

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING  
AGREED-UPON PROCEDURES

TOWN OF RANDLETT, OKLAHOMA  
RANDLETT PUBLIC WORKS AUTHORITY  
dba  
COTTON COUNTY RURAL WATER DISTRICT NO. 1  
(public trust)

JUNE 30, 2012

**Lisa Brooks**  
*Certified Public Accountant*

**Town of Randlett, Oklahoma**

**Randlett Public Works Authority**

dba

Cotton County Rural Water District No. 1  
(a public trust whose beneficiary is Town of Randlett)

June 30, 2012

TABLE OF CONTENTS

Independent Accountant's Compilation Report

Exhibits

Summary of Changes in Fund Balances	Exhibit 1
Statement of Revenues, Expenses, and Changes in Fund Balance Randlett Public Works Authority	Exhibit 2
Budgetary Comparison Schedule	Exhibit 3
Schedule of REAP Grant Activity	Exhibit 4

Lisa Brooks  
*Certified Public Accountant*

*P. O. Box 318  
Granite, OK 73547*

*Phone (580) 471-0470  
Fax (866) 328-9778*

Independent Accountant's Compilation Report

To the Specified Users of the Report:

Town Board, Town of Randlett  
Randlett, Oklahoma

Trustees of the Randlett Public Works Authority  
Randlett, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

I have compiled the accompanying Summary of Changes in Fund Balances of the Town of Randlett and Randlett Public Works Authority dba Cotton County Rural Water District No. 1 (a public trust whose beneficiary is the Town of Randlett, Oklahoma) as of June 30, 2012 and the related Statement of Revenues, Expenses and Changes in Fund Balance-Modified Cash basis, of the Public Trust, and Budgetary Comparison Schedule for the General and Other Significant Funds, 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 §11-17 (105-107) and §60-180.1-.3 and requested by the Office of State Auditor and Inspector, 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 this compilation is to assist management in presenting information, in the form of financial statements as prescribed, 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. If the omitted disclosures were included, they might influence the user's

conclusions about the Town's and Public Trust'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 Trust in meeting their 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 Randlett 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 standard 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 Randlett:**

The Town of Randlett had income of less than Twenty-five Thousand Dollars (\$25,000.00) to its general fund during the fiscal year and applicable official population of less than two thousand five hundred (2,500); therefore **no statutory agree-upon procedures were required.**

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 prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** No instances noted.

2. **Procedures Performed:** From the Town's trial balances and budgets, I prepared a budgetary comparison schedule for the General Fund and other significant funds (see accompanying Exhibit 3) listing separately each federal fund and comparing the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

**Findings:** No instances noted.

3. **Procedures Performed:** I agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

**Findings:** No instances noted.

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

**Findings:** No instances noted.

5. **Procedures Performed:** I compared the use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances noted.

6. **Procedures Performed:** I 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:** I 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:** No instances noted.

As to the **Randlett Public Works Authority dba Cotton County Rural Water District No.1**, 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 fund balance (see accompanying Exhibit 2) 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:** Check #6846 to U S Postal Service was booked as of December 31, 2011 but had still not cleared the bank as of the July 31, 2012 bank statement.

**Findings:** No federal payroll tax deposits have been processed for paychecks written December 2010 through the fiscal year end of June 30, 2012.

**Findings:** In January 2011 the rate for employee Social Security withholding was reduced from 6.2% to 4.2%. Each paycheck written in 2011 and 2012 has been \$18 less than the correct amount. Forms W-2 for 2011 should have been filed in January 2012 and may have been inaccurate.

**Findings:** Customer payments deposited were equal to only about 92% of sales booked for the current year.

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.

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 of bond indentures to the actual coverage to report any noted instances of noncompliance.

**Findings:** No instances noted.

As to the Town of Randlett and Randlett Public Works Authority dba Cotton County Rural Water District No. 1 **Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances and bank statements, I prepared a schedule of grant activity for the REAP Grant (see accompanying Exhibit 4).

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.

This report is a revision of the report originally issued October 9, 2012. The revision was necessary to eliminate confusion regarding references to the Randlett Public Works Authority as Cotton County Rural Water District No. 1, which ceased to exist and was replaced by Randlett PWA in the year 2000. The name Cotton County Rural Water District No. 1 was used in the original report because it still appears on the bank statements. Each reference to "Cotton County Rural Water District No. 1" within the report and accompanying financial statements has now been replaced with "Randlett Public Works Authority dba Cotton County Rural Water District No. 1".

Lisa Brooks, CPA  
October 24, 2012

**Summary of Changes in Fund Balances**  
 For the Fiscal Year Ended June 30, 2012  
 (Unaudited)

	Beginning of Year Fund Balance	Current Year Receipts	Current Year Disbursements	End of Year Fund Balance
<b>TOWN OF RANDLETT:</b>				
General Fund	\$ 23,148.97	\$ 7,244.85	\$ 9,018.87	\$ 21,374.95
Street and Alley Fund	\$ 6,805.93	\$ 3,827.73	\$ 2,789.36	\$ 7,844.30
<b>Town Subtotal</b>	<u>\$ 29,954.90</u>	<u>\$ 11,072.58</u>	<u>\$ 11,808.23</u>	<u>\$ 29,219.25</u>
<b>RANDLETT PWA</b>	<u>\$ 471,555.89</u>	<u>\$ 142,117.56</u>	<u>\$ 161,103.09</u>	<u>\$ 452,570.36</u>
<b>TOTAL</b>	\$ 501,510.79	\$ 153,190.14	\$ 172,911.32	\$ 481,789.61



**Statement of Revenues, Expenses and Changes in Fund Balance**  
Randlett PWA dba Cotton County Rural Water District No. 1  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)

**Revenues**

Water Sales	\$ 102,523.62
Sewer Income	18,032.00
Garbage	23,000.00
Late Fees	5,480.00
Reconnect Fees	25.00
Billing Adjustments	(8,029.15)
Tap Sales	750.00
Total Utility Income	<u>141,781.47</u>
Total Revenues	141,781.47

**Expenses**

Contract Labor	974.00
Depreciation	25,767.68
Insurance	5,798.84
Maintenance and Repairs	9,514.94
Memberships	50.00
Mileage/Fuel	2,554.78
Office Expense and Postage	2,658.38
Payroll Taxes	816.55
Professional Fees	2,949.90
Salaries	18,615.27
Utilities	2,457.74
Garbage Contract	22,304.00
Water Purchases	66,641.01
Total Expenditures	<u>161,103.09</u>

Net Ordinary Income from Operations (19,321.62)

Other Income

Interest Income	25.40
Miscellaneous Income	310.69
Total Other Income	<u>336.09</u>

Net Change in Fund Balance	(18,985.53)
Fund Balance - beginning of period	471,555.89
Fund Balance - end of period	<u><u>\$ 452,570.36</u></u>

Town of Randlett and Public Trust  
Randlett, Oklahoma

**Budgetary Comparison Schedule**  
General and Other Significant Funds  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Combined Budgetary Fund Balances	117,251.00	117,251.00	0.00
<b>Resources (Inflows)</b>			
Taxes:			
Alcoholic Beverage	8,000.00	6,945.00	(1,055.00)
Cigarette		0.00	0.00
Sales		0.00	0.00
Use		0.00	0.00
Gasoline Excise	900.00	828.00	(72.00)
Motor Vehicle	2,500.00	3,000.00	500.00
Total Taxes	11,400.00	10,773.00	(627.00)
PWA Charges	150,000.00	141,781.00	(8,219.00)
Other:			
Other Income	500.00	636.00	136.00
Total Current Year Receipts	161,900.00	153,190.00	(8,710.00)
Amounts available for Appropriation	279,151.00	270,441.00	(8,710.00)
<b>Charges to Appropriations (Outflows):</b>			
Utility Services:			
Maintenance and Operations	213,000.00	161,103.00	(51,897.00)
General Government:			
Personal Services	5,000.00	120.00	(4,880.00)
Maintenance and Operations	25,000.00	9,249.00	(15,751.00)
Capital Outlay	15,000.00	2,439.00	(12,561.00)
Total Charges to Appropriations	258,000.00	172,911.00	(33,192.00)
Ending Combined Budgetary Fund Balances	21,151.00	97,530.00	76,379.00

See Independent Accountant's Report

**Schedule of Grant Activity**  
For the Fiscal Year Ended June 30, 2012  
(Unaudited)

	Beginning of Year Fund Balance	Current Year Receipts	Current Year Disbursements	End of Year Fund Balance
<b>TOWN OF RANLETT:</b>				
REAP-2	\$0.00	\$22,500.00	\$22,500.00	\$0.00