

Town of Sentinel
Agreed Upon Procedures
June 30, 2014

RSMeacham CPAs & Advisors

801 Frisco, Clinton, OK 73601

580-323-1766 | 580-323-1768 fax

Members of American
Institute of Certified
Public Accountants

Members of Oklahoma
Society of Certified
Public Accountants

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Sentinel
Sentinel, Oklahoma

Trustees of the Sentinel Public Works Authority
Sentinel, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have compiled the accompanying Statement of Changes in Unrestricted Fund Balances (GAAP Basis), the Budgetary Comparison Schedule-Cash Basis for the General Fund, the Budgetary Comparison Schedule-Cash Basis for the Street & Alley Fund, and the Budgetary Comparison Schedule-Cash Basis for the Cemetery Fund, the Public Works Balance Sheet, and the Statement of Revenues, Expenses, and Changes in Fund Balance for the Town of Sentinel and the Sentinel Public Works Authority for the fiscal year ended June 30, 2014, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting information in the form of financial statements prescribed by Oklahoma Statutes that is the representation of the management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

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

We have performed the procedures enumerated within Appendix A and Appendix B 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 of Sentinel (the Town) and the Sentinel Public Works Authority (the Authority) in meeting its financial accountability requirements as prescribed by such state laws and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2014. Management of the Town of Sentinel 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, we make no representation regarding the sufficiency of the procedures described in Appendix A or B, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on financial accountability and compliance with contractual requirements. 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.

RSMeacham CPAs & Advisors
August 18, 2014

**Town of Sentinel, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2014**

As to the Town of Sentinel as of and for the fiscal year ended June 30, 2014:

- I. Prepare a schedule of changes in fund balances for each fund from the Town's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit I; no instances of noncompliance noted.

- II. Prepare a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund and compare the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances on noncompliance with the appropriation limitations.

Findings: See Exhibits II-V, no instances of noncompliance noted. The Town's significant funds are the Street & Alley, Cemetery, and the Ambulance fund.

- III. Agree the Town's material bank account balances to bank statements, and trace the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances of noncompliance noted.

- IV. Compare the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: Collateral pledge, \$250,000 FDIC insurance and \$750,000 FHL Bank, is insufficient for assets in bank of \$1,044,792.79. Recommendation is to increase collateral pledge.

- V. Compare use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- VI. Compare 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 of noncompliance noted.

**Town of Sentinel, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2014
(Continued from previous page)**

- VII. Compare 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 instances of noncompliance noted.

- VIII. Prepare a schedule of grants awarded, received, and expended during the fiscal year.

Findings: See exhibit VIII. No instances of noncompliance noted.

**Sentinel, Oklahoma Public Works Authority
Procedures and Findings
For the Year Ended June 30, 2014**

As to the Sentinel Public Works Authority, as of and for the year ended June 30, 2014:

- I. Prepare a schedule of revenues, expenditures and changes in fund balance for each fund from the Authority's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit VI, no instances of noncompliance noted.

- II. Agree the Authority's material bank account balances to bank statements, and trace the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances of noncompliance noted.

- III. Compare the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

- IV. Compare the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- V. Compare 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 of noncompliance noted.

- VI. Compare 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 instances of noncompliance noted. Reserve balances required by the loan resolution security agreement are as follows:
Rural development \$74,415.

- VII. Prepare a cash basis balance sheet for the Authority.

Findings: See Exhibit VI.

TOWN OF SENTINEL, OKLAHOMA
SUMMARY OF CHANGES IN UNRESTRICTED FUND BALANCES (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Change</u>	<u>End of Year Fund Balances</u>
TOWN:			
General Fund	\$ 321,214	\$ 58,563	\$ 379,777
Street & Alley Fund	100,613	8,787	109,400
Cemetery Care Fund	108,366	13,260	121,626
Ambulance Fund	2,308	14,844	17,152
EPA Wastewater Project Fund	4,119	-	4,119
CENA Grant Fund	3	-	3
Outdoor & Recreation Fund	995	-	995
Town Subtotal	<u>537,618</u>	<u>\$ 95,454</u>	<u>633,072</u>
PROPRIETARY FUNDS:			
Public Works Authority	239,337	42,621	281,958
Overall Totals	<u>\$ 776,955</u>	<u>\$ 138,075</u>	<u>\$ 915,030</u>

See accountant's report.

**TOWN OF SENTINEL, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 309,283	\$ 321,214	\$ 321,214	\$ -
Resources (Inflows):				
Taxes:				
Sales tax	184,872	203,872	211,004	7,132
Tobacco tax	2,236	2,736	2,539	(197)
Total Taxes	<u>187,108</u>	<u>206,608</u>	<u>213,543</u>	<u>6,935</u>
Intergovernmental:				
Alcoholic beverage tax	10,771	13,271	12,142	(1,129)
Franchise tax	18,270	22,270	20,104	(2,166)
Total Intergovernmental	<u>29,042</u>	<u>35,541</u>	<u>32,246</u>	<u>(3,295)</u>
Fines and Forfeitures	5,000	5,000	8,393	3,393
Fire department (includes grant revenue)	2,500	6,974	8,864	1,890
Investment Income	500	500	1,048	548
Royalty income	2,200	2,200	3,173	973
Miscellaneous Income	29,000	34,000	45,012	11,012
Grants-SWODA and DEPT of COMMERCE	-	19,748	25,709	5,961
Subtotal	<u>39,200</u>	<u>68,422</u>	<u>92,199</u>	<u>23,777</u>
Total current year resources	<u>255,350</u>	<u>310,571</u>	<u>337,988</u>	<u>27,417</u>
Amounts available for appropriation	<u>\$ 564,633</u>	<u>\$ 631,785</u>	<u>\$ 659,202</u>	<u>\$ 27,417</u>
Charges to Appropriations (Outflows):				
Other:				
Personal services	103,000	113,000	81,917	31,083
Materials and supplies	17,525	25,625	14,374	11,251
Other services and charges	52,400	85,676	72,441	13,235
Capital outlay	5,000	30,000	9,531	20,469
Grant expenditures	-	-	26,916	(26,916)
Total Other	<u>177,925</u>	<u>254,301</u>	<u>205,179</u>	<u>49,122</u>
Police:				
Personal services	55,000	55,000	22,476	32,524
Materials and supplies	8,300	8,300	1,093	7,207
Other services and charges	11,670	11,820	8,840	2,980
Capital outlay	-	-	-	-
Total Police	<u>74,970</u>	<u>75,120</u>	<u>32,409</u>	<u>42,711</u>
Fire:				
Personal services	2,000	2,000	2,036	(37)
Materials and supplies	6,500	6,500	2,865	3,635
Other services and charges	8,900	8,900	5,528	3,372
Capital outlay	5,000	5,000	-	5,000
Total Fire	<u>22,400</u>	<u>22,400</u>	<u>10,429</u>	<u>11,971</u>
Ambulance				
Personal services	-	-	-	-
Materials and supplies	2,500	2,500	179	2,321
Other services and charges	8,000	8,000	2,393	5,607
Capital outlay	-	-	-	-
Total Ambulance	<u>10,500</u>	<u>10,500</u>	<u>2,572</u>	<u>7,928</u>
Other Financing Uses:				
Transfers to other funds	6,000	6,000	6,000	-
Total Charges to Appropriations	<u>291,795</u>	<u>368,320</u>	<u>256,589</u>	<u>111,731</u>
Change in Fund Balance	(36,445)	(57,749)	81,399	139,148
Ending Budgetary Fund Balance	<u>272,838</u>	<u>263,465</u>	<u>402,613</u>	<u>139,148</u>

ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Other accruals (22,836)

Unrestricted Fund balance at end of year (GAAP basis) 379,777

**TOWN OF SENTINEL, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
STREET & ALLEY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 94,038	\$ 100,613	\$ 100,613	\$ -
Resources (Inflows):				
Intergovernmental:				
Motor vehicle tax	5,300	5,300	6,934	1,634
Gas excise tax	1,700	1,700	1,636	(64)
Total Intergovernmental	<u>7,000</u>	<u>7,000</u>	<u>8,570</u>	<u>1,570</u>
Miscellaneous income	150	150	265	115
Transfers from other funds	5,500	5,500	6,000	500
Subtotal	<u>5,500</u>	<u>5,650</u>	<u>6,265</u>	<u>615</u>
Total current year resources	<u>12,500</u>	<u>12,650</u>	<u>14,835</u>	<u>2,185</u>
Amounts available for appropriation	<u>\$ 100,138</u>	<u>\$ 113,263</u>	<u>\$ 115,448</u>	<u>\$ 2,185</u>
Charges to Appropriations (Outflows):				
Other:				
Materials and supplies	5,800	5,800	284	5,516
Total Other	<u>5,800</u>	<u>5,800</u>	<u>284</u>	<u>5,516</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>6,100</u>	<u>5,800</u>	<u>284</u>	<u>5,516</u>
Change in Fund Balance	6,100	6,850	14,551	7,701
Ending Budgetary Fund Balance	<u>100,138</u>	<u>107,463</u>	<u>115,164</u>	<u>7,701</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			(5,764)	
Unrestricted Fund balance at end of year (GAAP basis)			<u>109,400</u>	

TOWN OF SENTINEL, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 CEMETERY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 107,560	\$ 108,366	\$ 108,366	\$ -
Resources (Inflows):				
Lot purchases	1,000	2,045	3,245	1,200
Interments	5,000	5,000	6,250	1,250
Donations	4,000	4,000	7,336	3,336
Miscellaneous income	2,000	2,000	744	(1,256)
Subtotal	12,000	13,045	17,575	4,530
Total current year resources	12,000	13,045	17,575	4,530
Amounts available for appropriation	\$ 119,560	\$ 121,411	\$ 125,941	\$ 4,530
Charges to Appropriations (Outflows):				
Other:				
Personal services	1,200	1,200	-	1,200
Materials and supplies	4,800	4,800	1,565	3,235
Other services and charges	1,050	2,050	2,710	(660)
Total Other	7,050	8,050	4,275	3,775
Other Financing Uses:				
Transfers to other funds	-	-	40	(40)
Total Charges to Appropriations	7,050	8,050	4,315	3,735
Change in Fund Balance	4,950	4,995	13,260	8,265
Ending Budgetary Fund Balance	112,510	113,361	121,626	8,265
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			-	
Unrestricted Fund balance at end of year (GAAP basis)			121,626	

TOWN OF SENTINEL, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 AMBULANCE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 2,696	\$ 2,308	\$ 2,308	\$ -
Resources (Inflows):				
Membership fee	-	17,600	25,323	7,723
Other Income	-	22,000	22,950	950
Donations	1,600	2,100	2,344	244
Miscellaneous Income	1	249	167	(82)
Transfers from other funds			180	180
Subtotal	<u>1,601</u>	<u>41,949</u>	<u>50,964</u>	<u>9,015</u>
Total current year resources	<u>1,601</u>	<u>41,949</u>	<u>50,964</u>	<u>9,015</u>
Amounts available for appropriation	<u>\$ 4,297</u>	<u>\$ 44,257</u>	<u>\$ 53,272</u>	<u>\$ 9,015</u>
Charges to Appropriations (Outflows):				
Other:				
Personal services	-	32,926	32,101	825
Materials and supplies	830	2,439	2,439	-
Other services and charges	750	7,265	7,265	-
Total Other	<u>1,580</u>	<u>42,630</u>	<u>41,805</u>	<u>825</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>1,580</u>	<u>42,630</u>	<u>41,805</u>	<u>825</u>
Change in Fund Balance	21	(681)	9,159	9,840
Ending Budgetary Fund Balance	<u>2,717</u>	<u>1,627</u>	<u>11,467</u>	<u>9,840</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			5,685	
Unrestricted Fund balance at end of year (GAAP basis)			<u>17,152</u>	

Exhibit VI

TOWN OF SENTINEL, OKLAHOMA
PUBLIC WORKS AUTHORITY
BALANCE SHEET-CASH BASIS
JUNE 30, 2014

	<u>2014</u>
ASSETS	
Current assets:	
Cash, including time deposits	\$ 213,310
Total current assets	<u>213,310</u>
Restricted assets:	
Cash, including time deposits	<u>105,369</u>
Total restricted assets	<u>105,369</u>
Non-current assets:	
Capital assets (net)	<u>287,812</u>
Total non-current assets	<u>287,812</u>
Total assets	<u><u>606,491</u></u>
LIABILITIES	
Liabilities, payable from restricted assets	
Accrued payroll liabilities payable	2,586
Meter deposits payable	30,954
Interest payable	494
Due to general fund	<u>78,266</u>
Total liabilities payable from restricted assets	<u>112,300</u>
Non-current liabilities:	
Notes payable, non-current	<u>212,233</u>
Total non-current liabilities	<u>212,233</u>
Total liabilities	<u><u>324,533</u></u>
FUND BALANCE	
Restricted	74,415
Unrestricted	<u>207,543</u>
Total fund balance	<u>281,958</u>
Total Liabilities and Fund Balance	<u><u>606,491</u></u>

See accountant's report.

TOWN OF SENTINEL, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS
PUBLIC WORKS AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Operating Revenues:	
Charges for services:	<u>2014</u>
Water	211,298
Sewer	97,746
Sanitation	94,508
Penalties	7,753
Total Operating Revenues	<u>411,305</u>
Operating Expenses:	
Water	259,829
Sewer	35,672
Sanitation	74,016
Grant expense	21,643
Total Operating Expenses	<u>391,160</u>
Operating Income	20,145
Non-Operating Revenues:	
Grants	21,643
Interest	834
Total Non-Operating Revenues	<u>22,477</u>
Net Income Before Contributions and Transfers	<u>42,621</u>
Change in fund balance	42,621
Fund Balance - beginning	<u>239,337</u>
Fund Balance - ending	<u><u>281,958</u></u>

Exhibit VIII

TOWN OF SENTINEL, OKLAHOMA
SCHEDULE OF GRANTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Grant revenue	Funding period	Project Description	Award	Amount received	Amount expended	Receipts less expenditures
Grant received from:						
ODOT	2014	Glenn Briggs & Assoc	13,025	13,025	13,025	-
SWODA	2014-	Water system	99,860	8,618	8,618	-
	2015	improvements				
State of Oklahoma CIP Grant	2014	5 year plan	18,175	18,175	18,175	-
MODA	2014	Park improvements	4,750	4,750	4,750	-
SWODA	2014	CENA	2,784	2,784	2,784	-
Dept of Agriculture	2014	Fire/Forrestry	4,474	4,474	2,374	2,100
FEMA	2014	Fire	321	321	321	-
		Total	<u>143,389</u>	<u>52,147</u>	<u>50,047</u>	<u>2,100</u>

See accountant's report.