

TOWN OF DACOMA
June 30, 2015

TABLE OF CONTENTS

| | Page |
|---|-------------|
| Independent Accountant's Report | 1-4 |
| Summary of Changes in Fund Balance -Modified Cash Basis | 5 |
| Budgetary Comparison Schedule -Modified Cash Basis - General Fund | 6 |
| Budgetary Comparison Schedule -Modified Cash Basis - Business Activity Center | 7 |
| Statement of Revenues, Expenses and Changes in Fund Balance -Modified Cash Basis - Dacoma Public Works Authority | 8 |
| Schedule of Grant Activity -Modified Cash Basis | 9 |

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

To the Specified Users of the Report:

Town Council, Town of Dacoma
Dacoma, Oklahoma

Trustees of the Dacoma Public Works Authority
Dacoma, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Woods County Clerk
Alva, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Dacoma and Public Trust, Dacoma, Oklahoma as of June 30, 2015 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Business Activity Center Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Dacoma 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 Dacoma 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 Dacoma** 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.

Findings: Expenditures exceeded total appropriations in one fund for the year ended June 30, 2015.

- ✚ In the Business Activity Center Fund, the maintenance and operations budget was overspent \$34,966. The total budget was overspent the same.

Cause: The Town did not create a budget for this fund.

Criteria: Per Oklahoma Statute Title 68: Municipalities are not allowed to spend more than its appropriations. Amendments to the beginning of the year appropriations should be filed when the Town knows it will be close or exceed its current budget amounts. The board may also approve transfers between categories within each fund. All Town funds must have a budget.

Recommendation: The Town should create and closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments or appropriations 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 also be approved by the County Excise Board.

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: The Town receives Motor Vehicle and Gas Excise Tax, which is restricted for Street and Alley use only. This revenue is deposited into the General Fund and no tracking is maintained on the revenue or the expenses associated with it.

Cause: The Town was unaware they needed to keep track of the restricted revenue separately and the expenses that correspond to it.

Criteria: Per Oklahoma Statute 11OS, 36-114: State shared revenue from the state motor fuel tax or the motor vehicle license and registration tax may be expended only for the construction, maintenance, repair, improvement or lighting of streets and alleys. Revenue may be deposited in and paid from either a street and alley fund or an account within the general fund.

Recommendation: The Town should review prior years and create a spreadsheet of the revenue received for street and alley as well as the expenses associated with it to determine the current restricted revenue balance. The Town could also create a separate fund to deposit Street & Alley revenue in to better track the restricted revenue.

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 **Dacoma 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.

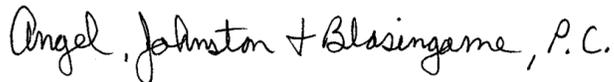
As to the **Town of Dacoma and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2015:

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.
June 26, 2016

TOWN OF DACOMA AND PUBLIC TRUST
Dacoma, 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 Balance</u> |
|-------------------------------|--|--------------------------------------|---|---|
| TOWN: | | | | |
| General Fund | \$ 282,438 | \$ 112,700 | \$ 46,808 | \$ 348,330 |
| Business Activity Center Fund | 67,576 | 72,715 | 34,966 | 105,326 |
| Town Subtotal | <u>350,014</u> | <u>185,415</u> | <u>81,774</u> | <u>453,656</u> |
| PUBLIC TRUST: | | | | |
| Dacoma Public Works Authority | 169,855 | 67,194 | 50,302 | 186,747 |
| Public Trust Subtotal | <u>169,855</u> | <u>67,194</u> | <u>50,302</u> | <u>186,747</u> |
| Overall Totals | <u>\$ 519,869</u> | <u>\$ 252,610</u> | <u>\$ 132,076</u> | <u>\$ 640,403</u> |

Note: Beginning Fund Balances were adjusted for prior period activity.

TOWN OF DACOMA AND PUBLIC TRUST
Dacoma, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

For the Fiscal Year Ended June 30, 2015
(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: | \$ 282,438 | \$ 282,438 | \$ 282,438 | \$ - |
| Charges for Services: | | | | |
| Water Utilities | 4,703 | 4,703 | - | (4,703) |
| Total Charges for Services | <u>4,703</u> | <u>4,703</u> | <u>-</u> | <u>(4,703)</u> |
| Intergovernmental-Local: | | | | |
| Franchise tax | 6,113 | 6,113 | 5,582 | (531) |
| Total Intergovernmental-Local | <u>6,113</u> | <u>6,113</u> | <u>5,582</u> | <u>(531)</u> |
| Intergovernmental-State: | | | | |
| Motor Vehicle tax | 2,726 | 2,726 | 833 | (1,892) |
| Gas Excise tax | - | - | - | - |
| Alcohol beverage tax | - | - | 2,276 | 2,276 |
| State grants | - | - | - | - |
| Total Intergovernmental-State | <u>2,726</u> | <u>2,726</u> | <u>3,109</u> | <u>383</u> |
| Intergovernmental-Federal: | | | | |
| Federal grants | - | - | - | - |
| Total Intergovernmental-State | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Miscellaneous Revenue: | | | | |
| Interest | 1,492 | 1,492 | 1,405 | (86) |
| Rental | 10,836 | 10,836 | 12,320 | 1,484 |
| Sale of Property | - | - | - | - |
| Royalties | - | - | 52,753 | 52,753 |
| Reimbursements | - | - | 26,130 | 26,130 |
| Donations | - | - | - | - |
| Miscellaneous | - | - | 11,400 | 11,400 |
| Total Miscellaneous Revenue | <u>12,328</u> | <u>12,328</u> | <u>104,009</u> | <u>91,681</u> |
| Non-Revenue Receipts: | | | | |
| Transfers from other funds | - | - | - | - |
| Amounts available for appropriation | <u>308,308</u> | <u>308,308</u> | <u>395,138</u> | <u>86,830</u> |
| Charges to Appropriations: | | | | |
| Personal Services | 20,000 | 20,000 | 3,888 | 16,112 |
| Maintenance & Operations | 100,000 | 100,000 | 39,921 | 60,079 |
| Capital Outlay | 188,308 | 188,308 | 3,000 | 185,308 |
| Debt Service | - | - | - | - |
| Total Other | <u>308,308</u> | <u>308,308</u> | <u>46,808</u> | <u>261,500</u> |
| Other Financing Uses: | | | | |
| Transfers to other funds | - | - | - | - |
| Total Charges to Appropriations | <u>308,308</u> | <u>308,308</u> | <u>46,808</u> | <u>261,500</u> |
| Unallocated Fund Balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Ending Budgetary Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 348,330</u> | <u>\$ 348,330</u> |

TOWN OF DACOMA AND PUBLIC TRUST
Dacoma, Oklahoma

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

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|-------|-------------------|-------------------------------|
| | Original | Final | | |
| Beginning Budgetary Fund Balance: | \$ - | \$ - | \$ 67,576 | \$ 67,576 |
| Revenues | - | - | 72,715 | 72,715 |
| Non-Revenue Receipts: | | | | |
| Transfers from other funds | - | - | - | - |
| Amounts available for appropriation | - | - | 140,291 | 140,291 |
| Charges to Appropriations: | | | | |
| Personal Services | - | - | - | - |
| Maintenance & Operations | - | - | 34,966 | (34,966) |
| Capital Outlay | - | - | - | - |
| Debt Service | - | - | - | - |
| Total Other | - | - | 34,966 | (34,966) |
| Other Financing Uses: | | | | |
| Transfers to other funds | - | - | - | - |
| Total Charges to Appropriations | - | - | 34,966 | (34,966) |
| Unallocated Fund Balance | - | - | - | - |
| Ending Budgetary Fund Balance | \$ - | \$ - | \$ 105,326 | \$ 105,326 |

TOWN OF DACOMA AND PUBLIC TRUST
Dacoma, Oklahoma

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

Operating Revenues:

Charges for services:

| | |
|-------------------------|-----------|
| Water Revenues | \$ 65,885 |
| Total Operating Revenue | 65,885 |

Operating Expenses:

| | |
|--------------------------|--------|
| Personal Services | 2,800 |
| Maintenance & Operations | 42,381 |
| Total Operating Expenses | 45,181 |

| | |
|-------------------------|--------|
| Operating Income (Loss) | 20,705 |
|-------------------------|--------|

Non-Operating Revenues (Expenses):

| | |
|---|---------|
| Interest income | 1,309 |
| Miscellaneous income | - |
| Grant revenue | - |
| Interest expense | (5,121) |
| Capital outlay | - |
| Total Non-Operating Revenues (Expenses) | (3,812) |

| | |
|---|--------|
| Net Income (Loss) Before Contributions and Transfers | 16,892 |
|---|--------|

| | |
|-------------------------|---|
| Operating Transfers in | - |
| Operating Transfers out | - |

| | |
|--------------------------------|--------|
| Changes in Fund Balance | 16,892 |
|--------------------------------|--------|

| | |
|---|---------|
| Fund Balance - beginning, restated | 169,855 |
|---|---------|

| | |
|------------------------------|------------|
| Fund Balance - ending | \$ 186,747 |
|------------------------------|------------|

Note: Beginning Fund Balance was adjusted for reserve requirement of \$8,856 on USDA note.

TOWN OF DACOMA AND PUBLIC TRUST
Dacoma, 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: | | | | | | | |
| No activity in current year | | | | | | | |
| Town Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</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>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |