

TOWN OF APACHE

June 30, 2014

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

To the Specified Users of the Report:

Town Council, Town of Apache
Apache, Oklahoma

Trustees of the Apache Public Works Authority
Apache, Oklahoma

Trustees of the Apache Economic Development Authority
Apache, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, OK

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Apache and Public Trusts, Apache, Oklahoma as of June 30, 2014 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Cemetery Lot Sales Fund-Modified Cash Basis, Budgetary Comparison Schedule of Cemetery Perpetual Care Fund-Modified Cash Basis, Budgetary Comparison Schedule of Ambulance Special Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Apache Public Works Authority and Apache Economic Development Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2014. 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, Public Works Authority and Economic Development 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, 2014. Management of the Town of Apache 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 Apache** as of and for the fiscal year ended June 30, 2014:

- 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 for the year ended June 30, 2014. In the Fire Department Fund, the personal service budget was overspent by \$840. The total budget was overspent by \$194.

Cause: The Town failed to notice this fund was overspent and have amendments approved by year end.

Criteria: State Statute 68 prohibits spending in excess of appropriations. Amendments to the Town's appropriations should be approved when the Town knows it will be close or over its current budget amounts. The board may approve transfers between categories in each fund and supplements may be filed with the county for new revenue which will cause expenditures to exceed current appropriations.

Recommendation: The Town 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 must also be approved by the County Excise Board.

Management's Corrective Action Plan: The Town Clerk will monitor the budgets more closely and make amendments during the year to correct overspending.

- 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.

Condition: The Town and Public Works Authority did not have sufficient collateral pledged at Shamrock Bank to cover all monies deposited in this bank at year end. They were short \$62,000 in collateral pledged.

Cause: More revenue was received at year end than anticipated and the Town failed to review collateral pledged on its accounts before year end.

Criteria: The Town should be comparing uninsured deposits to the fair value of pledged collateral and increasing the amounts as needed to cover all uninsured and uncollateralized deposits.

Recommendation: The Town needs to increase the amount of collateral pledged with Shamrock Bank to cover all uninsured and uncollateralized deposits.

Management's Corrective Action Plan: The Town will contact the bank and have the collateral pledged increased to cover all funds.

- 5 **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Condition: The Town still has a shortage on the required 12.5% transfer to Cemetery Care Fund of Lot Sales and Interments from prior years of \$218.

Cause: The Town failed to transfer the required 12.5% of total lot sales and interments to the Cemetery Care Fund in prior years.

Criteria: The Town is required to deposit 12.5% of all lot sales and interments into a Cemetery Care Fund, to be used only for capital improvements for the cemetery and the purchase of land.

Recommendation: The Town must correct the shortage by transferring \$218 from General Fund to Cemetery Care Fund. The Town must also ensure that it reviews the total sales each year and make the required transfer.

Management's Corrective Action Plan: The Town will make the transfer to correct this error.

Condition: The Town's required transfer to the Ambulance Fund of restricted Sales Tax is still short \$356 from the prior year.

Cause: The Town's calculation of the required restricted revenue was incorrect in the prior year and only a portion of the required transfer was made.

Criteria: The Town has a Sales Tax restriction of 2/7 of total Sales Tax received, designated for emergency services. This revenue is required to be transferred into the Ambulance Special Fund and payable to the Apache Ambulance Services for ongoing ambulance expenses.

Recommendation: The Town must correct the shortage by transferring \$356 from General Fund to Ambulance Special Fund. The Town should also review the total Sales Tax at year end and the total transfers to ensure the correct amount has been transferred to Ambulance Special Fund.

Management's Corrective Action Plan: The Town will make the transfer to correct this error.

- 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: The Town has no required reserves, this procedure was not performed.

- 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 required reserves, this procedure was not performed.

As to the **Apache Public Works Authority and Economic Development Authority**, as of and for the fiscal year ended June 30, 2014:

- 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.

Condition: The Town and Public Works Authority did not have sufficient collateral pledged at Shamrock Bank to cover all monies deposited in this bank at year end. They were short \$62,000 in collateral pledged.

Cause: More revenue was received at year end than anticipated and the Town failed to review collateral pledged on its accounts before year end.

Criteria: The Town should be comparing uninsured deposits to the fair value of pledged collateral and increasing the amounts as needed to cover all uninsured and uncollateralized deposits.

Recommendation: The Town needs to increase the amount of collateral pledged with Shamrock Bank to cover all uninsured and uncollateralized deposits.

Management's Corrective Action Plan: The Town will contact the bank and have the collateral pledged increased to cover all funds.

- 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.

Condition: The Authority does not have sufficient funds to cover all active and inactive depositors listed in their system. The Town is currently short \$1780, based on their year-end depositor totals.

Cause: The Authority failed to notice they did not have sufficient money in their Meter Fund to cover all depositors on record.

Criteria: The Authority must have sufficient funds to cover all active and inactive depositors listed as having a deposit with the Authority.

Recommendation: The Authority must correct the shortage by transferring sufficient funds from the Public Works Authority Operations Fund to the Meter Deposit Fund. The Town should also review its depositor list periodically and ensure there is sufficient cash to cover all depositors.

Management's Corrective Action Plan: The Town will make the transfer to correct this error.

- 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 Authorities have no required reserves, this procedure was not performed.

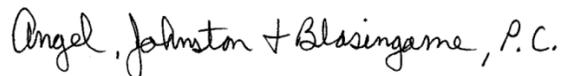
As to the **Town of Apache and Public Trusts Grant Programs**, as of and for the fiscal year ended June 30, 2014:

- 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.
November 20, 2014

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2014
(Unaudited)

<u>TOWN</u>	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 74,468	\$ 567,815	\$ 550,469	\$ 91,815
Street & Alley Fund	16,370	25,759	27,746	14,383
Fire Department Fund	593	14,702	14,239	1,056
Cemetery Maintenance Fund	8,172	3,894	849	11,217
Cemetery Lot Sales Fund	24,802	2,861	-	27,662
Cemetery Perpetual Care Fund	114,375	34	-	114,409
Ambulance Special Fund	1,019	179,887	179,820	1,086
Apache Public Library	5,096	3,093	4,399	3,790
Grant Special Fund	605	-	-	605
Town Subtotal	<u>245,500</u>	<u>798,045</u>	<u>777,522</u>	<u>266,023</u>
<u>PUBLIC WORKS AUTHORITY</u>				
APWA Operations Fund	445,726	542,048	545,112	442,662
Solid Waste Management Fund	2,067	158,549	158,596	2,020
APWA Subtotal	<u>447,794</u>	<u>700,597</u>	<u>703,708</u>	<u>444,682</u>
<u>ECONOMIC DEVELOPMENT AUTHORITY</u>				
AEDA Fund	684	-	-	684
AEDA Subtotal	<u>684</u>	<u>-</u>	<u>-</u>	<u>684</u>
Overall Totals	<u>\$ 693,979</u>	<u>\$ 1,498,642</u>	<u>\$ 1,481,230</u>	<u>\$ 711,390</u>

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND
For the Fiscal Year Ended June 30, 2014
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 77,863	\$ 77,863	\$ 74,468	\$ (3,394)
Charges for Services:				
Permit fees	518	980	670	(310)
Grave openings	2,377	2,377	7,000	4,623
Total Charges for Services	<u>2,895</u>	<u>3,357</u>	<u>7,670</u>	<u>4,313</u>
Intergovernmental-Local:				
Franchise tax	30,370	35,463	36,931	1,467
Police Fines	26,540	33,400	33,400	-
PILOT	2,136	1,045	3,346	2,301
Total Intergovernmental-Local	<u>59,046</u>	<u>69,908</u>	<u>73,677</u>	<u>3,769</u>
Intergovernmental-State:				
Sales tax	213,964	319,361	224,714	(94,647)
Use tax	11,471	11,471	17,495	6,024
Alcohol beverage tax	3,859	3,859	13,258	9,399
Tobacco tax	16,068	16,068	3,761	(12,307)
Grants	-	13,004	13,004	-
Total Intergovernmental-State	<u>245,362</u>	<u>363,763</u>	<u>272,232</u>	<u>(91,531)</u>
Intergovernmental - Federal:				
FEMA	-	-	-	-
Miscellaneous Revenue:				
Interest	30	30	23	(7)
Rental	5,949	5,509	5,629	120
Sale of Property	-	-	-	-
Royalty	112	112	3,095	2,983
Insurance reimbursement	-	7,880	7,880	-
Agency commissions	-	-	3,086	3,086
Ambulance	12,960	7,200	7,200	-
Miscellaneous	-	5,010	613	(4,397)
Total Miscellaneous Revenue	<u>19,052</u>	<u>25,742</u>	<u>27,528</u>	<u>1,786</u>
Non-Revenue Receipts:				
Transfers from other funds	142,052	193,708	186,708	(7,000)
Amounts available for appropriation	<u>546,270</u>	<u>734,342</u>	<u>642,284</u>	<u>(92,058)</u>
Charges to Appropriations:				
Personal Services	280,000	380,000	353,327	26,673
Maintenance & Operations	228,270	281,342	144,707	136,635
Capital Outlay	38,000	73,000	52,435	20,565
Debt Service	-	-	-	-
Total Other	<u>546,270</u>	<u>734,342</u>	<u>550,469</u>	<u>183,873</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>546,270</u>	<u>734,342</u>	<u>550,469</u>	<u>183,873</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,815</u>	<u>\$ 91,815</u>

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CEMETERY LOT SALES FUND
For the Fiscal Year Ended June 30, 2014
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 24,802	\$ 24,802	\$ 24,802	\$ -
Revenues	-	2,586	2,861	275
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	24,802	27,387	27,662	275
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	-	-
Capital Outlay	24,802	27,387	-	27,387
Debt Service	-	-	-	-
Total Other	24,802	27,387	-	27,387
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	24,802	27,387	-	27,387
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 27,662	\$ 27,662

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CEMETERY PERPETUAL CARE FUND
For the Fiscal Year Ended June 30, 2014
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 114,375	\$ 114,375	\$ 114,375	\$ -
Revenues	-	-	34	34
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	114,375	114,375	114,409	34
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	-	-
Capital Outlay	-	-	-	-
Restricted Principal	112,488	112,488	-	112,488
Total Other	112,488	112,488	-	112,488
Other Financing Uses:				
Transfers to other funds	1,888	1,888	-	1,888
Total Charges to Appropriations	114,375	114,375	-	114,375
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 114,409	\$ 114,409

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
AMBULANCE SPECIAL FUND
For the Fiscal Year Ended June 30, 2014
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 663	\$ 663	\$ 1,019	\$ 356
Revenues	-	179,887	179,887	-
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	663	180,550	180,906	356
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	663	180,550	179,820	730
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Other	663	180,550	179,820	730
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	663	180,550	179,820	730
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,086	\$ 1,086

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
APACHE PUBLIC WORKS AUTHORITY
APACHE ECONOMIC DEVELOPMENT AUTHORITY
For the Fiscal Year Ended June 30, 2014
(Unaudited)

	Apache Public Works Authority	Apache Economic Dev Authority
Operating Revenues:		
Charges for services:		
Water	\$ 218,011	\$ -
Sewer	140,231	-
Solid waste	169,509	-
Water machine	1,345	-
Late charges	9,227	-
Miscellaneous	2,939	-
Total Operating Revenue	541,261	-
Operating Expenses:		
Personal Services	96,832	-
Maintenance and Operations	69,235	-
Landfill Payments	158,596	-
Total Operating Expenses	324,663	-
Operating Income (Loss)	216,598	-
Non-Operating Revenues (Expenses):		
Investment income	787	-
Donations	-	-
Grants	-	-
Capital outlay	(38,496)	-
Miscellaneous	-	-
Grant expenses	-	-
Total Non-Operating Revenues (Expenses)	(37,709)	-
Net Income (Loss) Before Contributions and Transfers	178,888	-
Transfers in	158,549	-
Transfers out	(340,549)	-
Changes in Fund Balance	(3,112)	-
Fund Balance - beginning	447,794	684
Fund Balance - ending	\$ 444,682	\$ 684

TOWN OF APACHE AND PUBLIC TRUSTS
Apache, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2014
(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:							
Oklahoma Department of Agriculture Operational Fire Grant	\$ 4,474	\$ -	\$ -	\$ -	\$ 4,474	\$ 4,474	\$ -
Oklahoma Department of Librari State Aide Grant	2,959	-	-	-	2,663	2,959	(296)
Oklahoma Highway Safety Office OHSO Grant - Incentive Award	3,816	-	-	-	3,816	3,816	-
FEMA - Ice Storm PA-1883	71,148	60,983.80	71,148	(10,164)	9,176	-	(988)
Town Subtotal	<u>82,397</u>	<u>60,983.80</u>	<u>71,148</u>	<u>(10,164)</u>	<u>20,129</u>	<u>11,249</u>	<u>(1,284)</u>
PUBLIC WORKS AUTHORITY:							
Oklahoma Department of Commerce 15946 CDBG 14	\$ 249,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Association of South Central Okl. REAP - 14-2252	45,000	-	-	-	-	-	-
PWA Subtotal	<u>294,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ECONOMIC DEVELOPMENT AUTHORITY:							
No Activity in Current Year							
EDA Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 377,396</u>	<u>\$ 60,983.80</u>	<u>\$ 71,148</u>	<u>\$ (10,164)</u>	<u>\$ 20,129</u>	<u>\$ 11,249</u>	<u>\$ (1,284)</u>