

TOWN OF COLE
June 30, 2011

TABLE OF CONTENTS

	Page
Independent Accountant's Report	1-5
Summary of Changes in Fund Balance -Modified Cash Basis	6
Budgetary Comparison Schedule -Modified Cash Basis - General Fund	7
Budgetary Comparison Schedule -Modified Cash Basis - Street & Alley Fund	8
Statement of Revenues, Expenses and Changes in Fund Balance -Modified Cash Basis - Cole Public Works Authority	9
Schedule of Grant Activity -Modified Cash Basis	10

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

To the Specified Users of the Report:

Town Council, Town of Cole
Cole, Oklahoma

Trustees of the Cole Public Works Authority
Cole, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

McClain County Clerk
Purcell, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

Oklahoma Water Resource Board
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances-Modified Cash Basis of the Town of Cole and Public Trust, Cole, Oklahoma as of June 30, 2011 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Street & Alley Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cole Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2011. 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 cost 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 budget laws of the State of Oklahoma 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 on the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. 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, 2011. Management of the Town of Cole 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 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 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 Cole** as of and for the fiscal year ended June 30, 2011:

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. In all other funds, appropriations were exceeded at the legal level of control for the year ended June 30, 2011.

- ✚ In the General Fund, the personal service budget was overspent \$4,282, and the capital outlay budget was overspent by \$9,796. The total budget for the General Fund was not overspent.

✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$6,738. The total budget was overspent by the same.

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.

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: The Town and Public Trust lacked sufficient collateral at the end of the year to cover all cash and investments held in the Legacy Bank. The Town appears to be under collateralized by \$31,845.

Recommendation: The Town should periodically review the sum of all accounts and investments held in each bank they use to ensure they have not exceeded the FDIC insurance coverage of \$250,000 per official custodian. If so, additional collateral must be obtained from the bank to cover the excess.

5. **Procedures Performed:** We compared 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.

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 **Cole Public Works Authority**, as of and for the fiscal year ended June 30, 2011:

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: The Town and Public Trust lacked sufficient collateral at the end of the year to cover all cash and investments held in the Legacy Bank. The Town appears to be under collateralized by \$31,845.

Recommendation: The Town should periodically review the sum of all accounts and investments held in each bank they use to ensure they have not exceeded the FDIC insurance coverage of \$250,000 per official custodian. If so, additional collateral must be obtained from the bank to cover the excess.

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 Cole and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2011:

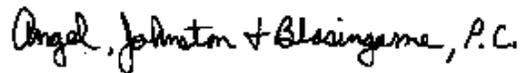
1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting

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.
January 11, 2012

TOWN OF COLE AND PUBLIC TRUST
Cole, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2011
(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	\$ 138,693	\$ 52,995	\$ 40,156	\$ 151,531
Street & Alley Fund	59,044	4,753	6,738	57,058
Town Subtotal	<u>197,737</u>	<u>57,747</u>	<u>46,895</u>	<u>208,590</u>
PUBLIC TRUST:				
Cole Public Works Authority	333,157	64,424	163,855	233,726
Public Trust Subtotal	<u>333,157</u>	<u>64,424</u>	<u>163,855</u>	<u>233,726</u>
Overall Totals	<u>\$ 530,894</u>	<u>\$ 122,171</u>	<u>\$ 210,750</u>	<u>\$ 442,315</u>

TOWN OF COLE AND PUBLIC TRUST
Cole, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

For the Fiscal Year Ended June 30, 2011
(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:	\$ 138,593	\$ 138,593	\$ 138,693	\$ (100)
Charges for Services:				
Fire Runs	250	250	200	50
Total Charges for Services	<u>250</u>	<u>250</u>	<u>200</u>	<u>50</u>
Intergovernmental-Local:				
Franchise tax	9,500	9,500	13,842	(4,342)
Total Intergovernmental-Local	<u>9,500</u>	<u>9,500</u>	<u>13,842</u>	<u>(4,342)</u>
Intergovernmental-State:				
Sales tax	15,500	15,500	14,109	1,391
Use tax	500	500	529	(29)
Alcohol beverage tax	2,000	2,000	2,383	(383)
State grants	4,500	4,500	14,842	(10,342)
Cigarette tax	200	200	219	(19)
Total Intergovernmental-State	<u>22,700</u>	<u>22,700</u>	<u>32,082</u>	<u>(9,382)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	1,100	1,100	813	287
Rental	600	600	1,225	(625)
Miscellaneous	-	-	104	(104)
Total Miscellaneous Revenue	<u>1,700</u>	<u>1,700</u>	<u>2,142</u>	<u>(442)</u>
Non-Revenue Receipts:				
Transfers from other funds	-	-	4,729	(4,729)
Amounts available for appropriation	<u>172,743</u>	<u>172,743</u>	<u>191,688</u>	<u>(18,945)</u>
Charges to Appropriations:				
Personal Services	8,500	8,500	12,782	(4,282)
Maintenance & Operations	35,500	35,500	17,578	17,922
Capital Outlay	-	-	9,796	(9,796)
Debt Service	-	-	-	-
Total Other	<u>44,000</u>	<u>44,000</u>	<u>40,156</u>	<u>3,844</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>44,000</u>	<u>44,000</u>	<u>40,156</u>	<u>3,844</u>
Unallocated Fund Balance	<u>128,743</u>	<u>128,743</u>	<u>-</u>	<u>128,743</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,531</u>	<u>\$ (151,531)</u>

TOWN OF COLE AND PUBLIC TRUST
Cole, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
STREET & ALLEY FUND
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 55,000	\$ 55,000	\$ 59,044	\$ (4,044)
Revenues	4,100	4,100	4,753	(653)
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	59,100	59,100	63,797	(4,697)
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	6,738	(6,738)
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Other	-	-	6,738	(6,738)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	6,738	(6,738)
Unallocated Fund Balance	59,100	59,100	-	59,100
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 57,058	\$ (57,058)

TOWN OF COLE AND PUBLIC TRUST
Cole, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
COLE PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Operating Revenues:

Charges for services:	
Water Revenues	\$ 41,905
Water Taps	21,000
Miscellaneous	-
Total Operating Revenue	<u>62,905</u>

Operating Expenses:

Personal Services	500
Maintenance & Operations	35,967
Total Operating Expenses	<u>36,467</u>

Operating Income (Loss)	<u>26,438</u>
-------------------------	---------------

Non-Operating Revenues (Expenses):

Investment income	546
Miscellaneous income	-
Grant revenue	973
Capital outlay	(122,343)
Total Non-Operating Revenues (Expenses)	<u>(120,824)</u>

Net Income (Loss) Before Contributions and Transfers	(94,386)
---	----------

Capital contributions	
Transfers in	-
Transfers out	<u>(5,045)</u>

Changes in Fund Balance	(99,431)
--------------------------------	----------

Fund Balance - beginning	<u>333,157</u>
---------------------------------	----------------

Fund Balance - ending***	<u><u>\$ 233,726</u></u>
---------------------------------	--------------------------

*** Balance does not include the Meter Deposit Fund

TOWN OF COLE AND PUBLIC TRUST
Cole, Oklahoma
SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2011
(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:							
Department of Agriculture - Operational Grants 2011	\$ 4,398	\$ -	\$ -	\$ -	\$ 4,398	\$ 4,398	\$ -
Oklahoma Department of Commerce - 13244 CDBG 07	112,000	101,556	101,556	-	10,444	10,444	-
Town Subtotal	<u>116,398</u>	<u>101,556</u>	<u>101,556</u>	<u>-</u>	<u>14,842</u>	<u>14,842</u>	<u>-</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-COLE-06	29,465	28,492	28,492	-	973	973	-
REAP-COLE-07	60,000	-	-	-	-	60,000	(60,000)
REAP-COLE-09	45,000	-	-	-	-	15,588	(15,588)
Oklahoma Water Resource Board REAP-FAP-07-00002-R	76,276	76,276	48,363	27,913	-	27,913	-
PWA Subtotal	<u>210,741</u>	<u>104,768</u>	<u>76,855</u>	<u>27,913</u>	<u>973</u>	<u>104,474</u>	<u>(75,588)</u>
Overall Totals	<u>\$ 327,139</u>	<u>\$ 206,324</u>	<u>\$ 178,411</u>	<u>\$ 27,913</u>	<u>\$ 15,815</u>	<u>\$ 119,316</u>	<u>\$ (75,588)</u>