

Town of Sentinel
Agreed Upon Procedures
June 30, 2012

RSMeacham CPAs & Advisors

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Members of American
Institute of Certified
Public Accountants

Members of Oklahoma
Society of Certified
Public Accountants

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Sentinel
Sentinel, Oklahoma

Trustees of the Sentinel Public Works Authority
Sentinel, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have performed the procedures enumerated within Appendix A and Appendix B 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 of Sentinel (the Town) and the Sentinel Public Works Authority (the Authority) in meeting its financial accountability requirements as prescribed by such state laws and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2012. Management of the Town of Sentinel 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, we make no representation regarding the sufficiency of the procedures described in Appendix A or B, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on financial accountability and compliance with contractual requirements. 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.



RSMeacham CPAs & Advisors
September 27, 2012

**Town of Sentinel, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2012**

As to the Town of Sentinel as of and for the fiscal year ended June 30, 2012:

- I. Prepare a schedule of changes in fund balances for each fund from the Town's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit I; no instances of noncompliance noted.

- II. Prepare a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund and compare the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances on noncompliance with the appropriation limitations.

Findings: See Exhibits II-IV, no instances of noncompliance noted. The Town's significant funds are the Street & Alley and the Cemetery.

- III. Agree the Town's material bank account balances to bank statements, and trace the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances of noncompliance noted.

- IV. Compare the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: Collateral pledge, \$250,000 FDIC insurance and \$500,000 FHL Bank, is insufficient for assets in bank of \$\$832,488. Recommendation is to increase collateral pledge.

- V. Compare use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- VI. Compare 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 of noncompliance noted.

**Town of Sentinel, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2012
(Continued from previous page)**

- VII. Compare 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: No instances of noncompliance noted.

- VIII. Prepare a schedule of grants awarded, received, and expended during the fiscal year. Findings: See exhibit VII. No instances of noncompliance noted.

**Sentinel, Oklahoma Public Works Authority
Procedures and Findings
For the Year Ended June 30, 2012**

As to the Sentinel Public Works Authority, as of and for the year ended June 30, 2012:

- I. Prepare a schedule of revenues, expenditures and changes in fund balance for each fund from the Authority's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit VI, no instances of noncompliance noted.

- II. Agree the Authority's material bank account balances to bank statements, and trace the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances of noncompliance noted.

- III. Compare the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

- IV. Compare the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- V. Compare 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 of noncompliance noted.

- VI. Compare 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: No instances of noncompliance noted. Reserve balances required by the loan resolution security agreement are as follows:

Rural development \$74,037.

- VII. Prepare a cash basis balance sheet for the Authority.

Findings: See Exhibit V.

TOWN OF SENTINEL, OKLAHOMA
SUMMARY OF CHANGES IN UNRESTRICTED FUND BALANCES (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Beginning of Year <u>Fund Balances</u>	Current Year <u>Change</u>	End of Year <u>Fund Balances</u>
TOWN:			
General Fund	\$ 283,825	\$ 19,944	\$ 303,769
Street & Alley Fund	75,623	12,315	87,938
Cemetery Care Fund	88,579	11,571	100,150
Ambulance Fund	1,433	(695)	738
EPA Wastewater Project Fund	4,119	-	4,119
CENA Grant Fund	3	-	3
Outdoor & Recreation Fund	987	5	992
Town Subtotal	<u>454,569</u>	<u>\$ 43,140</u>	<u>497,709</u>
PROPRIETARY FUNDS:			
Public Works Authority	178,500	47,841	226,341
Overall Totals	<u>\$ 633,069</u>	<u>\$ 90,981</u>	<u>\$ 724,050</u>

See accountant's report.

TOWN OF SENTINEL, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 283,825	\$ 283,825	\$ 283,825	\$ -
Resources (Inflows):				
Taxes:				
Sales tax	155,859	167,859	181,231	13,372
Tobacco tax	2,229	2,229	2,683	454
Total Taxes	<u>158,088</u>	<u>170,088</u>	<u>183,914</u>	<u>13,826</u>
Intergovernmental:				
Alcoholic beverage tax	9,278	9,278	11,170	1,892
Franchise tax	19,509	19,509	20,127	618
Total Intergovernmental	<u>28,787</u>	<u>28,787</u>	<u>31,297</u>	<u>2,510</u>
Fines and Forfeitures	9,000	9,000	5,779	(3,221)
Fire department (includes grant revenue)	1,500	1,500	27,567	26,067
Investment Income	1,400	1,400	1,284	(116)
Royalty income	4,000	4,000	3,939	(61)
Miscellaneous Income	19,500	22,500	29,951	7,451
Grants-SWODA and DEPT of COMMERCE	-	12,000	12,847	847
Subtotal	<u>35,400</u>	<u>50,400</u>	<u>81,367</u>	<u>30,967</u>
Total current year resources	<u>222,275</u>	<u>249,275</u>	<u>296,578</u>	<u>47,303</u>
Amounts available for appropriation	<u>\$ 506,100</u>	<u>\$ 533,100</u>	<u>\$ 580,403</u>	<u>\$ 47,303</u>
Charges to Appropriations (Outflows):				
Other:				
Personal services	102,000	108,700	68,910	39,790
Materials and supplies	19,850	22,100	20,059	2,041
Other services and charges	49,250	53,650	57,467	(3,817)
Capital outlay	4,000	14,847	10,847	4,000
Total Other	<u>175,100</u>	<u>199,297</u>	<u>157,283</u>	<u>42,014</u>
Police:				
Personal services	45,000	55,000	57,635	(2,635)
Materials and supplies	3,300	3,450	3,241	209
Other services and charges	13,150	13,850	11,424	2,426
Capital outlay	-	-	-	-
Total Police	<u>61,450</u>	<u>72,300</u>	<u>72,300</u>	<u>(0)</u>
Fire:				
Personal services	1,500	1,500	1,080	420
Materials and supplies	4,500	10,300	10,352	(52)
Other services and charges	4,300	7,450	7,443	7
Capital outlay	-	-	-	-
Total Fire	<u>10,300</u>	<u>19,250</u>	<u>18,875</u>	<u>375</u>
Other Financing Uses:				
Transfers to other funds	6,000	6,000	45,500	(39,500)
Total Charges to Appropriations	<u>252,850</u>	<u>296,847</u>	<u>293,958</u>	<u>2,889</u>
Change in Fund Balance	<u>(30,575)</u>	<u>(47,572)</u>	<u>2,620</u>	<u>50,192</u>
Ending Budgetary Fund Balance	<u>253,250</u>	<u>236,253</u>	<u>286,445</u>	<u>50,192</u>

ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Restricted for Fire Department	(12,916)
Other accruals	(9,760)
Interfund transfer	40,000
Unrestricted Fund balance at end of year (GAAP basis)	<u>303,769</u>

TOWN OF SENTINEL, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 STREET & ALLEY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 75,623	\$ 75,623	\$ 75,623	\$ -
Resources (Inflows):				
Intergovernmental:				
Motor vehicle tax	5,000	5,000	6,126	1,126
Gas excise tax	1,700	1,700	1,703	3
Total Intergovernmental	6,700	6,700	7,829	1,129
Miscellaneous Income	-	-	1,241	1,241
Transfers from other funds	5,500	5,500	5,500	-
Subtotal	5,500	5,500	6,741	1,241
Total current year resources	12,200	12,200	14,570	2,370
Amounts available for appropriation	\$ 87,823	\$ 87,823	\$ 90,193	\$ 2,370
Charges to Appropriations (Outflows):				
Other:				
Materials and supplies	5,000	5,000	1,729	3,271
Total Other	5,000	5,000	1,729	3,271
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	5,000	5,000	1,729	3,271
Change in Fund Balance	7,200	7,200	12,841	5,641
Ending Budgetary Fund Balance	82,823	82,823	88,464	5,641
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			(526)	
Unrestricted Fund balance at end of year (GAAP basis)			87,938	

TOWN OF SENTINEL, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
CEMETERY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 88,579	\$ 88,579	\$ 88,579	\$ -
Resources (Inflows):				
Lot purchases	1,000	1,000	250	(750)
Interments	5,000	5,000	5,200	200
Donations	4,000	4,000	9,079	5,079
Miscellaneous Income	2,000	2,000	1,071	(929)
Subtotal	<u>12,000</u>	<u>12,000</u>	<u>15,600</u>	<u>3,600</u>
Total current year resources	<u>12,000</u>	<u>12,000</u>	<u>15,600</u>	<u>3,600</u>
Amounts available for appropriation	<u>\$ 100,579</u>	<u>\$ 100,579</u>	<u>\$ 104,179</u>	<u>\$ 3,600</u>
Charges to Appropriations (Outflows):				
Other:				
Personal services	1,200	1,200	700	500
Materials and supplies	1,150	1,150	1,458	(308)
Other services and charges	2,100	2,100	1,871	229
Total Other	<u>4,450</u>	<u>4,450</u>	<u>4,029</u>	<u>421</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>4,450</u>	<u>4,450</u>	<u>4,029</u>	<u>421</u>
Change in Fund Balance	7,550	7,550	11,571	4,021
Ending Budgetary Fund Balance	<u>96,129</u>	<u>96,129</u>	<u>100,150</u>	<u>4,021</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Other accruals			-	
Unrestricted Fund balance at end of year (GAAP basis)			<u>100,150</u>	

Exhibit V

TOWN OF SENTINEL, OKLAHOMA
PUBLIC WORKS AUTHORITY
BALANCE SHEET-CASH BASIS
JUNE 30, 2012

	<u>2012</u>
ASSETS	
Current assets:	
Cash, including time deposits	\$ 132,837
Total current assets	<u>132,837</u>
Restricted assets:	
Cash, including time deposits	<u>101,477</u>
Total restricted assets	<u>101,477</u>
Non-current assets:	
Capital assets (net)	<u>287,812</u>
Total non-current assets	<u>287,812</u>
Total assets	<u>522,126</u>
LIABILITIES	
Liabilities, payable from restricted assets	
Accrued payroll liabilities payable	2,171
Meter deposits payable	27,440
Interest payable	481
Due to general fund	<u>31,532</u>
Total liabilities payable from restricted assets	<u>61,624</u>
Non-current liabilities:	
Notes payable, non-current	<u>234,161</u>
Total non-current liabilities	<u>234,161</u>
Total liabilities	<u>295,785</u>
FUND BALANCE	
Restricted	74,037
Unrestricted	<u>152,304</u>
Total Liabilities and Fund Balance	<u>522,126</u>

See accountant's report.

TOWN OF SENTINEL, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS
PUBLIC WORKS AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenues:	
Charges for services:	
Water	188,556
Sewer	88,340
Sanitation	93,003
Penalties	5,699
Total Operating Revenues	<u>375,598</u>
Operating Expenses:	
Water	263,263
Sewer	33,542
Sanitation	70,415
Miscellaneous	1,199
Grant expense	206,592
Total Operating Expenses	<u>575,011</u>
Operating Income	(199,413)
Non-Operating Revenues:	
Grants	206,592
Transfer In	40,000
Interest	662
Total Non-Operating Revenues	<u>247,254</u>
Net Income Before Contributions and Transfers	<u>47,841</u>
Change in fund balance	47,841
Fund Balance - beginning	<u>178,500</u>
Fund Balance - ending	<u>226,341</u>

Exhibit VII

TOWN OF SENTINEL, OKLAHOMA
SCHEDULE OF GRANTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Grant revenue Grant received from:	Funding period	Project Description	Award	Amount received	Amount expended	Receipts less expenditures
SWODA	2011-2012	REAP	99,900	99,900	99,900	-
SWODA	2011-2012	CENA	5,599	5,599	5,599	-
SWODA	2011-2012	REAP	106,692	106,692	106,692	-
STATE OF OKLAHOMA	8/25/2011	Fire Department	4,413	4,413	4,413	-
		Total	<u>216,604</u>	<u>216,604</u>	<u>216,604</u>	<u>-</u>