

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING
AGREED-UPON PROCEDURES

TOWN OF MOUNTAIN PARK, OKLAHOMA
MOUNTAIN PARK PUBLIC WORKS AUTHORITY

JUNE 30, 2012

Lisa Brooks
Certified Public Accountant

Town of Mountain Park, Oklahoma
Mountain Park Public Works Authority

June 30, 2012

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Lisa Brooks
Certified Public Accountant

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Independent Accountant's Compilation Report

To the Specified Users of the Report:

Town Board, Town of Mountain Park
Mountain Park, Oklahoma

Trustees of the Mountain Park Public Works Authority
Mountain Park, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

United States Department of Agriculture, Rural Development
Hobart, Oklahoma

I have compiled the accompanying Summary of Changes in Fund Balances of the Town of Mountain Park and Mountain Park Public Works Authority (a public trust) and related Budgetary Comparison Schedule of General and Other Significant Governmental Funds, Statement of Revenues, Expenditures and Changes in Fund Balance-Modified Cash Basis for the Town of Mountain Park governmental funds; Statement of Revenues, Expenses and Changes in Net Assets-Modified Cash Basis; and related USDA Form RD442-3 (required by USDA Rural Development) and Statement of Reserved Cash in Bank for the Mountain Park Public Works Authority as of and for the fiscal year ended June 30, 2012, 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 prescribed by Oklahoma Statutes and required by the Office of State Auditor and Inspector and United States Department of Agriculture-Rural Development, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. I 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My 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 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, they might influence the user's conclusions about the Town's and Public Works Authority's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, 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 for the fiscal year ended June 30, 2012. Management of the Town of Mountain Park is responsible for the Town's financial accountability and its compliance with those legal 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 Mountain Park, Oklahoma**, as of and for the fiscal year ended June 30, 2012:

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: A budget was not prepared for the year ended June 30, 2012 so no comparison of actual expenditures to encumbrances could be made. A budget in keeping with the Oklahoma Municipal Budget Act was prepared and timely filed for the year ending June 30, 2013, so appropriate comparisons should be possible for subsequent time periods.

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: At year end, \$73.19 Gasoline Excise Tax which had been direct deposited to the General Fund checking in June had not yet been transferred to Street and Alley checking, but the transfer was subsequently made, in keeping with normal operating procedures, and the restricted revenue was not inappropriately used.

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: No instances noted.

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. The Town has no outstanding bonds.

As to the **Mountain Park Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

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 (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.

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
September 10, 2012

**Town of Mountain Park and
Mountain Park Public Works Authority
Summary of Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

Exhibit 1

| | <u>Beginning of Year Fund Balances</u> | <u>Current Year Receipts</u> | <u>Current Year Disbursements</u> | <u>End of Year Fund Balances</u> |
|---|--|--------------------------------------|---|--|
| Town of Mountain Park: | | | | |
| General Fund | \$5,546 | \$33,509 | \$34,672 | \$4,383 |
| Street and Alley Fund | \$2,354 | \$3,726 | \$2,263 | \$3,817 |
| Fire Department Fund | \$2,174 | \$7,166 | \$5,332 | \$4,008 |
| City Subtotal | <u>\$10,074</u> | <u>\$44,401</u> | <u>\$42,267</u> | <u>\$12,208</u> |
| Mountain Park Public Works Authority | <u>(\$239,475) *</u> | <u>\$196,378</u> | <u>\$192,738</u> | <u>(\$235,835)</u> |
| *Adjusted for prior years corrections | | | | |
| Overall Totals | <u><u>(\$229,401)</u></u> | <u><u>\$240,779</u></u> | <u><u>\$235,005</u></u> | <u><u>(\$223,627)</u></u> |

See Accountant's Report

Town of Mountain Park
Budgetary Comparison Schedule
General and Other Significant Governmental Funds
For the Fiscal Year Ended June 30, 2012
(Unaudited)

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance Positive (Negative)</u> |
|--|---------------------------------------|---------------------------|---|
| General Fund | | | |
| Budgetary Fund Balance, Beginning | Unavailable | | N/A |
| Cash Carryforward - July 1, 2011 | | \$3,473 | N/A |
| <u>Resources (Inflows)</u> | | | |
| Taxes: | | | |
| Sales Tax | Unavailable | 11,845 | N/A |
| Use Tax | Unavailable | 2,497 | N/A |
| Alcoholic Tax | Unavailable | 5,525 | N/A |
| Cigarette Tax | Unavailable | 174 | N/A |
| Gasoline Excise Tax | Unavailable | 73 | N/A |
| Total Taxes | | 20,114 | |
| Franchise Fees | Unavailable | 8,391 | N/A |
| Rent and Fees | Unavailable | 758 | N/A |
| Other | | | |
| Interest | Unavailable | 13 | N/A |
| Miscellaneous | Unavailable | 3,407 * | N/A |
| Total Other | | 3,420 | |
| Total Current Year Receipts | Unavailable | 32,683 | N/A |
| Available for Appropriation | Unavailable | 36,156 | N/A |
| <u>Charges to Appropriations (Outflows)</u> | | | |
| Personal Services | Unavailable | 18,057 | N/A |
| Maintenance and Operations | Unavailable | 16,615 | N/A |
| Capital Outlay | Unavailable | 0 | N/A |
| Total Charges to Appropriations | | 34,672 | |
| Budgetary Fund Balance, Ending | | \$1,484 | |

*Includes prior-year corrections

Town of Mountain Park
Budgetary Comparison Schedule
General and Other Significant Governmental Funds
For the Fiscal Year Ended June 30, 2012
(Unaudited)

| | Final Budgeted Amounts | Actual Amounts | Variance Positive (Negative) |
|---|------------------------------|-------------------|------------------------------------|
| Street and Alley Fund | | | |
| Budgetary Fund Balance, Beginning | Unavailable | | N/A |
| Cash Carryforward - July 1, 2011 | | \$3,561 | N/A |
| <u>Resources (Inflows)</u> | | | |
| Taxes: | | | |
| Gasoline Tax | Unavailable | 948 | N/A |
| Motor Vehicle Tax | Unavailable | 2,779 | N/A |
| Total Taxes | | 3,727 | |
| Total Current Year Receipts | Unavailable | 3,727 | N/A |
| Available for Appropriation | Unavailable | 7,288 | N/A |
| Charges to Appropriations (Outflows) | | | |
| Personal Services | Unavailable | 0 | N/A |
| Maintenance and Operations | Unavailable | 3,471 | N/A |
| Capital Outlay | Unavailable | 0 | N/A |
| Total Charges to Appropriations | | 3,471 | |
| Budgetary Fund Balance, Ending | | \$3,817 | |

Town of Mountain Park
Budgetary Comparison Schedule
General and Other Significant Governmental Funds
For the Fiscal Year Ended June 30, 2012
(Unaudited)

| | Final Budgeted Amounts | Actual Amounts | Variance Positive (Negative) |
|--|------------------------------|-------------------|------------------------------------|
| Fire Department Fund | | | |
| Budgetary Fund Balance, Beginning | Unavailable | | N/A |
| Cash Carryforward - July 1, 2011 | | \$1,007 | N/A |
| | | | |
| <u>Resources (Inflows)</u> | | | |
| Other Income: | | | |
| Donations/Operating Grants | Unavailable | 5,348 | N/A |
| Miscellaneous | Unavailable | 0 | N/A |
| Total Other | | 5,348 | |
| | | | |
| Transfers In | Unavailable | 1,818 | N/A |
| | | | |
| Total Current Year Receipts | Unavailable | 7,166 | N/A |
| Available for Appropriation | Unavailable | 8,173 | N/A |
| | | | |
| <u>Charges to Appropriations (Outflows)</u> | | | |
| Personal Services | Unavailable | 0 | N/A |
| Maintenance and Operations | Unavailable | 7,166 * | N/A |
| Capital Outlay | Unavailable | 0 | N/A |
| Total Charges to Appropriations | | 7,166 | |
| | | | |
| Budgetary Fund Balance, Ending | | \$1,007 | |

*Includes prior-year corrections

**Town of Mountain Park
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis)
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

| | General Fund | Street and Alley Fund | Fire Department Fund | Total Governmental Funds |
|--|-------------------------|--------------------------------------|-------------------------------------|---|
| Revenues: | | | | |
| Charges for services and rent | 758 | | | 758 |
| Taxes | 28,505 | 3,726 | | 32,231 |
| Investment income | 13 | | | 13 |
| Miscellaneous | 4,233 | | | 4,233 |
| Donations/Operating Grants | | | 5,348 | 5,348 |
| Total Revenues | 33,509 | 3,726 | 5,348 | 42,583 |
| Expenditures: | | | | |
| General government | 34,672 | | | 34,672 |
| Highways and streets | | 2,263 | | 2,263 |
| Public safety | | | 5,332 | 5,332 |
| Total Expenditures | 34,672 | 2,263 | 5,332 | 42,267 |
| Excess (deficiency) of revenues over expenditures | (1,163) | 1,463 | 16 | 316 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 0 | 0 | 1,818 | 1,818 |
| Transfers out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 1,818 | 1,818 |
| Net change in fund balances | (1,163) | 1,463 | 1,834 | 2,134 |
| Fund balances - beginning | 5,546 | 2,354 | 2,174 | 10,074 |
| Fund balances - ending | \$4,383 | \$3,817 | \$4,008 | \$12,208 |

See Accountant's Report

Town of Mountain Park
Public Works Authority

Exhibit 4

Statement of Revenues, Expenses and Changes in Net Assets (Modified Cash Basis)
For the Fiscal Year Ended June 30, 2012
(Unaudited)

| | <u>Mountain Park PWA</u> |
|---|----------------------------------|
| Operating Revenues: | |
| Water charges | 97,798 |
| Sewer charges | 47,218 |
| Trash charges | 42,239 |
| Late charges | 4,822 |
| Reconnect and hook up fees | 2,847 |
| Spraying | 5 |
| Total operating revenues | <u>194,929</u> |
| Operating Expenses: | |
| Administration and general | 96,462 |
| Water | 59,713 |
| Sewer | 619 |
| Trash | 34,126 |
| Total operating expenses | <u>190,920</u> |
| Operating income (loss) | 4,009 |
| Non-Operating Revenues (Expenses): | |
| Investment income | 47 |
| Miscellaneous revenue | <u>1,402</u> |
| Total non-operating revenues (expenses) | 1,449 |
| Net income (loss) before transfers | 5,458 |
| Prior year balance sheet correction | |
| Transfers in | 0 |
| Transfers out | <u>(1,818)</u> |
| Change in net assets | 3,640 |
| Total net assets-beginning (Adjusted) | (239,475) |
| Total net assets-ending | <u><u>(\$235,835)</u></u> |

See Accountant's Report

Form RD 442-3
(Rev 3-97)

Mountain Park Public Work Authority

(Unaudited)

| | <u>June 30, 2012</u> | <u>June 30, 2011</u> |
|---|------------------------|------------------------|
| ASSETS | | |
| <u>CURRENT ASSETS</u> | | |
| 1. Cash on hand in Banks | \$15,218 | \$15,803 |
| 2. Time deposits and short-term investments | 0 | 0 |
| 3. Accounts receivable | 0 | 0 |
| 4. Less: Allowance for doubtful accounts | 0 | 0 |
| 5. Inventories | 0 | 0 |
| 6. Prepayments | 0 | 0 |
| 7. | | |
| 8. | | |
| 9. Total Current Assets | <u>15,218</u> | <u>15,803</u> |
| <u>FIXED ASSETS</u> | | |
| 10. Land | 0 | 0 |
| 11. Buildings | 0 | 0 |
| 12. Furniture and equipment | 3,500 | 0 |
| 13. | | |
| 14. Less: Accumulated depreciation | <u>0</u> | <u>0</u> |
| 15. Net Total Fixed Assets | 3,500 | 0 |
| <u>OTHER ASSETS</u> | | |
| 16. | | |
| 17. | | |
| 18. Total Assets | <u><u>\$18,718</u></u> | <u><u>\$15,803</u></u> |
| LIABILITIES AND EQUITIES | | |
| <u>CURRENT LIABILITIES</u> | | |
| 19. Accounts Payable | 0 | -374 |
| 20. Notes payable | 0 | 0 |
| 21. Current portion of USDA note | 20,052 | 20,052 |
| 22. Customer deposits | | |
| 23. Taxes payable | 1,125 | |
| 24. Interest payable | | |
| 25. Kubota | | 3,214 |
| 26. | | |
| 27. Total Current Liabilities | <u>21,177</u> | <u>22,892</u> |
| <u>LONG-TERM LIABILITIES</u> | | |
| 28. Notes payable USDA | 231,268 | 233,697 |
| 29. Notes payable Kubota | 2,108 | 2,188 |
| 30. | | |
| 31. Total Long-Term Liabilities | <u>233,376</u> | <u>235,885</u> |
| 32. Total Liabilities | <u>254,553</u> | <u>258,777</u> |
| <u>EQUITY</u> | | |
| 33. Retained earnings | -235,835 | -242,974 |
| 34. Memberships | | |
| 35. Total Equity | <u>-235,835</u> | <u>-242,974</u> |
| 36. Total Liabilities and Equity | <u><u>\$18,718</u></u> | <u><u>\$15,803</u></u> |

See Accountant's Report

**Town of Mountain Park
Public Works Authority
Schedule of Cash in Banks
(Unaudited)**

Exhibit 6

| | |
|------------------------------------|-----------------|
| Contingency Fund Checking Account* | \$12,446 |
| PWA Operating Checking Account | <u>2,772</u> |
| Total cash in banks | \$15,218 |

| | |
|---------------------------------------|-----------------|
| <u>Rural Development Debt Service</u> | |
| RD-03 (\$140 x 12) | \$1,680 |
| RD-04 (\$300 x 12) | 3,600 |
| RD-05 (\$57 x 12) | 684 |
| RD-10 (\$1,174 x 12) | <u>14,088</u> |
| Target cash reserve for debt service | \$20,052 |

*Monthly deposit of \$167.10 required. Monthly deposits of \$184.20 made.

See Accountant's Report