INDEPENDENT ACCOUNTANT'S REPORTS
AS OF AND FOR THE
FISCAL YEAR ENDED JUNE 30, 2016

TOWN OF INDIAHOMA, OKLAHOMA
INDIAHOMA PUBLIC WORKS AUTHORITY
INDIAHOMA COMMUNITY DEVELOPMENT CORP

Lisa Brooks
Certified Public Accountant

Town of Indiahoma, Oklahoma

Indiahoma Public Works Authority

Indiahoma Community Development Corporation

June 30, 2016

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Form SA&I 2643 with Compilation Report

Lisa Brooks
Certified Public Accountant

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Independent Accountant's Report on
Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Indiahoma
Indiahoma, Oklahoma

Trustees of the Indiahoma Public Works Authority
Indiahoma, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

United States Department of Agriculture, Rural Development
Hobart, Oklahoma

I have performed the procedures enumerated below which were agreed to by the specified users of this report, as identified above, and as defined within the applicable 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 Indiahoma 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 and the additional requirements prescribed in Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I 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 Indiahoma, Oklahoma**, as of and for the fiscal year ended June30, 2016:

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

   Findings: No instances noted.

2. **Procedures Performed:** From the Town's trial balances, I prepared a budget and actual financial schedule for the General Fund and any other significant funds (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: No instances noted.

3. **Procedures Performed:** Agreed 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 instances noted.

4. **Procedures Performed:** Compared Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

   Findings: No instances noted.

5. **Procedures Performed:** Compared Town's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

   Findings: No instances noted.

6. **Procedures Performed:** 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 instances noted.

7. **Procedures Performed:** Compared the Town's account balances in reserve accounts to contractually required balances and debt service requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

   Findings: No instances noted.

As to the **Indiahoma Public Works Authority**, as of and for the fiscal year ended June30, 2016:

1. **Procedures Performed:** From the Authority's trial balances, I prepared a schedule of revenues, expenses and changes in fund balance 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 instances noted.

2. **Procedures Performed:** From the Authority's trial balances, I prepared USDA Form RD 442-3 (see accompanying Exhibit 4) and a schedule of cash in bank (see accompanying Exhibit 5) and compared the schedule results to the applicable trust reserve requirements to report any noted instance of noncompliance.

Findings: No instances noted.

3. **Procedures Performed:** Agreed 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: Seven checks totaling $1,102.05 cleared the bank by June 30, 2016, but were not recorded as expenses until July, putting them in the subsequent fiscal year. Even taking that into account, the ending book checking balance is $1,604.03 greater than the balance per the bank statement.

4. **Procedures Performed:** Compared Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

   Findings: No instances noted.

5. **Procedures Performed:** Compared Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

   Findings: No instances noted.

6. **Procedures Performed:** 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 instances noted.

7. **Procedures Performed:** Compared the Authority's account balances in reserve accounts to contractually required balances and debt service requirements to report any noted instances of noncompliance.

   Findings: No instances noted.

As to the **Indiahoma Community Development Corporation**, as of and for the fiscal year ended June30, 2016:

1. **Procedures Performed:** From the Corporation's trial balances, I prepared a schedule of revenues, expenses and changes in fund balance for each fund (see accompanying Exhibit 6).

2. **Procedures Performed:** From the Corporation's trial balances, I prepared USDA Form RD 442-3 (see accompanying Exhibit 7).

3. **Procedures Performed:** Agreed Corporation'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 instances noted.

4. **Procedures Performed:** Compared Corporation's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

   Findings: No instances noted.

5. **Procedures Performed:** Compared Corporation's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

   Findings: No instances noted.

6. **Procedures Performed:** Compared the accounting for the Corporation's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

   Findings: No instances noted.

7. **Procedures Performed:** Compared the Corporation's account balances in reserve accounts to contractually required balances and debt service requirements to report any noted instances of noncompliance.

   Findings: The Corporation lacks sufficient reserves to meet contractual requirements and relies entirely upon the Indiahoma Public Works Authority for debt service.

As to **Grant Activities**, as of and for the fiscal year ended June30, 2016:

1. **Procedures Performed:** From the Town's trial balances and bank statements, I prepared a schedule of grant activity for each applicable grant/contract (see accompanying Exhibit 8) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

   Findings: No instances noted.

The accompanying Summary of Changes in Fund Balances-Modified Cash Basis for the Town of Indiahoma, Indiahoma Public Works Authority (a public trust), and Indiahoma Community Development Corporation as of and for the fiscal year ended June 30, 2016; Budgetary Comparison Schedule-Cash Basis for the General Fund and Other Significant Governmental Funds of the Town of Indiahoma as of and for the fiscal year ended June 30, 2016; Statement of Revenues, Expenses, and Changes in Fund Balance-Modified Cash Basis of Indiahoma Public Works Authority as of and for the fiscal year ended June 30, 2016; prescribed USDA Form RD 442-3-Modified Cash Basis for Indiahoma Public Works Authority as of June 30, 2016; Statement of Reserved Cash in Bank-Cash Basis for Indiahoma Public Works Authority as of June 30, 2016; Statement of Revenues, Expenses, and Changes in Fund Balance-Modified Cash Basis of Indiahoma Community Development Corporation as of and for June 30, 2016; prescribed USDA Form RD 442-3-Modified Cash Basis for Indiahoma Community Development Corporation as of June 30, 2016; and Schedule of Grant Activity-Cash Basis for Town of Indiahoma and public trusts as of and for the fiscal year ended June 30, 2016 are presented as prescribed by Oklahoma Statutes and USDA Rural Development requirements and

were not audited or reviewed by me. Accordingly, I do no express an opinion or any other form of assurance on them.

I was not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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.

Lisa Brooks, CPA

Lisa Brooks, CPA
Granite, Oklahoma
November 7, 2016

LISA BROOKS
Certified Public Account

Management is responsible for the preparation and fair presentation of the accompanying selected financial statements which comprise a Summary of Changes in Fund Balances-Modified Cash Basis for the Town of Indiahoma, Indiahoma Public Works Authority (a public trust), and Indiahoma Community Development Corporation as of and for the fiscal year ended June 30, 2016; Budgetary Comparison Schedule-Cash Basis for the General Fund and Other Significant Governmental Funds of the Town of Indiahoma as of and for the fiscal year ended June 30, 2016; Statement of Revenues, Expenses, and Changes in Fund Balance-Modified Cash Basis of Indiahoma Public Works Authority as of and for the fiscal year ended June 30, 2016; prescribed USDA Form RD 442-3-Modified Cash Basis for Indiahoma Public Works Authority as of June 30, 2016; Statement of Reserved Cash in Bank-Cash Basis for Indiahoma Public Works Authority as of June 30, 2016; Statement of Revenues, Expenses, and Changes in Fund Balance-Modified Cash Basis of Indiahoma Community Development Corporation as of and for June 30, 2016; prescribed USDA Form RD 442-3-Modified Cash Basis for Indiahoma Community Development Corporation as of June 30, 2016; and Schedule of Grant Activity-Cash Basis for Town of Indiahoma and public trusts as of and for the fiscal year ended June 30, 2016 and for determining that the cash (including modified cash) basis of accounting is an acceptable financial reporting framework for the purposes these statements are to serve. I 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. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements.

The financial statements are prepared in accordance with the 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 the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included, they might influence the users' conclusions about the entities' assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Lisa Brooks, CPA

Lisa Brooks, CPA
Granite, Oklahoma
November 7, 2016

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Exhibit 1

Town of Indiahoma, Oklahoma
Indiahoma Public Works Authority
Indiahoma Community Development Corporation
Summary of Changes in Fund Balances
Modified Cash Basis
For the Fiscal Year Ended June 30, 2016

	Beginning of Year Fund Balances	Current Year Receipts	Current Year Disbursements	End of Year Fund Balances
Town of Indiahoma:				
General Fund	$ 207,824.30	43,491.82	33,569.52	$ 217,746.60
Street and Alley Fund	$ 8,374.54	3,166.11	4,389.79	$ 7,150.86
Capital Improvements Fund	$ -			$ -
City Subtotal	$ 216,198.84	$ 46,657.93	$ 37,959.31	$ 224,897.46
Indiahoma Public Works Authority	$ 129,619.82	183,670.15	204,389.29	$ 108,900.68
Indiahoma Community Development Corporation	$ 46,196.48	4,716.00	6,936.71	$ 43,975.77
Overall Totals	$ 392,015.14	$ 235,044.08	$ 249,285.31	$ 377,773.91

Town of Indiahoma, Oklahoma
Budgetary Comparison Schedule
General and Other Significant Governmental Funds
Cash Basis
For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance-**General Fund**	242,145.32	207,824.30	(34,321.02)
Resources (Inflows)			
Taxes:			
Sales Tax	25,967.49	27,317.76	1,350.27
Use Tax	8,635.72	4,787.19	(3,848.53)
Alcohol Tax	1,015.20	995.64	(19.56)
Cigarette Tax	330.64	313.78	(16.86)
Motor Vehicle Tax	0.00	0.00	0.00
Total Taxes	35,949.05	33,414.37	(2,534.68)
Other:			
Franchise Fees	2,046.12	1,155.25	(890.87)
Lot Rent	3,671.92	800.00	(2,871.92)
Other Income	363.72	7,495.50	7,131.78
Total Other	6,081.76	9,450.75	3,368.99
Investment Income	831.94	626.70	(205.24)
Total Current Year Receipts	42,862.75	43,491.82	629.07
Amounts available for Appropriation	285,008.07	251,316.12	(33,691.95)
Charges to Appropriations (Outflows):			
Personal Services	35,000.00	11,030.68	23,969.32
Maintenance & Operations	145,000.00	22,538.84	122,461.16
Capital Outlay	60,000.00	0.00	60,000.00
Total Charges to Appropriations	240,000.00	33,569.52	206,430.48
Ending Budgetary Fund Balance-General Fund		**217,746.60**	

Town of Indiahoma, Oklahoma
Budgetary Comparison Schedule
General and Other Significant Governmental Funds
Cash Basis
For the Fiscal Year Ended June 30, 2016

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Street and Alley Fund			
Beginning Budgetary Fund Balance	9,705.71	8,374.54	(1,331.17)
Resources (Inflows)			
Gasoline Tax	600.00	645.87	45.87
Motor Vehicle Tax	2,600.00	2,500.56	(99.44)
Investment Income	20.00	19.68	(0.32)
Total Current Year Receipts	3,220.00	3,166.11	(53.89)
Transfers			0.00
Amounts available for Appropriation	12,925.71	11,540.65	(1,385.06)
Charges to Appropriations (Outflows):			
Personal Services	5,500.00	1,137.15	(4,362.85)
Maintenance & Operations	3,300.00	3,252.64	(47.36)
Capital Outlay	4,000.00	0.00	(4,000.00)
Total Charges to Appropriations	12,800.00	4,389.79	(8,410.21)
Ending Budgetary Fund Balance		**7,150.86**	
Capital Improvements Fund			
Beginning Budgetary Fund Balance	0.00	0.00	0.00
Resources (Inflows)			
Investment Income	0.00	0.00	0.00
Total Current Year Receipts	0.00	0.00	0.00
Transfers OUT		0.00	0.00
Amounts available for Appropriation	0.00	0.00	0.00
Charges to Appropriations (Outflows):			
Total Charges to Appropriations	0.00	0.00	0.00
Ending Budgetary Fund Balance		**0.00**	

Exhibit 3

Indiahoma Public Works Authority
Statement of Revenues, Expenses, and Changes in Fund Balance
Modified Cash Basis
For the fiscal year ended June 30, 2016

Operating Revenues:	
Water Revenue	68,202.06
Sewer Revenue	23,347.03
Sanitation Revenue	77,838.11
Late Fees	5,540.56
Miscellaneous Revenue	2,192.63
ICDC Rent	6,426.00
Total Operating Revenues	183,546.39
Operating Expenses:	
Water	49,169.46
Sewer	1,557.32
Sanitation	67,796.69
Personal Services	40,838.35
Maintenance and Operations	8,519.82
Interest	572.03
Depreciation	18,571.67
ICDC	12,647.95
Total Operating Expenses	199,673.29
Operating Income (Loss) from Operations	(16,126.90)
Non-Operating Revenues (Expenses):	
Interest Revenue	123.76
Income (Loss) before Transfers	(16,003.14)
Transfers Out	(4,716.00)
Net Income (Loss)	(20,719.14)
Fund Balance - Beginning of Year	129,619.82
Fund Balance - End of Year	108,900.68

Exhibit 4

Form RD 442-3
(Rev 3-97)

Indiahoma Public Work Authority

Modified Cash Basis

	June 30, 2016	June 30, 2015
ASSETS		
CURRENT ASSETS		
1. Cash on hand in Banks	39,778.50	45,311.04
2. Time deposits and short-term investments		
3. Accounts receiveable		
4. Less: Allowance for doubtful accounts		
5. Inventories		
6. Prepayments		
7.		
8.		
9. Total Current Assets	39,778.50	45,311.04
FIXED ASSETS		
10. Land		
11. Buildings		
12. Furniture and equipment		
13.	638,393.01	638,393.01
14. Less: Accumulated depreciation	(545,085.35)	(526,513.68)
15. Net Total Fixed Assets	93,307.66	111,879.33
OTHER ASSETS		
16.		
17.		
18. Total Assets	133,086.16	157,190.37
LIABILITIES AND EQUITIES		
CURRENT LIABILITIES		
19. Accounts Payable		
20. Notes payable		
21. Current portion of USDA note	5,076.00	5,076.00
22. Customer deposits	16,966.62	15,779.53
23. Taxes payable		
24. Interest payable		
25.		
26.		
27. Total Current Liabilities	22,042.62	20,855.53
LONG-TERM LIABILITIES		
28. Notes payable USDA	3,904.84	8,406.35
29.		
30.		
31. Total Long-Term Liabilities	3,904.84	8,406.35
32. Total Liabilities	25,947.46	29,261.88
EQUITY		
33. Retained earnings	122,217.66	143,007.45
34. Memberships	(15,078.96)	(15,078.96)
35. Total Equity	107,138.70	127,928.49
36. Total Liabilities and Equity	133,086.16	157,190.37

Exhibit 5

Indiahoma Public Works Authority
Statement of Reserved Cash in Bank
June 30, 2016

Customer Meter Deposits	16,966.62
Rural Development	
PWA #92-02 ($423 x 12 mo)	5,076.00
ICDC #97-01 ($393 x 12 mo)	4,716.00
	9,792.00
Total Cash Reserves Required	**26,758.62**
Operating Checking	22,811.88
Deposit Checking	16,966.62
	39,778.50
Excess of cash on hand over reserves required	13,019.88

Exhibit 6

Indiahoma Community Development Corporation
Statement of Revenues, Expenses, and Changes in Fund Balance
Modified Cash Basis
For the fiscal year ended June 30, 2016

Operating Revenues:	
Total Operating Revenues	0.00
Operating Expenses:	
Interest	1,361.71
Depreciation	5,575.00
Total Operating Expenses	6,936.71
Operating Income (Loss) from Operations	(6,936.71)
Non-Operating Revenues (Expenses):	
Interest Revenue	0.00
Income (Loss) before Transfers	(6,936.71)
Net Transfers In	4,716.00
Net Income (Loss)	(2,220.71)
Fund Balance - Beginning of Year	46,196.48
Fund Balance - End of Year	$43,975.77

Form RD 442-3
(Rev 3-97)

Indiahoma Community Development Corporation

Modified Cash Basis

	June 30, 2016	June 30, 2015
ASSETS		
CURRENT ASSETS		
1. Cash on hand in Banks	0.00	0.00
2. Time deposits and short-term investments		
3. Accounts receiveable		
4. Less: Allowance for doubtful accounts		
5. Inventories		
6. Prepayments		
7.		
8.		
9. Total Current Assets	0.00	0.00
FIXED ASSETS		
10. Land	20,000.00	20,000.00
11. Buildings	222,993.00	222,993.00
12. Furniture and equipment		
13.		
14. Less: Accumulated depreciation	(180,932.00)	(175,357.00)
15. Net Total Fixed Assets	62,061.00	67,636.00
OTHER ASSETS		
16.		
17.		
18. Total Assets	62,061.00	67,636.00
LIABILITIES AND EQUITIES		
CURRENT LIABILITIES		
19. Accounts Payable		
20. Notes payable		
21. Current portion of USDA note	4,716.00	4,716.00
22. Customer deposits		
23. Taxes payable		
24. Interest payable		
25.		
26.		
27. Total Current Liabilities	4,716.00	4,716.00
LONG-TERM LIABILITIES		
28. Notes payable USDA	20,746.04	24,037.70
29.		
30.		
31. Total Long-Term Liabilities	20,746.04	24,037.70
32. Total Liabilities	25,462.04	28,753.70
EQUITY		
33. Retained earnings	36,598.96	38,882.30
34. Memberships		
35. Total Equity	36,598.96	38,882.30
36. Total Liabilities and Equity	62,061.00	67,636.00

Exhibit 8

Town of Indiahoma, Oklahoma
Schedule of Grant Activity-Cash Basis
For the Fiscal year Ended June 30, 2016

	Beginning Unexpended Grant Funds	Current Year Receipts	Current Year Disbursements	Ending Unexpended Grant Funds
REAP Indiahoma 12-2261	$0	$23,585	$23,585	$0
ASCOG CIP 13-3007-1	$0	$2,840	$2,840	$0
Total	$0	$26,425	$26,425	$0

Selected Additional Information

On April 12, 1983, USDA Rural Development granted Loan #97-01 to Indiahoma Community Development Corporation (ICDC) to finance commercial rental real estate in the Town of Indiahoma, Oklahoma. This loan is guaranteed by Indiahoma Public Works Authority (a public trust). Subsequently, ICDC ceased to function as a viable entity and effectively defaulted on the loan. The Public Works Authority has met its obligation as guarantor, making scheduled payments in timely manner.

When ICDC ceased to operate, there was no legal dissolution of the corporation or transfer of title to the property. The loan requirement for an annual financial audit of ICDC cannot be met because there is no Board of Directors to engage an auditor, no financial statements to audit, or funds with which to pay for such audit.

Cash transactions resulting from the Public Works Authority's involvement with this loan and related property are reflected in the accompanying financial statements in a manner consistent with that utilized in prior years.