent the \$49,202.

Cause: The Town failed to notice these funds and their individual budget categories were overspent and submit a budget supplement to correct the errors. This has been a reoccurring comment for over 8 years.

Criteria: Per state statutes the Town is not allowed to spend more than its appropriations. Amendments or supplements to their appropriations must be filed when the Town knows it will be over its beginning budget amounts.

Recommendation: The Town clerk and board 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 for revenue received in special funds or transfers between funds must also be approved by the County Excise Board.

Management's Corrective Action Plan: Town Clerk needs training on governmental budgeting and will check with the consultant to see if he can assist with monitoring the budget more closely and making amendments to the budgets 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.

Condition: In the Grant Fund, the Town did not record grant revenue and expenses of \$4,203 on its financial statements. The Town also appears to not be reconciling the financial statements for all of its funds to the bank statements.

Cause: The Town failed to enter all revenue and expenses in the Grant fund on its financial statements. Town personnel do not appear to be reconciling the bank statements for each fund to the financial statements to ensure all funds are in balance.

Criteria: All revenue received and expenses incurred by a Town must be recorded on its financial statements and reconciled on a monthly basis to the bank statements.

Recommendation: The Town should closely monitor all funds to ensure they are recording all revenue and expenses. Each fund should be reconciled on a monthly basis to the bank statements. It may be beneficial to the Town to have their consultant reconcile the bank statements to the financials on a monthly basis instead of at year end.

Management's Corrective Action Plan: The Clerk was not aware this had happened and will contact the consultant to ensure this does not occur again.

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

As to the **Gracemont 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.

- 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.

Condition: In the PWA Operating Fund, the Authority did not record grant revenue and expenses of \$26,979 on its financial statements. The Authority also appears to not be reconciling the financial statements for all of its funds to the bank statements.

Cause: The Authority failed to enter all revenue and expenses in the Grant fund on its financial statements. Authority personnel do not appear to be reconciling the bank statements for each fund to the financial statements to ensure all funds are in balance.

Criteria: All revenue received and expenses incurred by a Authority must be recorded on its financial statements and reconciled on a monthly basis to the bank statements.

Recommendation: The Authority should closely monitor all funds to ensure they are recording all revenue and expenses. Each fund should be reconciled on a monthly basis to the bank statements. It may be beneficial to the Town to have their consultant reconcile the bank statements to the financials on a monthly basis instead of at year end.

Management's Corrective Action Plan: The Clerk was not aware this had happened and will contact the consultant to ensure this does not occur again.

Condition: The Clerk deposited and spent grant funds of \$4,203 for a PWA water project in the Grants Fund, which is a Town fund. This grant was issued to the PWA and all revenue should have been deposited in a PWA fund and expended from there.

Cause: The Clerk failed to enter all revenue and expenses for each entity correctly.

Criteria: PWA and the Town are separate entities. The Clerk needs to ensure that PWA revenues are deposited into PWA funds in order to comply with revenue recognition requirements.

Recommendation: The Clerk should closely monitor the accounts where all funds are deposited. If money specified for PWA is deposited to a Town fund, a transfer needs to be made to correct this error. Additional training on governmental accounting would be beneficial.

Management's Corrective Action Plan: The Clerk was not aware this had happened and will contact the consultant to ensure this does not occur again.

- 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.

- 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.

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

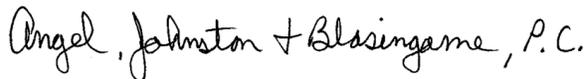
As to the **Town of Gracemont and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2015:

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 and Blasingame, P.C.
October 13, 2015

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2015
(Unaudited)

		<u>Beginning of Year Fund Balance</u>		<u>Current Year Receipts</u>		<u>Current Year Disbursements</u>		<u>End of Year Fund Balance</u>
TOWN:								
General Fund	** \$	52,958	\$	96,186	\$	107,486	\$	41,658
Street & Alley Fund		5,424		3,041		3,552		4,913
Fire Department Fund		57,454		27,518		29,817		55,155
Park Fund		113		291		-		404
Municipal Court Fund		1,044		102		56		1,090
Grant Fund		501		49,203		49,703		1
Police Fund		2,609		83		45		2,647
Town Subtotal		<u>120,102</u>		<u>176,424</u>		<u>190,659</u>		<u>105,868</u>
PUBLIC TRUST:								
GPWA Operating Fund		15,562		150,463		139,124		26,901
GPWA Meter Deposit Fund		662		2,148		-		2,810
GPWA Reserve Fund		9,876		53		4,961		4,968
Public Trust Subtotal		<u>26,100</u>		<u>152,664</u>		<u>144,085</u>		<u>34,679</u>
Overall Totals	\$	<u>146,202</u>	\$	<u>329,088</u>	\$	<u>334,744</u>	\$	<u>140,547</u>

***Beginning Balance of this Fund was adjusted.

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 53,897	\$ 53,897	\$ 52,958	\$ (938)
Charges for Services:				
Permit fees	1,044	1,044	10	(1,034)
Misc Service fees	-	-	825	825
Total Charges for Services	<u>1,044</u>	<u>1,044</u>	<u>835</u>	<u>(209)</u>
Intergovernmental-Local:				
Franchise tax	6,232	6,232	7,806	1,573
Police Fines	23,922	23,922	873	(23,049)
Total Intergovernmental-Local	<u>30,154</u>	<u>30,154</u>	<u>8,678</u>	<u>(21,476)</u>
Intergovernmental-State:				
Sales tax	42,208	42,208	35,935	(6,273)
Use tax	5,742	5,742	7,802	2,061
Alcohol beverage tax	2,628	2,628	3,011	383
Tobacco tax	594	594	645	51
Total Intergovernmental-State	<u>51,171</u>	<u>51,171</u>	<u>47,393</u>	<u>(3,779)</u>
Intergovernmental-State:				
Federal Grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	217	217	265	48
Donation	-	-	-	-
Reimbursements	-	-	191	191
Marquee/Copy Revenue	311	311	102	(209)
Miscellaneous	-	-	547	547
Total Miscellaneous Revenue	<u>528</u>	<u>528</u>	<u>1,105</u>	<u>577</u>
Non-Revenue Receipts:				
Transfers from other funds	38,394	38,394	38,174	(220)
Amounts available for appropriation	<u>175,188</u>	<u>175,188</u>	<u>149,144</u>	<u>(26,044)</u>
Charges to Appropriations:				
Personal Services	124,888	124,888	66,459	58,430
Maintenance & Operations	50,000	50,000	22,832	27,168
Capital Outlay	-	-	18,195	(18,195)
Debt Service	-	-	-	-
Total Other	<u>174,888</u>	<u>174,888</u>	<u>107,486</u>	<u>67,403</u>
Other Financing Uses:				
Transfers to other funds	300	300	-	300
Total Charges to Appropriations	<u>175,188</u>	<u>175,188</u>	<u>107,486</u>	<u>67,703</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,658</u>	<u>\$ 41,658</u>

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 57,455	\$ 57,455	\$ 57,455	\$ -
Revenues	-	-	27,517	27,517
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	57,455	57,455	84,972	27,517
Charges to Appropriations:				
Personal Services	5,000	5,000	-	5,000
Maintenance & Operations	45,000	45,000	23,877	21,123
Capital Outlay	7,455	7,455	5,940	1,515
Debt Service	-	-	-	-
Total Other	57,455	57,455	29,817	27,637
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	57,455	57,455	29,817	27,637
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 55,155	\$ 55,155

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
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:	\$ 501	\$ 501	\$ 501	\$ -
Revenues	-	-	49,203	49,203
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	501	501	49,704	49,203
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	501	501	4,203	(3,702)
Capital Outlay	-	-	45,500	(45,500)
Debt Service	-	-	-	-
Total Other	501	501	49,703	(49,202)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	501	501	49,703	(49,202)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1	\$ 1

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

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

Operating Revenues:

Charges for services:

Utility Revenues	\$ 125,418
Total Operating Revenue	125,418

Operating Expenses:

Personal Services	-
Maintenance & Operations	78,976
Total Operating Expenses	78,976

Operating Income (Loss)	46,442
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Non-Operating Revenues (Expenses):

Investment income	255
Rent	
Insurance Reimbursements	
Miscellaneous Revenue	12
Grants	26,979
Sale of Assets	-
Capital outlay	(26,935)
Total Non-Operating Revenues (Expenses)	311

Net Income (Loss) Before Contributions and Transfers	46,753
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Capital contributions	-
Transfers in	-
Transfers out	(38,174)
	(38,174)

Changes in Fund Balance	8,579
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Fund Balance - beginning	26,100
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Fund Balance - ending	\$ 34,679
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TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, 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:							
OK Department of Agriculture Fire Operations Grant	4,484	-	-	-	4,484	4,484	-
Association of South Central Oklahoma REAP 14-2264	45,000	-	-	-	45,000	45,000	-
Town Subtotal	<u>49,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,484</u>	<u>49,484</u>	<u>-</u>
PUBLIC WORKS AUTHORITY:							
OK Department of Agriculture - Rural Development Water and Waste System Grant	106,000	-	-	-	26,979	26,935	44
Association of South Central Oklahoma REAP Gracemont-12	45,000	40,797	40,797	-	4,203	4,203	-
PWA Subtotal	<u>151,000</u>	<u>40,797</u>	<u>40,797</u>	<u>0</u>	<u>31,182</u>	<u>31,138</u>	<u>44</u>
Overall Totals	<u>\$ 200,484</u>	<u>\$ 40,797</u>	<u>\$ 40,797</u>	<u>\$ 0</u>	<u>\$ 80,666</u>	<u>\$ 80,622</u>	<u>\$ 44</u>