



# **City of Elmore City, Oklahoma**

Independent Accountants' Compilation and Report on  
Applying Agreed-Upon Procedures  
Year Ended June 30, 2014

*CITY OF ELMORE CITY, OKLAHOMA*  
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## **Independent Accountants' Compilation Report and Report on Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

City Council, City of Elmore City  
Elmore City, Oklahoma 73433

Trustees of the Elmore City Public Works Authority  
Elmore City, Oklahoma 73433

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

Oklahoma Department of Commerce  
Oklahoma Department of Agriculture  
Oklahoma City, Oklahoma

S. O. D. A.  
Durant, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances – Modified Cash Basis of the City of Elmore City, Oklahoma and Elmore City Public Works Authority, as of June 30, 2014, and the Budgetary Comparison Schedule of General Fund and EMS Fund – Modified Cash Basis, and Statement of Revenues, Expenses and Changes in Fund Balance of the Public Works Authority – Modified Cash Basis for the year ended June 30, 2014 and the accompanying supplementary information contained in Exhibits C and D which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. 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 the modified cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with modified cash basis of accounting, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

**100 E Street S.W., Suite 200 | Ardmore, OK 73401**

Telephone (580) 223-6454 | FAX 1-800-858-9329

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.

The accompanying statements were prepared for the purpose of complying with financial accountability requirements as prescribed by Oklahoma Statutes Title 11 – 17(105-107) and Title 60 – 180.1-.3. This is not intended to be a complete presentation of the City of Elmore City’s assets and liabilities.

Additionally, we have performed the procedures enumerated below which were agreed to by the City Council and Trustees of the City of Elmore City, and as defined within the applicable state laws of the State of Oklahoma solely to assist the City in meeting its financial accountability requirements as prescribed by Oklahoma Statutes Title 11 – 17 (105-107) and 60 – 180.1-.3 and to evaluate compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2014. Management of the City of Elmore City is responsible for the City’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. 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 **City of Elmore City** as of and for the fiscal year ended June 30, 2014:

1. ***Procedures Performed:*** From the City’s trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit A) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

***Finding: No exceptions were found as a result of applying the procedure.***

2. ***Procedures Performed:*** From the City’s trial balances, we prepared a budget and actual financial schedule for the General Fund and the EMS Fund listing separately each fund (see accompanying Exhibits B and B-1) and compared the actual expenditures of encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

***Finding: The Clerk/Treasurer Department and the Court Department were over budget by \$385 and \$1,602 respectively.***

3. **Procedures Performed:** We agreed the City's bank account balances to bank statements and traced the timely clearance to report any reconciling items that have not cleared.

**Finding:** *No exceptions were found as a result of applying the procedure.*

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

**Finding:** *No exceptions were found as a result of applying the procedure.*

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

**Finding:** *Our review of expenditures within the EMS fund noted two of seven purchase orders reviewed lacked adequate support for the expenditure.*

6. **Procedures Performed:** We compared the accounting for the City's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Finding:** *Title 68 Section 3003B of Oklahoma Statutes requires federal funds received by a municipality have a separate fund to account for receipt and expenditures of those federal funds. The City received a CDBG federal grant during the fiscal year. The grants funds were deposited into the General Fund then transferred to the Elmore City Public Works Authority where the expenditures were paid. The federal grant should have had a separate fund to record the grant revenues and expenditures.*

7. **Procedures Performed:** Determine compliance with reserve accounts and debt service coverage requirement of bond indentures.

**Finding:** *This procedure was not performed. The City of Elmore City has no debt service or reserve account requirements.*

As to the **Elmore City Public Works Authority** as of and for the fiscal year ended June 30, 2014:

1. ***Procedures Performed:*** From the Authority's trial balances, we prepared a schedule of revenues, expenses and changes in fund balances for each fund (see accompanying Exhibit A) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instances of noncompliance.

***Finding:*** *No exceptions were found as a result of applying the procedure.*

2. ***Procedures Performed:*** We agreed the Authority's bank account balances to bank statements and traced the timely clearance to report any reconciling items that have not cleared.

***Finding:*** *No exceptions were found as a result of applying the procedure.*

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

***Finding:*** *No exceptions were found as a result of applying the procedure.*

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

***Finding:*** *No exceptions were found as a result of applying the procedure.*

5. ***Procedures 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.

***Finding:*** *No exceptions were found as a result of applying the procedure.*

6. ***Procedures Performed:*** Determine compliance with reserve accounts and debt service coverage requirement of bond indentures.

***Finding:*** *This procedure was not performed. Elmore City Public Works Authority has no bond indentures.*

As to the **City of Elmore City** and **Elmore City Public Works Authority** as of and for the fiscal year ended June 30, 2014:

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

***Finding:*** *No exceptions were found as a result of applying the procedure.*

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the 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 those specified parties.

*Rahhel Henderson Johnson, PLLC*

February 1, 2016  
Ardmore, Oklahoma

City of Elmore City  
 Summary of Changes in Fund Balances – Modified Cash Basis  
 June 30, 2014

EXHIBIT A

	Fund Balances Beginning	Inflows	Outflows	Fund Balances Ending
CITY:				
General Fund	\$ 232,460	\$ 688,674	\$ 799,940	\$ 121,194
Bail Bond Fund	8,669	99,981	26,545	82,105
EMS Fund	7,418	233,555	202,883	38,090
T. Selby Cemetery Perpetual Care Fund	27,560	-	-	27,560
T. Selby Cemetery Operating Fund	20,741	11,270	6,974	25,037
T. Selby Cemetery Care Fund	36,733	1,359	-	38,092
Volunteer Fire Fund	9,869	7,648	14,664	2,853
CITY Subtotal	343,450	1,042,487	1,051,006	334,931
PUBLIC WORKS AUTHORITY:				
PWA Fund	36,456	866,365	780,391	122,430
Meter Deposit	20,411	13,000	8,813	24,598
ECPWA Subtotal	56,867	879,365	789,204	147,028
Overall Totals	\$ 400,317	\$ 1,921,852	\$ 1,840,210	\$ 481,959

See Accompanying Independent Accountants' Report



City of Elmore City  
 Budgetary Comparison Schedule – Modified Cash Basis  
 General Fund  
 For the Year Ended June 30, 2014

EXHIBIT B

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 300,721	\$ 300,721	\$ 232,460	\$ (68,261)
<b>Resources (Inflows):</b>				
Sales Tax	261,000	261,000	175,257	(85,743)
Use Tax	20,000	20,000	35,430	15,430
Alcoholic Beverage Tax	4,700	4,700	5,344	644
Tobacco Tax	3,000	3,000	4,086	1,086
Franchise	28,000	28,000	27,526	(474)
Community Center	500	500	1,250	750
Grants	375,000	375,000	326,161	(48,839)
Fees and Permits	600	600	2,022	1,422
Interest	1,000	1,000	1,122	122
Miscellaneous	6,500	6,500	17,267	10,767
<b><i>Street &amp; Alley</i></b>				
Commercial Vehicle	4,800	4,800	5,339	539
Gasoline Excise	1,000	1,000	1,259	259
Total Inflows	<u>1,006,821</u>	<u>1,006,821</u>	<u>834,523</u>	<u>(172,298)</u>
<b>Charges to Appropriations (Outflows):</b>				
City Clerk/Treasurer	3,600	3,600	3,985	(385)
General Government	160,000	154,000	117,281	36,719
Animal Control	1,000	1,000	(36)	1,036
Police Department	145,000	151,000	140,590	10,410
Court	4,800	4,800	6,402	(1,602)
Civil Defense	5,000	5,000	3,829	1,171
Parks	5,000	5,000	3,970	1,030
Streets	12,000	12,000	9,049	2,951
Legal & Judicial	1,000	1,000	-	1,000
Total Outflows	<u>337,400</u>	<u>337,400</u>	<u>285,070</u>	<u>52,330</u>
<b>Excess of Inflows over Outflows before Other Financing Sources (Uses)</b>				
	669,421	669,421	549,453	(119,968)
<b>Other Financing Sources (Uses)</b>	<u>(669,000)</u>	<u>(669,000)</u>	<u>(428,257)</u>	<u>240,743</u>
<b>Ending Budgetary Fund Balance:</b>	<u>\$ 421</u>	<u>\$ 421</u>	<u>\$ 121,196</u>	<u>\$ 120,775</u>

See Accompanying Independent Accountants' Report

City of Elmore City  
 Budgetary Comparison Schedule – Modified Cash Basis  
 EMS Fund  
 For the Year Ended June 30, 2014

EXHIBIT B-1

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 9,000	\$ 9,000	\$ 7,418	\$ (1,582)
<b>Resources (Inflows):</b>				
Sales Tax	130,500	163,500	0	\$ (55,000)
Charges for Services	55,000	55,000	58,297	(105,203)
Total Inflows	194,500	227,500	65,715	(161,785)
<b>Charges to Appropriations (Outflows):</b>				
EMS	194,500	227,500	202,883	24,617
Total Outflows	194,500	227,500	202,883	24,617
<b>Excess of Inflows over Outflows before Other Financing Sources (Uses)</b>	-	-	(137,168)	(137,168)
<b>Other Financing Sources (Uses)</b>	-	-	-	-
<b>Ending Budgetary Fund Balance:</b>	\$ -	\$ -	\$ (137,168)	\$ (137,168)

See Accompanying Independent Accountants' Report

City of Elmore City  
Statement of Revenues, Expenses and Changes in Fund Balances  
Modified Cash Basis  
Elmore City Public Works Authority  
For the Year Ended June 30, 2014

EXHIBIT C

	Elmore City Public Works Authority
<b>Operating Revenues:</b>	
Water	175,042
Sewer	102,975
Trash	78,119
Miscellaneous Fees	<u>362</u>
Total Operating Revenues	<u>356,498</u>
 <b>Operating Expenses</b>	
Salaries	112,249
Payroll Taxes	10,611
Office Supplies	5,099
Fuel	7,918
Maintenance & Repairs	14,382
Chemicals	8,118
Utilities	7,173
Miscellaneous	7,980
Contract Labor	-
Insurance/Bonds	4,893
Garbage Contract Services	73,248
Water Purchases	27,303
Dues/Fees	2,945
Water Department expenses	14,882
Lift Station	1,323
Capital Outlay	420,655
Total Operating Expenses	<u>718,779</u>
Operating Income (Loss)	(362,281)
 <b>Non-Operating Revenue (Expenses)</b>	
Transfer from General Fund	<u>509,868</u>
Change in Fund Balance	147,587
Fund Balance - Beginning	<u>36,456</u>
Fund Balance - Ending	<u>\$ 184,043</u>

See Accompanying Independent Accountants' Report

City of Elmore City  
 Schedule of Grant Activity  
 Modified Cash Basis  
 For the Year Ended June 30, 2014

EXHIBIT D

Agency	Grant Number	Award Amount	Received Current Year	Expenditures Current Year
Oklahoma Department of Commerce	15076 CDBG 11	245,000	243,800	243,800
Oklahoma Dept. of Agriculture, Food & Forestry	Fire Grant	4,474	4,474	4,474
Southern Oklahoma Development Authority	REAP 09-028	50,000	50,000	50,000
Southern Oklahoma Development Authority	REAP 11-089	40,000	21,479	40,000
Southern Oklahoma Development Authority	REAP 12-023	35,000	10,883	10,883

See Accompanying Independent Accountants' Report