

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

TOWN OF TIPTON, OKKLAHOMA
AND
PUBLIC TRUSTS

Lisa Brooks
Certified Public Accountant

Town of Tipton, Oklahoma
And Public Trusts

June 30, 2016

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Form SA&I 2643 with Compilation Report

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Independent Accountant's Report on
Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Board of Trustees and Management
Town of Tipton and Public Trusts
Tipton, 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 Tipton 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 Tipton, 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: Budget information was not available for comparison purposes.

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 as the Town has no uninsured deposits.

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

Findings: Oklahoma Statute §11-26-114 requires that Motor Fuel Tax and Vehicle License & Registration Tax revenues be **kept separately** in a Street and Alley Fund or a Street and Alley account within the General Fund and be expended **only** for construction, maintenance, repair, improvement, or lighting of streets and alleys. The General Fund has 2 checking accounts: Street Lighting Reserve and Street and Alley, but deposits, expenditures, and transfers are not in keeping with the statute.

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: A very large number of checking accounts and excessive transferring of monies among them, along with inconsistencies and errors in the entry of transactions into the accounting system effectively eliminated proper separate reporting of activities by fund.

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.

8. **Procedures Performed:** From the Town's and Authority's trial balances, I prepared a schedule of grant activity (see accompanying Exhibit 3) to compare 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.

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

1. **Procedures Performed:** From the Authority's trial balances, I prepared a schedule of revenues, expenses and changes in net assets-modified cash basis for each fund (see accompanying Exhibit 4) 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:** 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: No instances noted.

3. **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 as the Authority has no uninsured deposits.

4. **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.

5. **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.

6. **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.

7. **Procedures Performed:** From the Authority's trial balances, I prepared USDA Form RD 442-3 (see accompanying Exhibit 5) and a schedule of cash in bank reserved for

Rural Development debt service (see accompanying Exhibit 6) and compared the schedule results to the applicable trust reserve requirements to report any noted instance of noncompliance.

Findings: No instances noted.

The accompanying Summary of Changes in Fund Balances - Cash Basis for Town of Tipton and Public Trusts 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 Town of Tipton as of and for the fiscal year ended June 30, 2016; Schedule of Grant Activity - Cash Basis as of and for the fiscal year ended June 30, 2016; Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis of Tipton Public Works Authority and Tipton Airport Authority as of and for the fiscal year ended June 30, 2016; prescribed USDA Form RD 442-3 - modified cash basis for Tipton Public Works Authority as of June 30, 2016; and Schedule of Cash Reserved for Rural Development Debt Service as of 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 not 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
Granite, Oklahoma
December 12, 2016

LISA BROOKS

Certified Public Account

Management is responsible for the preparation and fair presentation of the accompanying selected financial statements which comprise a schedule of changes in fund balances - cash basis for each fund of Town of Tipton and public trusts as of and for the fiscal year ended June 30, 2016; a budget and actual financial schedule - cash basis for the General Fund and any other significant funds of Town of Tipton as of and for the fiscal year ended June 30, 2016; a schedule of grant activity - cash basis; statement of revenues, expenses and changes in net assets - modified cash basis of Tipton Public Works Authority and Tipton Airport Authority as of and for the fiscal year ended June 30, 2016; prescribed USDA Form RD 442-3 - modified cash basis for Tipton Public Works Authority as of June 30, 2016; and statement of reserved cash in bank for Rural Development debt service for Tipton Public Works Authority as of 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
December 12, 2016

Town of Tipton and Public Trusts
Tipton, Oklahoma

Exhibit 1

**Summary of Changes in Fund Balances
Modified Cash Basis
For the fiscal year ended June 30, 2016**

	Beginning of Year <u>Fund Balances</u>	Current Year <u>Receipts</u>	Current Year <u>Disbursements</u>	End of Year <u>Fund Balances</u>
Governmental Funds	\$24,075	\$195,315	\$211,881	\$7,509
Sidewalk to School Project	\$6,500	\$0	\$0	\$6,500
City Subtotal	<u>\$30,575</u>	<u>\$195,315</u>	<u>\$211,881</u>	<u>\$14,009</u>
Airport Authority	\$13,167	\$27,035	\$30,486	\$9,716
Public Works Authority	\$81,447	\$458,210	\$471,565	\$68,092
Enterprise Funds Subtotal	<u>\$94,614</u>	<u>\$485,245</u>	<u>\$502,051</u>	<u>\$77,808</u>
Overall Totals	<u>\$125,189</u>	<u>\$680,560</u>	<u>\$713,932</u>	<u>\$91,817</u>

Town of Tipton
Budgetary Comparison Schedule - Cash Basis
For the Fiscal Year Ended June 30, 2016

	General Fund Budget	All Governmental Funds Actual	Variance
Cash Carried Forward	37,582	37,242	(340)
Resources/Inflows	Information not Available		
Taxes			
Alcoholic Beverage		12,363	12,363
Cigarette		1,219	1,219
Franchise		23,857	23,857
Gasoline Excise		1,917	1,917
Motor Vehicle Registration		5,897	5,897
Sales		96,074	96,074
Use		8,793	8,793
Cemetery		5,910	5,910
Municipal Court		12,357	12,357
Swimming Pool		0	0
Misc. and Grants		10,293	10,293
Total Revenues		<u>178,680</u>	<u>178,680</u>
Transfers In		16,635	16,635
Total Available		232,557	232,557
Expenditures/Outflows			
Personal Services		97,506	(97,506)
Maintenance & Operations		83,687	(83,687)
Capital Outlay		15,188	(15,188)
Transfers Out		15,500	(15,500)
Total Charges to Appropriations		211,881	(211,881)
Ending Cash/Budgetary Fund Balance		20,676	

Town of Tipton and Public Trusts
Schedule of Grant Activity
Cash Basis
For the fiscal year ended June 30, 2016

Exhibit 3

	<u>Beginning Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>Ending Unexpended Grant Funds</u>
OWRB 2014	\$0	\$48,495	\$54,010	(\$5,515)

Town of Tipton
Enterprise Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Modified Cash Basis
For the fiscal year ended June 30, 2016

	Tipton Public Works Authority	Tipton Airport Authority	Total
<u>Operating Revenues</u>			
Water	\$221,411	\$0	\$221,411
Sewer	53,846	0	53,846
Trash	147,393	0	147,393
Airport	0	27,035	27,035
Misc. Operating Revenues	10,512	0	10,512
Total Operating Revenues	433,162	27,035	460,197
<u>Operating Expenses</u>			
Personnel	174,232		174,232
Trash Contract	89,453		89,453
Water Purchased	23,768		23,768
Maintenance & Operation	117,090	3,951	121,041
Interest	16,958		16,958
Depreciation	50,064	400	50,464
Total Operating Expenses	471,565	4,351	475,916
Net Operating Revenue (Expense)	(38,403)	22,684	(15,719)
<u>Non-Operating Revenues (Expenses)</u>			
Interest Income	48	0	48
Transfers In	25,000	0	25,000
Transfers (Out)	0	(26,135)	(26,135)
Net Non-Operating Revenue (Exp)	25,048	(26,135)	(1,087)
Net Income (Loss)	(13,355)	(3,451)	(16,806)
Beginning Net Assets	1,123,553	105,858	1,229,411
Ending Net Assets	<u>\$1,110,198</u>	<u>\$102,407</u>	<u>\$1,212,605</u>

Form RD 442-3
(Rev 3-97)

Tipton Public Work Authority

Balance Sheet
Modified Cash Basis (Regulatory)

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
<u>CURRENT ASSETS</u>		
1. Cash on hand in Banks	79,552	81,447
2. Time deposits and short-term investments		
3. Accounts receivable		
4. Less: Allowance for doubtful accounts		
5. Inventories		
6. Prepayments		
7.		
8.		
9. Total Current Assets	<u>79,552</u>	<u>81,447</u>
<u>FIXED ASSETS</u>		
10. Land		
11. Buildings		
12. Furniture and equipment		
13.	2,360,661	2,360,661
14. Less: Accumulated depreciation	<u>(1,020,345)</u>	<u>(970,281)</u>
15. Net Total Fixed Assets	1,340,316	1,390,380
<u>OTHER ASSETS</u>		
16.		
17.		
18. Total Assets	<u><u>1,419,868</u></u>	<u><u>1,471,827</u></u>
LIABILITIES AND EQUITIES		
<u>CURRENT LIABILITIES</u>		
19. Accounts Payable	5,904	11,172
20. Notes payable	15,940	15,160
21. Current portion of USDA note	19,931	19,931
22. Customer deposits		
23. Taxes payable		
24. Interest payable		
25.		
26.		
27. Total Current Liabilities	<u>41,775</u>	<u>46,263</u>
<u>LONG-TERM LIABILITIES</u>		
28. Notes payable USDA	293,629	311,805
29. Notes payable FNB Altus	404	16,344
30.		
31. Total Long-Term Liabilities	<u>294,033</u>	<u>328,149</u>
32. Total Liabilities	335,808	374,412
<u>EQUITY</u>		
33. Retained Earnings	1,084,060	1,097,415
34. Memberships		
35. Total Equity	<u>1,084,060</u>	<u>1,097,415</u>
36. Total Liabilities and Equity	<u><u>1,419,868</u></u>	<u><u>1,471,827</u></u>

Tipton PWA
Cash Reserved for Rural Development Debt Service
June 30, 2016

Farmers Home Admin Reserve Checking Account	\$34,523
<u>Rural Development Debt Service</u> RD-91-02 (\$2848 x 12)	\$34,176