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

Annual Financial Report
June 30, 2012

TOWN OF CADDO, OKLAHOMA
AND
CADDO PUBLIC WORKS AUTHORITY
ANNUAL FINANCIAL REPORT
JUNE 30, 2012

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Town of Caddo, Oklahoma
General Fund
Statement of Net Assets
June 30, 2012
(Unaudited)

ASSETS

Current assets:

Cash in bank - unrestricted operations account	\$ 47,628.15
Cash in bank - Senior citizens nutrition account	80.00
Cash in bank - Police equipment account	5,653.22
Cash in bank - Police vehicle savings account	21,557.63
Cash in bank - Police reserve officer account	5,228.98
Cash in bank - Street project account	2,959.24
Cash in bank - Police building account	13,687.92
Cash in bank - Caddo museum account	6,876.98
Cash in bank - OMAG Insurance Proceeds	27,182.79
Cash in bank - Certificate of deposit	22,393.38
Cash in bank - other designated accounts	38.29
Petty cash on hand	100.00
Taxes receivable	<u>21,314.11</u>
 Total current assets	 <u>174,700.69</u>

Noncurrent assets:

Property, plant and equipment	891,860.31
Less accumulated depreciation	<u>(402,892.56)</u>
 Total noncurrent assets	 <u>488,967.75</u>
 Total assets	 <u>\$ 663,668.44</u>

LIABILITIES

Current liabilities

Accounts payable	\$ 23,389.23
Payroll taxes and withholdings payable	<u>137.61</u>
 Total current liabilities	 <u>23,526.84</u>

Other liabilities

Capital lease payable - John Deere Credit	3,189.64
Capital lease payable - Kansas State Bank	<u>55,069.12</u>
 Total other liabilities	 <u>58,258.76</u>
 Total liabilities	 <u>81,785.60</u>

NET ASSETS

Invested in capital assets, net of related debt	430,708.99
Unrestricted	<u>151,173.85</u>
 Total net assets	 <u>581,882.84</u>
 Total liabilities and net assets	 <u>\$ 663,668.44</u>

See accountant's report

Town of Caddo, Oklahoma
General Fund
Statement of Revenues, Expenses and
Change in Net Assets
For the Year Ended June 30, 2012
(Unaudited)

REVENUES

Sales, use & tobacco taxes	\$ 194,739.06
Franchise taxes	28,786.08
Alcoholic beverage tax	6,195.70
Vehicle & gas excise tax	8,721.29
Court fines & fees	192,224.88
O-EPIC health insurance supplement	8,879.74
Rent	2,670.00
Licenses, fees & permits	245.00
Museum sales & donations	3,162.03
Insurance proceeds	27,182.79
Interest income	209.75
Other revenues	<u>2,348.16</u>
Total revenues	<u>\$ 475,364.48</u>

EXPENSES

General Government	
Personal services	\$ 39,041.06
Maintenance & operations	73,551.51
Depreciation expense	<u>5,232.85</u>
Total General Government	<u>117,825.42</u>
Public Safety	
Personal services	106,051.62
Maintenance & operations	99,680.42
Interest expense	3,910.64
Depreciation expense	<u>21,932.36</u>
Total Public Safety	<u>231,575.04</u>
Street & Alley	
Personal services	20,007.45
Maintenance & operations	31,154.35
Interest expense	254.17
Depreciation expense	<u>11,928.39</u>
Total Street & Alley	<u>63,344.36</u>
Community Services	
Personal services	14,364.62
Maintenance & operations	15,893.90
Depreciation expense	<u>6,439.30</u>
Total Community Services	<u>36,697.82</u>
Total expenses	<u>449,442.64</u>
Net revenues over (under) expenses	25,921.84
Transfers from / (to) Caddo Public Works Authority	<u>(2,410.92)</u>
Change in net assets	23,510.92
Net assets - beginning of the year	<u>558,371.92</u>
Net assets - end of the year	<u>\$ 581,882.84</u>

See accountant's report

Town of Caddo, Oklahoma
General Fund
Budgetary Comparison Schedule - Budget Basis
For the Year Ended June 30, 2012
(Unaudited)

	Original Budget	Budget Adjustments	Fianl Budget	Actual Amounts	Variance Positive (Negative)
REVENUES					
Sales, use & tobacco taxes	164,000	-	164,000	194,739	30,739
Franchise taxes	30,000	-	30,000	28,786	(1,214)
Alcoholic beverage tax	6,000	-	6,000	6,196	196
Vehicle & gas excise tax	9,000	-	9,000	8,721	(279)
Court fines & fees	195,000	-	195,000	192,225	(2,775)
O-EPIC health insurance supplement	20,500	-	20,500	8,880	(11,620)
Rent	2,300	-	2,300	2,670	370
Licenses, fees & permits	300	-	300	245	(55)
Senior citizens nutrition program	11,000	-	11,000	-	(11,000)
Museum sales & donations	5,000	-	5,000	3,162	(1,838)
Insurance Proceeds	-	-	-	27,183	27,183
Interest income	400	-	400	210	(190)
Other revenues	-	-	-	2,248	2,248
Total revenues	443,500	-	443,500	475,265	31,765
EXPENDITURES					
General Government					
Personal services	26,207	8,000	34,207	39,041	(4,834)
Maintenance & operations	62,500	17,000	79,500	73,552	5,948
Capital expenditures / Debt service	-	-	-	-	-
Total General Government	88,707	25,000	113,707	112,593	1,114
Public Safety					
Personal services	122,643	-	122,643	106,052	16,591
Maintenance & operations	99,000	-	99,000	99,672	(672)
Capital expenditures / Debt service	19,200	-	19,200	19,188	12
Total Public Safety	240,843	-	240,843	224,912	15,931
Street & Alley					
Personal services	27,093	-	27,093	20,007	7,086
Maintenance & operations	45,000	-	45,000	31,154	13,846
Capital expenditures / Debt service	5,700	-	5,700	5,692	8
Total Street & Alley	77,793	-	77,793	56,853	20,940
Community Services					
Personal services	55,073	(25,000)	30,073	14,365	15,708
Maintenance & operations	25,000	-	25,000	15,894	9,106
Capital expenditures / Debt service	-	-	-	-	-
Total Community Services	80,073	(25,000)	55,073	30,259	24,814
Total expenditures	487,416	-	487,416	424,617	62,799
Net revenues over (under) expenditures	(43,916)	-	(43,916)	50,648	94,564
Transfers from / (to) Caddo Public Works Authority	-	(2,500)	(2,500)	(2,411)	89
Net increase (decrease) in fund balance, budget basis	(43,916)	(2,500)	(46,416)	48,237	94,653
Fund balance, budget basis - beginning of the year	94,945	-	94,945	178,824	83,879
Fund balance, budget basis - end of the year	51,029	(2,500)	48,529	227,061	178,532

See accountant's report

Caddo Public Works Authority
Statement of Net Assets
June 30, 2012
(Unaudited)

ASSETS

Current assets:	
Cash in bank - unrestricted checking account	\$ 22,352.20
Cash in bank - Sanitation truck savings account	46,145.22
Cash in bank - Special projects account	29,364.80
Cash in bank - Other savings accounts	20,330.38
Change drawer cash on hand	200.00
Utility billings receivable	<u>38,397.41</u>
Total current assets	<u>156,790.01</u>
Noncurrent assets:	
Cash in bank - restricted for customer deposits	32,094.00
Cash in bank - restricted for Rural Development loan reserve	55,762.70
Property, plant and equipment	3,237,495.55
Less accumulated depreciation	<u>(1,280,385.10)</u>
Total noncurrent assets	<u>2,044,967.15</u>
Total assets	<u><u>\$ 2,201,757.16</u></u>

LIABILITIES

Current liabilities	
Accounts payable	\$ 16,667.81
Payroll taxes payable	<u>2.56</u>
Total current liabilities	<u>16,670.37</u>
Other liabilities	
Customer security deposits	29,324.00
Note payable - John Deere Credit	3,190.12
Note payable - Landmark Bank	-
Note payable - Shamrock Bank	3,109.60
Notes payable - Rural Development	<u>971,982.10</u>
Total other liabilities	<u>1,007,605.82</u>
Total liabilities	<u>1,024,276.19</u>
NET ASSETS	
Invested in capital assets, net of related debt	978,828.63
Restricted for customer deposits	2,770.00
Restricted for debt service reserves	55,762.70
Unrestricted	<u>140,119.64</u>
Total net assets	<u>1,177,480.97</u>
Total liabilities and net assets	<u><u>\$ 2,201,757.16</u></u>

See accountant's report

Caddo Public Works Authority
Statement of Revenues, Expenses and
Change in Net Assets
For the Year Ended June 30, 2012
(Unaudited)

<u>REVENUES</u>	
Water charges	\$ 204,931.60
Sewer charges	156,750.54
Sanitation charges	110,494.55
Penalties, fees, transfers & reconnects	15,579.59
Grant proceeds - Okla Water Resources Board	90,509.00
O-EPIC health insurance supplement	8,465.96
Interest income	239.91
Other revenues	<u>4,863.80</u>
 Total revenues	 <u>\$ 591,834.95</u>
<u>EXPENSES</u>	
Combined Operations	\$ 37,905.10
Personal services - wages, taxes & benefits	3,925.17
Legal & accounting fees	22,434.87
Insurance, licenses & fees	8,451.87
Office supplies & expenses	489.69
Interest expense	-
NSF chargebacks, net	<u>-</u>
Total Combined Operations	<u>73,206.70</u>
 Water Department	
Personal services - wages, taxes & benefits	33,318.82
Water supplies, repairs & maintenance	41,295.40
Water testing fees	711.16
Utilities	9,455.18
Vehicle fuel & repairs	7,184.69
Depreciation expense	<u>25,936.24</u>
Total Water Department	<u>117,901.49</u>
 Sewer Department	
Personal services - wages, taxes & benefits	38,043.45
Sewer supplies, repairs & maintenance	18,996.76
Utilities	2,937.96
Vehicle fuel & repairs	1,744.25
Interest expense	41,873.35
Depreciation expense	<u>41,170.54</u>
Total Sewer Department	<u>144,766.31</u>
 Sanitation Department	
Personal services - wages, taxes & benefits	66,174.77
Landfill fees	28,959.70
Sanitation supplies & services	3,480.23
Vehicle fuel & repairs	26,651.26
Roll-off boxes supplies	1,665.29
Interest expense	-
Depreciation expense	<u>10,429.67</u>
Total Sanitation Department	<u>137,360.92</u>
 Total expenses	 <u>473,235.42</u>
 Net revenues over (under) expenses	 118,599.53
 Transfers from / (to) Caddo General Fund	 <u>2,410.92</u>
 Change in net assets	 121,010.45
 Net assets - beginning of the year	 <u>1,056,470.52</u>
 Net assets - end of the year	 <u>\$ 1,177,480.97</u>

See accountant's report

Caddo Public Works Authority
Budgetary Comparison Schedule - Budget Basis
For the Year Ended June 30, 2012
(Unaudited)

	Original Budget	Budget Adjustments	Fianl Budget	Actual Amounts	Variance Positive (Negative)
REVENUES					
Water charges	159,000	-	159,000	204,932	45,932
Sewer charges	135,000	-	135,000	156,751	21,751
Sanitation charges	104,000	-	104,000	110,494	6,494
Penalties, fees, transfers & reconnects	12,300	-	12,300	15,579	3,279
O-EPIC health insurance supplement	9,000	-	9,000	8,466	(534)
OWRB grant proceeds	-	90,509	90,509	90,509	-
Interest income	250	-	250	240	(10)
Other revenues	1,800	-	1,800	4,864	3,064
Total revenues	421,350	90,509	511,859	591,835	79,976
EXPENDITURES					
Combined Operations					
Personal services - wages, taxes & benefits	26,526	-	26,526	37,905	(11,379)
Legal & accounting fees	3,500	-	3,500	3,925	(425)
Insurance, licenses & fees	20,000	-	20,000	22,435	(2,435)
Office supplies & expenses	5,100	-	5,100	8,452	(3,352)
Loan payments - Shamrock Bank	4,824	-	4,824	4,822	2
Capital expenditures	-	-	-	-	-
Total Combined Operations	59,950	-	59,950	77,539	(17,589)
Water Department					
Personal services - wages, taxes & benefits	33,747	-	33,747	33,319	428
Water supplies, repairs & maintenance	23,000	-	23,000	41,295	(18,295)
Water testing fees	300	-	300	711	(411)
Utilities	9,500	-	9,500	9,455	45
Vehicle fuel & repairs	12,000	-	12,000	7,185	4,815
Capital expenditures - OWRB grant project	2,412	90,509	92,921	106,775	(13,854)
Total Water Department	80,959	90,509	171,468	198,740	(27,272)
Sewer Department					
Personal services - wages, taxes & benefits	43,460	-	43,460	38,043	5,417
Sewer supplies, repairs & maintenance	12,000	-	12,000	18,997	(6,997)
Utilities	3,000	-	3,000	2,938	62
Vehicle fuel & repairs	3,500	-	3,500	1,744	1,756
Capital expenditures	-	-	-	-	-
Loan payments - John Deere Credit	3,288	-	3,288	3,281	7
Loan payments - Rural Development	55,000	-	55,000	54,996	4
Total Sewer Department	120,248	-	120,248	119,999	249
Sanitation Department					
Personal services - wages, taxes & benefits	71,472	-	71,472	66,175	5,297
Landfill fees	22,000	-	22,000	28,960	(6,960)
Sanitation supplies & services	1,100	-	1,100	3,480	(2,380)
Vehicle fuel & repairs	16,000	-	16,000	26,651	(10,651)
Roll-off boxes supplies	800	-	800	1,665	(865)
Loan payments - Landmark Bank	9,365	-	9,365	7,791	1,574
Capital expenditures	-	-	-	-	-
Total Sanitation Department	120,737	-	120,737	134,722	(13,985)
Total expenses	381,894	90,509	472,403	531,000	(58,597)
Net revenues over (under) expenditures	39,456	-	39,456	60,835	21,379
Transfers from (to) Caddo General Fund	-	2,411	2,411	2,411	-
Net increase (decrease) in unrestricted resources	39,456	2,411	41,867	63,246	21,379
Unrestricted resources - beginning of the year	75,890	-	75,890	75,890	-
Unrestricted resources - end of the year	115,346	2,411	117,757	139,136	21,379

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, 2012
(Unaudited)

Grantor / Pass-through Agency Grantor /Program Title	Federal CFDA Number	Grant / Project Number	Award Amount	Exp Payable or (Rev Receivable) at 7-1-11	Proceeds Received FYE 6-30-12	Project Expenditures FYE 6-30-12	Exp Payable or (Rev Receivable) at 6-30-12
<u>STATE AND LOCAL AWARD PROGRAMS</u>							
<u>Oklahoma Water Resources Board</u>							
REAP Grant - Water line replacement project	---	FAP-10-0014-R	\$ 99,999	\$ -	90,509	90,509	-
TOTAL STATE AND LOCAL AWARD PROGRAMS				\$ -	90,509	90,509	-

OTHER PROGRAM INFORMATION

U S Dept of Agriculture

Passed through Rural Development Agency

Community facility loan program - outstanding loan principal balances at fiscal year end June 30, 2012

\$ 971,982

See Accountant's Report

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, 2012
Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended June 30, 2012
Budgetary Comparison Schedule – Budget Basis for the Year Ended June 30, 2012
Schedule of Grant and Award Program Activity – Cash Basis for the Year Ended June 30, 2012

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, 2012. 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, 2012:

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.

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 departmental total legal level of control; all departmental total expenditures were within budget amounts. However, two individual expenditure accounts within the departments did exceed appropriations at the individual account level: General Government Personal Services (\$4,834) and Public Safety Maintenance & Operations (\$672). These instances occurred as a result of budget adjustments made prior to the year end that simply did not move enough appropriations from one account to another. Such appropriations were available as the total General Fund expenditures were less than the total budget by \$62,799. The Town's management indicated that more attention will be given to individual expenditure account status in the future so that adequate budget adjustments can be made on a timely basis.

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 this procedure.

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, 2012 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.

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.

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 check 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.

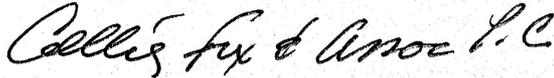
(continued)

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: We noted no instances of noncompliance.

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

Collier, Fox & Associates, P.C.

Certified Public Accountants

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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
Oklahoma Water Resources Board, Oklahoma City, Oklahoma

We have compiled the following accompanying financial statements of Caddo Public Works Authority:
Statement of Net Assets as of June 30, 2012
Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended June 30, 2012
Budgetary Comparison Schedule – Budget Basis for the Year Ended June 30, 2012
Schedule of Grant and Award Program Activity – Cash Basis for the Year Ended June 30, 2012

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, 2012. 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.

(continued)

Procedures and Findings

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

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.

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 overspending expenditure budget amounts, the Authority's total expenditures were still \$21,379 less than total revenues.

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 this procedure.

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, 2012 the Authority'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.

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.

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, 2012 the Authority held \$55,763 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, 2012, the Authority's calculated coverage ratio was 1.21 on \$503,737 of operating revenues and \$414,828 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.

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 check 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.

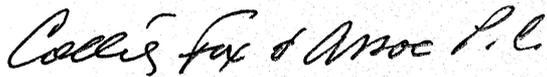
(continued)

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: We noted no instances of noncompliance.

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