
**Town of Caddo, Oklahoma
And
Caddo Public Works Authority**

Annual Financial Report
June 30, 2013

TOWN OF CADDO, OKLAHOMA
AND
CADDO PUBLIC WORKS AUTHORITY
ANNUAL FINANCIAL REPORT
JUNE 30, 2013

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Town of Caddo, Oklahoma
General Fund
Statement of Net Assets
June 30, 2013
(Unaudited)

ASSETS

Current assets:

Cash in bank - unrestricted operations account	\$ 50,711.81
Cash in bank - Senior citizens nutrition account	80.00
Cash in bank - Police equipment account	5,660.17
Cash in bank - Police vehicle savings account	21,584.13
Cash in bank - Police reserve officer account	5,358.98
Cash in bank - Street project account	2,962.88
Cash in bank - Police building account	13,679.92
Cash in bank - Caddo museum account	10,678.44
Cash in bank - OMAG Insurance Proceeds	18,057.32
Cash in bank - Certificate of deposit	22,447.64
Cash in bank - other designated accounts	296.54
Petty cash on hand	100.00
Taxes receivable	<u>15,474.95</u>

Total current assets 167,092.78

Noncurrent assets:

Property, plant and equipment	1,011,915.56
Less accumulated depreciation	<u>(451,587.54)</u>

Total noncurrent assets 560,328.02

Total assets \$ 727,420.80

LIABILITIES

Current liabilities

Accounts payable	\$ 28,605.88
Payroll taxes and withholdings payable	<u>-</u>

Total current liabilities 28,605.88

Other liabilities

Capital lease payable - Lease Finance Partners	12,460.71
Capital lease payable - Kansas State Bank	<u>38,822.94</u>

Total other liabilities 51,283.65

Total liabilities 79,889.53

NET ASSETS

Invested in capital assets, net of related debt	509,044.37
Unrestricted	<u>138,486.90</u>

Total net assets 647,531.27

Total liabilities and net assets \$ 727,420.80

Town of Caddo, Oklahoma
General Fund
Statement of Revenues, Expenses and
Change in Net Assets
For the Year Ended June 30, 2013
(Unaudited)

REVENUES

Sales, use & tobacco taxes	\$ 190,131.13
Franchise taxes	29,737.09
Alcoholic beverage tax	6,688.30
Vehicle & gas excise tax	9,047.09
Court fines & fees	239,008.66
Rent	2,985.00
Licenses, fees & permits	130.00
Museum sales & donations	3,790.68
Insurance proceeds	76,721.53
Interest income	148.46
Other revenues	<u>1,643.79</u>
Total revenues	<u>\$ 560,031.73</u>

EXPENSES

General Government	
Personal services	\$ 63,666.78
Maintenance & operations	67,867.00
Depreciation expense	<u>6,672.37</u>
Total General Government	<u>138,206.15</u>
Public Safety	
Personal services	106,915.67
Maintenance & operations	108,747.05
Interest expense	4,492.29
Depreciation expense	<u>24,131.36</u>
Total Public Safety	<u>244,286.37</u>
Street & Alley	
Personal services	25,480.53
Maintenance & operations	41,947.34
Interest expense	35.40
Depreciation expense	<u>11,451.95</u>
Total Street & Alley	<u>78,915.22</u>
Community Services	
Personal services	6,899.64
Maintenance & operations	18,287.94
Depreciation expense	<u>6,439.30</u>
Total Community Services	<u>31,626.88</u>
Total expenses	<u>493,034.62</u>
Net revenues over (under) expenses	66,997.11
Transfers from / (to) Caddo Public Works Authority	<u>(1,348.68)</u>
Change in net assets	65,648.43
Net assets - beginning of the year	<u>581,882.84</u>
Net assets - end of the year	<u>\$ 647,531.27</u>

See accountant's report

Town of Caddo, Oklahoma
General Fund
Budgetary Comparison Schedule - Budget Basis
For the Year Ended June 30, 2013
(Unaudited)

	Original Budget	Budget Adjustments	Fianl Budget	Actual Amounts	Variance Positive (Negative)
REVENUES					
Sales, use & tobacco taxes	184,000	-	184,000	190,131	6,131
Franchise taxes	32,000	-	32,000	29,737	(2,263)
Alcoholic beverage tax	6,000	-	6,000	6,688	688
Vehicle & gas excise tax	9,000	-	9,000	9,047	47
Court fines & fees	185,000	52,000	237,000	239,009	2,009
O-EPIC health insurance supplement	9,500	-	9,500	-	(9,500)
Rent	2,500	-	2,500	2,985	485
Licenses, fees & permits	250	-	250	130	(120)
Senior citizens nutrition program	-	-	-	-	-
Museum sales & donations	3,500	-	3,500	3,791	291
Insurance Proceeds	25,000	52,000	77,000	76,722	(278)
Interest income	200	-	200	148	(52)
Other revenues	-	-	-	1,644	1,644
Total revenues	456,950	104,000	560,950	560,032	(918)
EXPENDITURES					
General Government					
Personal services	28,017	37,000	65,017	63,667	1,350
Maintenance & operations	75,500	5,000	80,500	67,867	12,633
Capital expenditures / Debt service	52,000	55,000	107,000	103,645	3,355
Total General Government	155,517	97,000	252,517	235,179	17,338
Public Safety					
Personal services	123,017	-	123,017	106,916	16,101
Maintenance & operations	99,000	17,000	116,000	108,747	7,253
Capital expenditures / Debt service	36,200	(10,000)	26,200	24,688	1,512
Total Public Safety	258,217	7,000	265,217	240,351	24,866
Street & Alley					
Personal services	30,692	-	30,692	25,481	5,211
Maintenance & operations	50,000	-	50,000	41,947	8,053
Capital expenditures / Debt service	5,700	-	5,700	4,574	1,126
Total Street & Alley	86,392	-	86,392	72,002	14,390
Community Services					
Personal services	15,254	(4,000)	11,254	6,900	4,354
Maintenance & operations	16,000	4,000	20,000	18,288	1,712
Capital expenditures / Debt service	-	-	-	-	-
Total Community Services	31,254	-	31,254	25,188	6,066
Total expenditures	531,380	104,000	635,380	572,720	62,660
Net revenues over (under) expenditures	(74,430)	-	(74,430)	(12,688)	61,742
Transfers from / (to) Caddo Public Works Authority	-	-	(2,500)	(1,349)	1,151
Net increase (decrease) in fund balance, budget basis	(74,430)	-	(76,930)	(14,037)	62,893
Fund balance, budget basis - beginning of the year	141,425	-	141,425	152,738	11,313
Fund balance, budget basis - end of the year	66,995	-	64,495	138,701	74,206

See accountant's report

Caddo Public Works Authority
Statement of Net Assets
June 30, 2013
(Unaudited)

ASSETS

Current assets:

Cash in bank - unrestricted checking account	\$ 23,305.41
Cash in bank - Sludge disposal	3,751.50
Cash in bank - Sanitation truck savings account	60,005.06
Cash in bank - Special projects account	46,000.00
Cash in bank - Other savings accounts	28,002.30
Change drawer cash on hand	200.00
Utility billings receivable	<u>35,745.84</u>

Total current assets 197,010.11

Noncurrent assets:

Cash in bank - restricted for customer deposits	33,349.00
Cash in bank - restricted for Rural Development loan reserve	55,831.26
Property, plant and equipment	3,244,950.55
Less accumulated depreciation	<u>(1,358,435.68)</u>

Total noncurrent assets 1,975,695.13

Total assets \$ 2,172,705.24

LIABILITIES

Current liabilities

Accounts payable	\$ 18,044.30
Payroll taxes payable	<u>-</u>

Total current liabilities 18,044.30

Other liabilities

Customer security deposits	30,804.00
Notes payable - Rural Development	<u>958,025.57</u>

Total other liabilities 988,829.57

Total liabilities 1,006,873.87

NET ASSETS

Invested in capital assets, net of related debt	928,489.30
Restricted for customer deposits	2,545.00
Restricted for debt service reserves	55,831.26
Unrestricted	<u>178,965.81</u>

Total net assets 1,165,831.37

Total liabilities and net assets \$ 2,172,705.24

See accountant's report

Caddo Public Works Authority
Statement of Revenue, Expenses and
Change in Net Assets
For the Year Ended June 30, 2013
(Unaudited)

<u>REVENUES</u>	
Water charges	\$ 181,991.62
Sewer charges	155,870.49
Sanitation charges	111,757.36
Penalties, fees, transfers & reconnects	15,408.71
Interest income	174.71
Other revenues	<u>2,652.44</u>
 Total revenues	 <u>\$ 467,855.33</u>
<u>EXPENSES</u>	
Combined Operations	
Personal services - wages, taxes & benefits	\$ 41,263.42
Legal & accounting fees	2,992.30
Insurance, licenses & fees	26,660.17
Office supplies & expenses	9,745.39
Telephone & utilities	3,063.12
NSF chargebacks, net	-
Total Combined Operations	<u>83,724.40</u>
Water Department	
Personal services - wages, taxes & benefits	35,835.13
Water supplies, repairs & maintenance	34,766.08
Water testing fees	432.07
Utilities	7,090.79
Vehicle fuel & repairs	9,448.38
Depreciation expense	26,131.62
Total Water Department	<u>113,704.07</u>
Sewer Department	
Personal services - wages, taxes & benefits	44,894.80
Sewer supplies, repairs & maintenance	18,907.93
Utilities	3,282.60
Vehicle fuel & repairs	4,958.43
Interest expense	41,074.39
Depreciation expense	41,329.91
Total Sewer Department	<u>154,448.06</u>
Sanitation Department	
Personal services - wages, taxes & benefits	70,119.78
Landfill fees	25,590.70
Sanitation supplies & services	3,578.05
Vehicle fuel & repairs	18,132.29
Roll-off boxes supplies	967.21
Interest expense	-
Depreciation expense	10,589.05
Total Sanitation Department	<u>128,977.08</u>
 Total expenses	 <u>480,853.61</u>
 Net revenues over (under) expenses	 (12,998.28)
 Transfers from / (to) Caddo General Fund	 <u>1,348.68</u>
 Change in net assets	 (11,649.60)
 Net assets - beginning of the year	 <u>1,177,480.97</u>
 Net assets - end of the year	 <u>\$ 1,165,831.37</u>

See accountant's report

Caddo Public Works Authority
Budgetary Comparison Schedule - Budget Basis
For the Year Ended June 30, 2013
(Unaudited)

	Original Budget	Budget Adjustments	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES					
Water charges	200,000	-	200,000	181,991	(18,009)
Sewer charges	155,000	-	155,000	155,871	871
Sanitation charges	107,000	-	107,000	111,757	4,757
Penalties, fees, transfers & reconnects	15,500	-	15,500	15,409	(91)
O-EPIC health insurance supplement	8,500	-	8,500	-	(8,500)
OWRB grant proceeds	-	-	-	-	-
Interest income	200	-	200	175	(25)
Other revenues	3,000	-	3,000	2,652	(348)
Total revenues	489,200	-	489,200	467,855	(21,345)
EXPENDITURES					
Combined Operations					
Personal services - wages, taxes & benefits	30,692	-	30,692	41,263	(10,571)
Legal & accounting fees	3,500	-	3,500	2,992	508
Insurance, licenses & fees	20,000	-	20,000	26,660	(6,660)
Office supplies & expenses	5,000	-	5,000	9,745	(4,745)
Telephone & utilities	3,500	-	3,500	3,063	437
Loan payments - Shamrock Bank	4,824	-	4,824	1,349	3,475
Capital expenditures	-	-	-	-	-
Total Combined Operations	67,516	-	67,516	85,072	(17,556)
Water Department					
Personal services - wages, taxes & benefits	35,170	-	35,170	35,835	(665)
Water supplies, repairs & maintenance	42,000	-	42,000	34,766	7,234
Water testing fees	300	-	300	432	(132)
Utilities	9,500	-	9,500	7,090	2,410
Vehicle fuel & repairs	12,000	-	12,000	9,448	2,552
Capital expenditures - OWRB grant project	2,412	-	2,412	1,080	1,332
Total Water Department	101,382	-	101,382	88,651	12,731
Sewer Department					
Personal services - wages, taxes & benefits	43,696	-	43,696	44,895	(1,199)
Sewer supplies, repairs & maintenance	20,000	-	20,000	18,908	1,092
Utilities	3,000	-	3,000	3,283	(283)
Vehicle fuel & repairs	3,500	-	3,500	4,958	(1,458)
Capital expenditures	-	-	-	6,375	(6,375)
Loan payments - John Deere Credit	3,288	-	3,288	3,225	63
Loan payments - Rural Development	55,000	-	55,000	54,996	4
Total Sewer Department	128,484	-	128,484	136,640	(8,156)
Sanitation Department					
Personal services - wages, taxes & benefits	74,636	-	74,636	70,119	4,517
Landfill fees	30,000	-	30,000	25,590	4,410
Sanitation supplies & services	4,000	-	4,000	3,578	422
Vehicle fuel & repairs	20,000	-	20,000	18,132	1,868
Roll-off boxes supplies	800	-	800	967	(167)
Loan payments - Landmark Bank	9,365	-	9,365	-	9,365
Capital expenditures	-	-	-	-	-
Total Sanitation Department	138,801	-	138,801	118,386	20,415
Total expenses	436,183	-	436,183	428,749	7,434
Net revenues over (under) expenditures	53,017	-	53,017	39,106	(13,911)
Transfers from (to) Caddo General Fund	-	-	-	1,349	1,349
Net increase (decrease) in unrestricted resources	53,017	-	53,017	40,455	(12,562)
Unrestricted resources - beginning of the year	145,386	-	145,386	139,134	(6,252)
Unrestricted resources - end of the year	198,403	-	198,403	179,589	(18,814)

See accountant's report

Town of Caddo, Oklahoma and Caddo Public Works Authority
Schedule of Grant and Award Program Activity - Cash Basis
For the Year Ended June 30, 2013
(Unaudited)

Grantor / Pass-through Agency Grantor /Program Title	Federal CFDA Number	Grant / Project Number	Award Amount	Exp Payable or (Rev Receivable) at 7-1-12	Proceeds Received FYE 6-30-13	Project Expenditures FYE 6-30-13	Exp Payable or (Rev Receivable) at 6-30-13
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STATE AND LOCAL AWARD PROGRAMS

No Grant or Award Programs This Fiscal Year	\$	-	-	-	-	-	-
TOTAL STATE AND LOCAL AWARD PROGRAMS	<u>\$</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

OTHER PROGRAM INFORMATION

<u>U S Dept of Agriculture</u>						
Passed through Rural Development Agency						
Community facility loan program - outstanding loan principal balances at fiscal year end June 30, 2013						
	<u>\$</u>					<u>958,026</u>

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Specified Users of the Report:

Town Council, Town of Caddo
Caddo, Oklahoma

Oklahoma State Auditor and Inspector
Oklahoma City, Oklahoma

We have compiled the following accompanying financial statements of Town of Caddo, Oklahoma – General Fund:

Statement of Net Assets as of June 30, 2013

Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended June 30, 2013

Budgetary Comparison Schedule – Budget Basis for the Year Ended June 30, 2013

Schedule of Grant and Award Program Activity – Cash Basis for the Year Ended June 30, 2013

These financial statements have been prepared in a format and basis of accounting that demonstrates compliance with the modified accrual basis, and budget laws of the State of Oklahoma, which are comprehensive bases 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 such bases of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the selected bases of accounting 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 the financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, net assets, 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 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, 2013. Management of the Town of Caddo is responsible for the Town's financial accountability and its compliance with those legal and contractual agreements. 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 (Sec 11-17.105-.107). 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.

(continued)

Procedures and Findings

As to the Town of Caddo as of and for the fiscal year ended June 30, 2013:

1. **Procedure Performed:** From the Town's trial balances and financial reports, we compiled statements of net assets and changes in net assets for the General Fund (see accompanying Exhibits 1 & 2) and compared the statement results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: We noted no instances of noncompliance as to deficit fund balance.

2. **Procedure Performed:** From the Town's trial balances, we prepared a budget and actual comparison schedule for the General Fund (see accompanying Exhibit 3) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: We noted no instances of noncompliance as to expenditures exceeding appropriations at the legal level of control (departmental total).

3. **Procedure 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: We noted no findings in regards to bank account balances and outstanding reconciling items.

4. **Procedure Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: We determined that at June 30, 2013 the Town's aggregate depository bank account balances were fully FDIC insured.

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

Findings: We noted no instances of noncompliance as to the uses of material restricted revenues.

6. **Procedure 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: We noted no instances of noncompliance as to maintaining separate funds.

7. **Procedure 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 did not have any outstanding debt issues which carried reserve requirements or debt service coverage requirements.

8. **Procedure Performed:** From the Town's police citations, we traced 20 individual citations to the ultimate disposition of each case, collection of the assessed fine and deposit of funds to the Town's bank account to report any instances of failure to collect and deposit assessed fines.

Findings: We noted no instances of failure to collect and deposit the assessed fines.

9. **Procedure Performed:** From the Town's general ledger of expense accounts, we traced 12 individual expenditure transactions to report any instances of failure to properly authorize, document and pay such expenditures.

Findings: We noted no instances of failure to properly authorize, document and pay these selected items.

10. **Procedure Performed:** From the Town's payroll transaction records, we traced all required payroll tax liabilities to the appropriate payment transaction and ultimate clearing through the Town's bank account to report any instances of failure to make timely payment of required payroll tax deposits.

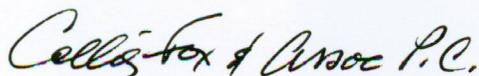
Findings: We noted no instances of failure to make timely payment of required payroll tax deposits.

11. **Procedure Performed:** From the Town's trial balances, we prepared a schedule of grant activity for each grant / contract (see accompanying Exhibit 7) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

Findings: The Town did not participate in any grant programs during the year ended June 30, 2013.

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



COLLIER, FOX & ASSOCIATES, P.C.
August 28, 2013

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Specified Users of the Report:

Board of Trustees, Caddo Public Works Authority, Caddo, Oklahoma
Oklahoma State Auditor and Inspector, Oklahoma City, Oklahoma
Rural Development Agency, Atoka, Oklahoma

We have compiled the following accompanying financial statements of Caddo Public Works Authority:
Statement of Net Assets as of June 30, 2013
Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended June 30, 2013
Budgetary Comparison Schedule – Budget Basis for the Year Ended June 30, 2013
Schedule of Grant and Award Program Activity – Cash Basis for the Year Ended June 30, 2013

These financial statements have been prepared in a format and basis of accounting that demonstrates compliance with the modified accrual basis, and budget laws of the State of Oklahoma, which are comprehensive bases 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 such bases of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the selected bases of accounting 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 the financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's assets, liabilities, net assets, 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 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, 2013. Management is responsible for the Authority's financial accountability and its compliance with those legal and contractual agreements. 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 (Sec 11-17.105-.107). 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 Caddo Public Works Authority as of and for the fiscal year ended June 30, 2013:

1. **Procedure Performed:** From the Authority's trial balances and financial reports, we compiled statements of net assets and changes in net assets (see accompanying Exhibits 4 & 5) and compared the statement results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: We noted no instances of noncompliance as to deficit fund balance.

2. **Procedure Performed:** From the Authority's trial balances, we prepared a budget and actual comparison schedule (see accompanying Exhibit 6) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: As a public trust, the Authority has no statutory obligation to maintain expenditures under budget. However, we noted various instances of individual expenditure accounts and departmental totals exceeding the amounts budgeted. It appears these instances occurred as a result of original approved budget amounts simply not being established at a level high enough to budget for the expected revenues and to cover expected expenditures. Despite the instances of exceeding expenditure budget amounts, the Authority's total expenditures were still \$7,434 less than total budgeted expenditures.

3. **Procedure 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: We noted no findings in regards to bank account balances and outstanding reconciling items.

4. **Procedure Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: We determined that at June 30, 2013 the Authority's aggregate depository bank account balances exceeded the \$250,000 FDIC insurance limit by \$885. This condition occurred as a result of the Authority saving funds for a future major improvement project and not realizing the limit was being exceeded. On August 26, 2013 the Authority received pledged collateral from the bank in the form of a \$100,000 letter of credit. As such, this condition has been properly resolved.

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

Findings: We noted no instances of noncompliance as to the use of restricted revenues.

6. **Procedure 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: We noted no instances of noncompliance as to maintaining separate funds.

7. **Procedure 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: At June 30, 2013 the Authority held \$55,831 in a savings account to meet the debt service reserve requirement related to two outstanding loans through Rural Development Agency. Such reserve requirement is stated as one year's debt service obligation which calculates to be \$54,996. Therefore, the Authority has met the stated reserve requirement. The stated debt service coverage ratio for these outstanding loans is 1.0 times the cost of operations, maintenance and debt service obligations. For the year ended June 30, 2013, the Authority's calculated coverage ratio was 1.12 on \$469,204 of operating revenues and \$416,725 of expenditures and debt service payments. Therefore, the Authority has met the stated debt service coverage requirement.

8. **Procedure Performed:** From the Authority's utility billing registers, we traced 20 individual utility customer billings to the ultimate collection of the amounts billed, deposit of funds to the Authority's bank account and recording of the payments in the customers' records to report any instances of failure to collect, deposit and record utility revenues.

Findings: We noted no instances of failure to collect, deposit and record utility revenues for these items.

9. **Procedure Performed:** From the Authority's general ledger of expense accounts, we traced 12 individual expenditure transactions to report any instances of failure to properly authorize, document and pay such expenditures.

Findings: We noted no instances of failure to properly authorize, document and pay these selected items.

10. **Procedure Performed:** From the Authority's payroll transaction records, we traced all required payroll tax liabilities to the appropriate payment transaction and ultimate clearing through the Authority's bank account to report any instances of failure to make timely payment of required payroll tax deposits.

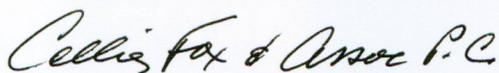
Findings: We noted no instances of failure to make timely payment of required payroll tax deposits.

11. **Procedure Performed:** From the Authority's trial balances, we prepared a schedule of grant activity for each grant / contract (see accompanying Exhibit 7) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

Findings: The Authority did not participate in any grant programs during the year ended June 30, 2013.

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



COLLIER, FOX & ASSOCIATES, P.C.
August 21, 2012