

Town of Milburn, Oklahoma  
Independent Accountants' Compilation Report and  
Report on Applying Agreed-Upon Procedures  
Year Ended June 30, 2015

RHJ

*TOWN OF MILBURN, OKLAHOMA*  
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**Independent Accountant's Compilation Report and  
Report on Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Milburn  
Milburn, Oklahoma

Trustees of the Milburn Public Works Authority  
Milburn, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

United States Department of Agriculture  
Office of Rural Development  
Ada, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances – Modified Cash Basis of the Town of Milburn, Oklahoma and Milburn Public Works Authority, as of June 30, 2015, and the Budgetary Comparison Schedule of General Fund - Modified Cash Basis as of and the year ended June 30, 2015, and the accompanying supplementary information contained in Exhibits C, D and E 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, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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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 Town of Milburn’s assets and liabilities.

Management has elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Town's Summary of Changes in Fund Balances – Modified Cash Basis, Budgetary Comparison Schedule of General Fund – Modified Cash Basis, and the accompanying supplementary information contained in Exhibits C, D and E which are presented only for supplementary analysis purposes . Accordingly, the financial statement is not designed for those who are not informed of such matters.

Additionally, we have performed the procedures enumerated below which were agreed to by the Town Council of the Town of Milburn and Trustees of the Milburn Public Works Authority, 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 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, 2015. Management of the Town of Milburn 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. 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 **Town of Milburn** as of and for the fiscal year ended June 30, 2015:

1. ***Procedures Performed:*** From the Town’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.

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

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

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

3. ***Procedures Performed:*** We agreed the Town's bank account balances to bank statements and traced the timely clearance to report any reconciling items exceeding \$500 that have not cleared.

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

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

***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 that exceeded \$500 to report any noted instances of noncompliance.

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

6. ***Procedures 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.

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

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

***This procedure was not performed. The Town of Milburn has no debt service or reserve account requirements.***

As to the **Milburn Public Works Authority** as of and for the fiscal year ended June 30, 2015:

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.

***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 exceed \$500 that have not cleared.

*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.

*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 that exceeded \$500 to report any noted instances of noncompliance.

*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.

*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.

*The Rural Development's debt service reserve coverage was not met for fiscal year 2014-2015. There was a deficit of \$5,602 ( See Exhibit D).*

As to the **Town of Milburn and Milburn Public Works Authority**, as of and for the fiscal year ended June 30, 2015:

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

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

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accounting records. 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.

*Rahel Henderson Johnson, PLLC*

May 2, 2016  
Ardmore, Oklahoma

Town of Milburn  
 Summary of Changes in Fund Balances – Modified Cash Basis  
 For the Year Ended June 30, 2015

EXHIBIT A

	<u>Fund Balances Beginning</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Fund Balances Ending</u>
<b>TOWN:</b>				
General Fund	84,916	47,499	36,148	\$ 96,267
Town Subtotal	<u>84,916</u>	<u>47,499</u>	<u>36,148</u>	<u>96,267</u>
<b>PUBLIC WORKS AUTHORITY:</b>				
PWA Fund	46,863	124,022	136,672	34,213
Meter Deposit	12,545	876	499	12,922
Reserve Fund	8,850	1	-	8,851
Less Refundable Deposits				
Public Works Authority Subtotal	<u>68,258</u>	<u>124,899</u>	<u>137,171</u>	<u>55,986</u>
Overall Totals	<u>\$ 153,174</u>	<u>\$ 172,398</u>	<u>\$ 173,319</u>	<u>\$ 152,253</u>

Town of Milburn  
 Budgetary Comparison Schedule – Modified Cash Basis  
 General Fund  
 For the Year Ended June 30, 2015

EXHIBIT B

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Beginning Budgetary Fund Balance:</b>	\$ 45,000	\$ 45,000	\$ 84,916	\$ 39,916
<b>Resources (Inflows):</b>				
Sales Tax	28,000	28,000	29,901	1,901
Franchise	8,000	8,000	7,926	(74)
Alcoholic Beverage Tax	4,000	4,000	4,436	436
Gasoline Excise	700	700	592	(108)
Tobacco Tax	300	300	365	65
Commercial Vehicle	2,000	2,000	2,522	522
Rent	1,000	1,000	1,480	480
Interest	10	10	10	-
Miscellaneous	90	90	267	177
Total Inflows	89,100	89,100	132,415	43,315
<b>Charges to Appropriations (Outflows):</b>				
General Government	89,100	89,100	36,148	52,952
Total Outflows	89,100	89,100	36,148	52,952
<b>Excess of Inflows over Outflows before</b>				
<b>Other Financing Sources (Uses)</b>	-	-	96,267	96,267
<b>Other Financing Sources (Uses)</b>				
	-	-	-	-
<b>Ending Budgetary Fund Balance:</b>	\$ -	\$ -	\$ 96,267	\$ 96,267

Town of Milburn  
Statement of Revenues, Expenses and Changes in Fund Balances  
Modified Cash Basis  
Milburn Public Works Authority  
For the Year Ended June 30, 2015

EXHIBIT C

	Milburn Public Works Authority
<b>Operating Revenues:</b>	
Utility Revenues	\$ 124,018
Interest	<u>4</u>
Total Operating Revenues	<u>124,022</u>
<b>Operating Expenses</b>	
Salaries and Payroll taxes	46,545
Contract Labor	6,856
Mileage Reimbursement	2,396
Water Purchases	22,270
Contract Trash Service	31,617
Office Supplies	1,270
Material & Supplies	12,615
DEQ	456
Utilities	826
Miscellaenous	1,869
Capital Outlay	1,493
Rural Development	<u>8,459</u>
Total Operating Expenses	<u>136,672</u>
Operating Income (Loss)	(12,650)
Fund Balance - Beginning	<u>46,863</u>
Fund Balance - Ending	<u><u>\$ 34,213</u></u>

Town of Milburn  
Debt Service Schedule  
Modified Cash Basis  
For the Year Ended June 30, 2015

*Debt Service Coverage Requirement*

***Net Revenue Available for Debt Service:***

Operating Revenue	\$	124,022
Operating Expenses		136,672
Less: Capital Outlay		(1,493)
Less: Debt Service Payments		<u>(8,459)</u>
Total Operating Expenses		<u>126,720</u>
Net Revenue Available for Debt Service		<u>(2,698)</u>

***Maximum Annual Debt Service Requirements:***

Loan 92-02		<u>2,904</u>
Debt Service Coverage Requirement Deficit	\$	<u>(5,602)</u>

***Reserve Account Funding:***

Required Balance of Reserve Account		
Loan 92-02	\$	<u>2,904</u>
Actual Reserve Balance		<u>8,851</u>
Excess in Reserve Account	\$	<u>5,947</u>

EXHIBIT E

Town of Milburn  
Schedule of Grant Activity  
Modified Cash Basis  
For the Year Ended June 30, 2015

No grant activity during 2014-2015.