

**TOWN OF HYDRO, OKLAHOMA
HYDRO, OKLAHOMA**

**AGREED UPON PROCEDURES
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2022**



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Members of American
Institute of Certified
Public Accountants

Members of Oklahoma
Society of Certified
Public Accountants

Practitioner’s Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Hydro
Hydro, Oklahoma

Trustees of the Hydro Development Authority
Hydro, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have performed the procedures enumerated below as defined within the applicable state laws of the State of Oklahoma solely to assist the Town and Development Authority in meeting its financial accountability requirements as prescribed by applicable Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 20, 2022. Management of the Town of Hydro and the Hydro Development Authority are responsible for the Town’s and Authority’s financial accountability and its compliance with those legal and contractual requirements.

The Town of Hydro and the Hydro Development Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting its financial accountability requirements as prescribed in Oklahoma Statutes 11-17.105-.107 and 60-180.1-.3. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Procedures and Findings

As to the Town of Hydro as of and for the fiscal year ended June 20, 2022:

- I. **Procedures Performed:** 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. **Procedures Performed:** Prepare a budget and actual financial schedule for the General Fund (Exhibit II) and any other significant funds listing separately each federal fund and compare the actual expenditures 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. **Procedures Performed:** Agree 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 of noncompliance noted.

- IV. **Procedures Performed:** 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. All deposits were insured or collateralized at June 20, 2022.

- V. **Procedures Performed:** 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. **Procedures Performed:** 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. **Procedures Performed:** 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 such compliance requirements were identified that were applicable to the Town. No instances of noncompliance noted.

As to the Hydro Development Authority, as of and for the year ended June 20, 2022:

- I. **Procedures Performed:** Prepare a schedule of revenues, expenditures and changes in fund balance-cash basis 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 III. No instances of noncompliance noted.

- II. **Procedures Performed:** Agree 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: No unusual reconciling items were noted that did not clear on a timely basis.

- III. **Procedures Performed:** 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. **Procedures Performed:** 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. **Procedures Performed:** 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. **Procedures Performed:** 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: The Authority had 2 loans and 1 capital lease agreement outstanding in FY2022. As of June 30, 2022, all loans and lease agreements were in compliance with loan/lease terms.

We were engaged by The Town of Hydro and the Hydro Development Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with 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. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, to meet the requirements prescribed in Oklahoma Statutes 11-17.105-.107 and 60-180.1.-3. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of The Town of Hydro and the Hydro Development Authority and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 those specified parties.



Clinton, Oklahoma
January 10, 2023

**TOWN OF HYDRO, OKLAHOMA
HYDRO DEVELOPMENT AUTHORITY
SUMMARY OF CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
FOR THE YEAR ENDED**

	<u>Beginning of Year Fund Balance</u>	<u>Current Year Change</u>	<u>End of Year Fund Balance</u>
TOWN OF HYDRO			
General Fund	\$ 39,505	\$ 83,255	\$ 122,760
Street & Alley Fund	88,891	(19,711)	69,180
Fire Equipment Fund	84,175	(13,670)	70,505
EMS Fund	2,457	5,391	7,848
Penalty Assessment Fund	11,759	8,394	20,153
1% Sales Tax Fund	60,129	3,196	63,325
TOWN TOTAL	<u>\$ 286,916</u>	<u>\$ 66,855</u>	<u>\$ 353,771</u>
ENTERPRISE FUNDS			
Hydro Development Authority	\$ 260,727	\$ 117,986	\$ 378,713
ENTERPRISE TOTAL	<u>\$ 260,727</u>	<u>\$ 117,986</u>	<u>\$ 378,713</u>

Exhibit II

**TOWN OF HYDRO, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Approved Budget</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget Positive (Negative)</u>
Beginning Budgetary Fund Balance:	\$ 69,590	\$ 39,505	
Resources (Inflows):			
Taxes:			
Sales Tax	203,266	222,668	19,402
Use Tax	79,825	88,908	9,083
Tobacco Tax	2,110	2,249	139
Franchise Tax	23,299	24,566	1,267
 Total Taxes	<u>308,500</u>	<u>338,391</u>	<u>29,891</u>
Intergovernmental:			
Alcoholic Beverage Tax	14,837	16,448	1,611
 Total Intergovernmental	<u>14,837</u>	<u>16,448</u>	<u>1,611</u>
Community Building	1,500	1,500	-
Police Fines	7,000	-	(7,000)
EMS Income	28,500	28,720	220
Fire Surcharge	10,000	10,648	648
State Fee (utility bills)	1,300	1,331	31
Surcharge (utility bills)	5,000	5,324	324
Royalty Income	8,750	9,501	751
Licenses & Permits	200	222	22
Grant Income	90,326	90,327	1
Other Revenue	51,811	56,806	4,995
Interest Income	150	174	24
Pool Income	14,000	11,426	(2,574)
 Total current year resources	<u>541,874</u>	<u>570,818</u>	<u>28,944</u>
Amounts available for appropriation	<u>\$ 611,464</u>	<u>\$ 610,323</u>	<u>\$ 28,944</u>

Exhibit II

**TOWN OF HYDRO, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Approved Budget</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget Positive (Negative)</u>
<u>Expenditures:</u>			
General Government			
General Government Personal Services	1,574	1,100	474
General Government Materials & Supplies	8,000	6,099	1,901
General Government Other Services & Charge	80,000	78,200	1,800
Total General Government	<u>89,574</u>	<u>85,399</u>	<u>4,175</u>
Municipal Court			
Municipal Court Personal Services	8,171	6,973	1,198
Municipal Court - Materials & Supplies	100	-	100
Municipal Court Other Services & Charges	3,000	1,200	1,800
Total Municipal Court	<u>11,271</u>	<u>8,173</u>	<u>3,098</u>
Fire Department			
Fire Personal Services	65,190	65,337	(147)
Fire Department - Materials & Supplies	12,000	10,984	1,016
Fire Department - Other services & charges	25,000	30,507	(5,507)
Capital Outlay	6,100	-	6,100
Total Fire Department	<u>108,290</u>	<u>106,828</u>	<u>1,462</u>
Police			
Police Personal Services	166,087	153,643	12,444
Police Materials & Supplies	18,000	20,683	(2,683)
Police Other Services & Charges	25,000	22,279	2,721
Capital Outlay	47,000	39,697	7,303
Total Police	<u>256,087</u>	<u>236,302</u>	<u>19,785</u>
EMS			
EMS Other Services & Charges	31,000	30,380	620
Total EMS	<u>31,000</u>	<u>30,380</u>	<u>620</u>
Street & Alley			
Materials and Supplies	100	-	100
Other Services & Charges	7,500	7,354	146
Total Street & Alley	<u>7,600</u>	<u>7,354</u>	<u>246</u>

Exhibit II

**TOWN OF HYDRO, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Approved Budget</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget Positive (Negative)</u>
Library			
Library Personal Services	7,989	6,202	1,787
Materials and Supplies	3,000	2,734	266
Library Other Services & Charges	3,000	3,155	(155)
Total Library	<u>13,989</u>	<u>12,091</u>	<u>1,898</u>
Community Building			
Materials and Supplies	1,000	327	673
Other Services & Charges	7,000	6,348	652
Total Community Building	<u>8,000</u>	<u>6,675</u>	<u>1,325</u>
Animal Control			
Animal Control Personal Services	4,265	3,487	778
Materials and Supplies	400	316	84
Other Services & Charges	500	498	2
Total Animal Control	<u>5,165</u>	<u>4,301</u>	<u>864</u>
Park			
Park Personal Services	5,332	5,762	(430)
Materials and Supplies	6,000	6,479	(479)
Other Services & Charges	11,500	10,031	1,469
Capital Outlay	10,500	10,500	-
Total Park	<u>33,332</u>	<u>32,772</u>	<u>560</u>
Swimming Pool			
Swimming Pool Personal Services	22,473	13,255	9,218
Materials and Supplies	7,500	7,013	487
Swimming Pool Other Services & Charges	3,000	1,781	1,219
Total Swimming Pool	<u>32,973</u>	<u>22,049</u>	<u>10,924</u>
Total Charges to Appropriations	<u>597,281</u>	<u>552,324</u>	<u>44,957</u>
Other Financing Sources (Uses):			
Transfers In	100,000	68,096	31,904
Transfers Out	(81,926)	(3,335)	78,591
Net Other Financing Sources (Uses):	<u>18,074</u>	<u>64,761</u>	<u>(46,687)</u>
Change in Fund Balance	(37,333)	83,255	
Ending Budgetary Fund Balance	<u>\$ 32,257</u>	<u>\$ 122,760</u>	

Exhibit III

HYDRO DEVELOPMENT AUTHORITY - HYDRO, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

Operating Revenues:	
Charges for services:	
Water	250,846
Sewer	254,050
Trash	166,587
Miscellaneous Revenues	26,405
Grant Revenue	9,233
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Total Operating Revenues	707,121
Operating Expenses:	
Water:	
Personal Services	65,464
Materials & Supplies	22,922
Other Services & Charges	33,914
Debt Service	37,143
Capital Outlay	27,289
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Total Water Department:	186,732
Sewer:	
Personal Services	28,098
Materials & Supplies	44,326
Other Services & Charges	60,168
Debt Service	65,387
Capital Outlay	6,405
Interest Expense	49,358
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Total Sewer Department:	253,742
Trash:	
Other Services & Charges	76,625
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Total Trash Department:	76,625
Administration:	
Personal Services	41,133
Materials & Supplies	8,403
Other Services & Charges	7,155
Debt Service	26,553
Interest Expense - Other	10,266
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Total Administration Department:	93,510
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Total Operating Expenses	610,609
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Operating Income (Loss)	\$ 96,512
Non-Operating Revenues:	
Interest Income	177
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Total Non-Operating Revenues	177
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Net Income Before Contributions and Transfers	96,689
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Transfers in	89,393
Transfers out	(68,096)
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Total Transfers	21,297
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Change in fund balance	\$ 117,986
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Fund Balance - beginning	260,727
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Fund Balance - ending	\$ 378,713
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See accountant's report