

TOWN OF COLE

June 30, 2013

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**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

Association of South Central Oklahoma Governments
Duncan, 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, 2013 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, 2013. 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 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, 2013. 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. 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, 2013:

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 Towns 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 at the legal level of control in one fund for the year ended June 30, 2013.

- ✚ In the General Fund, the personal service budget was overspent \$9,205. The total budget for the General Fund was not overspent.

Cause: The Town failed to notice this funds individual budget categories were overspent and amend their budget to correct this.

Criteria: The Town is not allowed to spend more than its appropriations. However, transfers between budgeted categories can be approved by the Town board. Amendments to their appropriations should be filed when the Town knows it will be close or exceed its current budget amounts.

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 watch the budgets more closely and make appropriate transfers between categories to ensure the Town budget is not overspent in the future.

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 did not have adequate collateral to cover all accounts at the end of the year. It was short \$7,760.

Cause: The Town failed to review its account balances at year end and compare it to the collateral on file and make adjustments as needed.

Criteria: The Town is required to have collateral pledged at each bank it has that is sufficient to cover all accounts and investments held at the bank that exceed FDIC coverage.

Recommendation: The Town should monitor the totals of all bank accounts, for each bank it uses, to ensure that their money is sufficiently covered by the FDIC insurance and any additional pledged collateral.

Management's Corrective Action Plan: The Town has increased its collateral pledged to cover all funds and will review it on a quarterly basis to ensure they have sufficient collateral 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.

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, 2013:

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 Authority did not have adequate collateral to cover all accounts at the end of the year. It was short \$7,760.

Cause: The Authority failed to review its account balances at year end and compare it to the collateral on file and make adjustments as needed.

Criteria: The Authority is required to have collateral pledged at each bank it has that is sufficient to cover all accounts and investments held at the bank that exceed FDIC coverage.

Recommendation: The Authority should monitor the totals of all bank accounts, for each bank it uses, to ensure that their money is sufficiently covered by the FDIC insurance and any additional pledged collateral.

Management's Corrective Action Plan: The Town has increased its collateral pledged to cover all funds and will review it on a quarterly basis to ensure they have sufficient collateral 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.

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, 2013:

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 + Blasingame, P.C.

Angel, Johnston and Blasingame, P.C.
January 7, 2014

TOWN OF COLE AND PUBLIC TRUST
Cole, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2013
(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	\$ 184,355	\$ 63,238	\$ 29,661	\$ 217,931
Street & Alley Fund	61,873	5,121	0	66,993
Town Subtotal	<u>246,227</u>	<u>68,359</u>	<u>29,661</u>	<u>284,925</u>
PUBLIC TRUST:				
Cole Public Works Authority	174,999	73,762	73,267	175,494
Public Trust Subtotal	<u>174,999</u>	<u>73,762</u>	<u>73,267</u>	<u>175,494</u>
Overall Totals	<u>\$ 421,227</u>	<u>\$ 142,121</u>	<u>\$ 102,928</u>	<u>\$ 460,419</u>

TOWN OF COLE AND PUBLIC TRUST
Cole, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

For the Fiscal Year Ended June 30, 2013
(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:	\$ 184,355	\$ 184,355	\$ 184,355	\$ -
Charges for Services:				
Fire Runs	1,800	1,800	2,349	549
Total Charges for Services	<u>1,800</u>	<u>1,800</u>	<u>2,349</u>	<u>549</u>
Intergovernmental-Local:				
Franchise tax	23,850	23,850	28,409	4,559
Total Intergovernmental-Local	<u>23,850</u>	<u>23,850</u>	<u>28,409</u>	<u>4,559</u>
Intergovernmental-State:				
Sales tax	12,600	12,600	15,103	2,503
Alcohol beverage tax	1,980	1,980	2,229	249
Use tax	900	900	2,419	1,519
Tobacco tax	180	180	206	26
State grants	3,960	3,960	5,484	1,524
Total Intergovernmental-State	<u>19,620</u>	<u>19,620</u>	<u>25,441</u>	<u>5,821</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	585	585	484	(101)
Rental	990	990	850	(140)
Donations	-	-	125	125
Miscellaneous	90	90	387	297
Total Miscellaneous Revenue	<u>1,665</u>	<u>1,665</u>	<u>1,847</u>	<u>182</u>
Non-Revenue Receipts:				
Transfers from other funds	-	-	5,193	5,193
Amounts available for appropriation	<u>231,290</u>	<u>231,290</u>	<u>247,593</u>	<u>16,303</u>
Charges to Appropriations:				
Personal Services	4,000	4,000	13,205	(9,205)
Maintenance & Operations	30,000	30,000	16,457	13,543
Capital Outlay	30,000	30,000	-	30,000
Debt Service	-	-	-	-
Total Other	<u>64,000</u>	<u>64,000</u>	<u>29,661</u>	<u>34,339</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>64,000</u>	<u>64,000</u>	<u>29,661</u>	<u>34,339</u>
Unallocated Fund Balance	<u>167,290</u>	<u>167,290</u>	<u>-</u>	<u>167,290</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,931</u>	<u>\$ 217,931</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, 2013
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 61,868	\$ 61,868	\$ 61,873	\$ 4
Revenues	4,320	4,320	5,121	801
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	66,188	66,188	66,993	805
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Other	-	-	-	-
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Unallocated Fund Balance	66,188	66,188	-	66,188
Ending Budgetary Fund Balance	\$ 0	\$ 0	\$ 66,993	\$ 66,993

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, 2013
(Unaudited)

Operating Revenues:

Charges for services:		
Water Revenues	\$	61,848
Water Taps		9,770
Miscellaneous		-
Total Operating Revenue		<u>71,618</u>

Operating Expenses:

Personal Services		-
Maintenance & Operations		68,074
Total Operating Expenses		<u>68,074</u>

Operating Income (Loss)		<u>3,544</u>
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Non-Operating Revenues (Expenses):

Investment income		391
Miscellaneous income		-
Water Meter Deposits (Net)		1,752
Grant revenue		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		<u>2,144</u>

Net Income (Loss) Before Contributions and Transfers		5,688
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Capital contributions		-
Operating Transfers in		-
Operating Transfers out		<u>(5,193)</u>
		(5,193)

Changes in Fund Balance		495
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Fund Balance - beginning		<u>174,999</u>
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Fund Balance - ending	\$	<u><u>175,494</u></u>
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TOWN OF COLE AND PUBLIC TRUST
Cole, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2013
(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 2013	\$ 4,484	\$ -	\$ -	\$ -	\$ 4,484	\$ 4,484	\$ -
OEC Grant	1,000	-	-	-	1,000	1,000	-
Town Subtotal	<u>5,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,484</u>	<u>5,484</u>	<u>-</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-COLE-09	45,000	44,588	25,588	19,000	-	19,000	-
REAP-COLE-12	41,200	-	-	-	-	-	-
PWA Subtotal	<u>86,200</u>	<u>44,588</u>	<u>25,588</u>	<u>19,000</u>	<u>-</u>	<u>19,000</u>	<u>-</u>
Overall Totals	<u>\$ 91,684</u>	<u>\$ 44,588</u>	<u>\$ 25,588</u>	<u>\$ 19,000</u>	<u>\$ 5,484</u>	<u>\$ 24,484</u>	<u>\$ -</u>