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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, 2011. 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
August 29, 2011

**Town of Sentinel, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2011**

As to the Town of Sentinel as of and for the fiscal year ended June 30, 2011:

- 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 Exhibit II, no instances of noncompliance noted.

- 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: No instances of noncompliance noted.

- 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.

- 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.

**Town of Sentinel, Oklahoma
(continued from previous page)**

- VIII. Prepare a schedule of grants awarded, received, and expended during the fiscal year.

Findings: See exhibit V. No instances of noncompliance noted.

**Sentinel, Oklahoma Public Works Authority
Procedures and Findings
For the Year Ended June 30, 2011**

As to the Sentinel Public Works Authority, as of and for the year ended June 30, 2011:

- 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 IV, 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 \$73,716.

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

Findings: See Exhibit III

TOWN OF SENTINEL, OKLAHOMA
SUMMARY OF CHANGES IN UNRESTRICTED FUND BALANCES (GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Beginning of Year Fund Balances	Current Year Change	End of Year Fund Balances
TOWN:			
General Fund	\$ 278,467	\$ 5,358	\$ 283,825
Street & Alley Fund	61,217	14,406	75,623
Cemetery Care Fund	70,407	18,172	88,579
Ambulance Fund	356	1,077	1,433
EPA Wastewater Project Fund	4,119	-	4,119
CENA Grant Fund	3	-	3
Outdoor & Recreation Fund	961	26	987
Town Subtotal	<u>415,530</u>	<u>\$ 39,039</u>	<u>454,569</u>
PROPRIETARY FUNDS:			
Public Works Authority	164,470	14,030	178,500
Overall Totals	<u>\$ 580,000</u>	<u>\$ 53,069</u>	<u>\$ 633,069</u>

TOWN OF SENTINEL, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Unrestricted Fund Balance:	\$ 278,467	\$ 278,467	\$ 278,467	\$ -
Resources (Inflows):				
Taxes:				
Sales tax	160,923	160,923	174,928	14,005
Tobacco tax	2,301	2,301	2,490	189
Total Taxes	<u>163,224</u>	<u>163,224</u>	<u>177,418</u>	<u>14,194</u>
Intergovernmental:				
Alcoholic beverage tax	9,028	9,028	10,570	1,542
Franchise tax	17,276	17,276	21,207	3,931
Total Intergovernmental	<u>26,304</u>	<u>26,304</u>	<u>31,777</u>	<u>5,473</u>
Fines and Forfeitures	12,064	12,064	8,259	(3,805)
Fire department (includes grant revenue)	3,000	7,398	8,749	1,351
Investment Income	1,500	1,500	2,612	1,112
Royalty income	6,000	6,000	4,655	(1,345)
Miscellaneous Income	22,000	22,000	31,026	9,026
Grants-SWODA and DEPT of COMMERCE	-	32,367	32,367	-
Subtotal	<u>44,564</u>	<u>81,329</u>	<u>87,668</u>	<u>6,339</u>
Total current year resources	<u>234,092</u>	<u>270,857</u>	<u>296,863</u>	<u>26,006</u>
Amounts available for appropriation	<u>\$ 512,559</u>	<u>\$ 549,324</u>	<u>\$ 575,330</u>	<u>\$ 26,006</u>
Charges to Appropriations (Outflows):				
Other:				
Personal services	87,000	86,000	67,207	18,793
Materials and supplies	31,650	30,598	19,560	11,038
Other services and charges	56,550	71,760	67,537	4,223
Capital outlay	4,000	30,000	30,850	(850)
Transfers	6,000	6,000	6,000	-
Total Other	<u>185,200</u>	<u>224,358</u>	<u>191,154</u>	<u>33,204</u>
Police:				
Personal services	45,000	46,500	48,146	(1,646)
Materials and supplies	4,000	8,257	7,652	605
Other services and charges	11,950	13,350	10,787	2,563
Capital outlay	-	-	-	-
Total Police	<u>60,950</u>	<u>68,107</u>	<u>66,585</u>	<u>1,522</u>
Fire:				
Personal services	1,500	1,500	-	1,500
Materials and supplies	4,500	4,500	2,501	1,999
Other services and charges	5,550	7,950	7,130	820
Capital outlay	-	-	-	-
Total Fire	<u>11,550</u>	<u>13,950</u>	<u>9,631</u>	<u>4,319</u>
Other Financing Uses:				
Transfers to other funds	-	-	40,000	(40,000)
Total Charges to Appropriations	<u>257,700</u>	<u>306,415</u>	<u>307,370</u>	<u>(955)</u>
Change in Fund Balance	(23,608)	(35,558)	(10,507)	25,051
Ending Budgetary Fund Balance	<u>254,859</u>	<u>242,909</u>	<u>267,960</u>	<u>25,051</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Restricted for Fire Department			(15,070)	
Other accruals			(9,065)	
Interfund transfer			40,000	
Unrestricted Fund balance at end of year (GAAP basis)			<u>283,825</u>	

**TOWN OF SENTINEL, OKLAHOMA
PUBLIC WORKS AUTHORITY
BALANCE SHEET-CASH BASIS
JUNE 30, 2011**

	2011
ASSETS	
Current assets:	
Cash, including time deposits	\$ 105,640
Total current assets	105,640
Restricted assets:	
Cash, including time deposits	99,257
Total restricted assets	99,257
Non-current assets:	
Capital assets (net)	287,812
Total non-current assets	287,812
Total assets	492,709
LIABILITIES	
Liabilities, payable from restricted assets	
Accrued payroll liabilities payable	4,227
Meter deposits payable	25,541
Interest payable	326
Due to general fund	45,792
Total liabilities payable from restricted assets	75,885
Non-current liabilities:	
Notes payable, non-current	238,324
Total non-current liabilities	238,324
Total liabilities	314,209
FUND BALANCE	
Restricted	73,716
Unrestricted	104,784
Fund Balance	492,709

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, 2011

Operating Revenues:	
Charges for services:	
Water	172,359
Sewer	79,855
Sanitation	83,739
Penalties	5,429
Total Operating Revenues	<u>341,382</u>
Operating Expenses:	
Water	267,953
Sewer	36,039
Sanitation	64,611
Miscellaneous	409
Grant expense	-
Total Operating Expenses	<u>369,012</u>
Operating Income	(27,630)
Non-Operating Revenues:	
Grants	-
Transfer In	40,000
Interest	1,660
Total Non-Operating Revenues	<u>41,660</u>
Net Income Before Contributions and Transfers	<u>14,030</u>
Change in fund balance	14,030
Fund Balance - beginning	<u>164,470</u>
Fund Balance - ending	<u><u>178,500</u></u>

Exhibit V

TOWN OF SENTINEL, OKLAHOMA
SCHEDULE OF GRANTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grant revenue Grant received from:	Funding period	Project Description	Award	Amount received	Amount expended	Receipts less expenditures
SWODA 2009 REAP FUND	April 10, 2009- April 10, 2011	Renovations at town hall to meet ADA requirements	21,310	21,310	21,310	-
13546 CDBG 08	April 10, 2009- April 10, 2011	Renovations at town hall to meet ADA requirements	21,309	21,309	21,309	-
SWODA Contract 10-WT-10012 2010 REAP FUND	February 4, 2010- February 4, 2011	Waterline replacement project	124,100	8,310	8,310	-
SWODA CENA 202 CENA 11	September 1, 2010-June 15, 2011	Community Expansion of Nutrition Assistance	3,644	3,530	3,530	-
STATE OF OKLAHOMA	November 15, 2010	Fire Department	4,398	4,398	4,398	-
		Total	174,761	58,857	58,857	-