

CITY OF ERICK, OKLAHOMA
AGREED UPON PROCEDURES REPORT
AND FINANCIAL STATEMENTS

JUNE 30, 2011



Hunter & Gibbins, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Amy Patrick, CPA
J.L. Gibbins, CPA

Honorable Mayor and City Commissioners
Trustees of the Public Works Authority
City of Erick, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances of the City of Erick, Oklahoma as of June 30, 2011 and the related Budgetary Comparison Schedules of General and REAP Grant Funds, Statement of Revenues, Expenses and Changes in Fund Balance of Public Works Authority-Cash Basis for the fiscal year ended June 30, 2011. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The management of the City of Erick, Oklahoma, is responsible for the preparation and fair presentation of the financial statements in accordance with the form prescribed by Oklahoma Statutes and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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 the management of the City of Erick, Oklahoma, 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.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the 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, we have performed the procedures enumerated below 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 City of Erick and Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the



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fiscal year ended June 30, 2011. Management of the City of Erick 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 Erick** as of and for the fiscal year ended June 30, 2011:

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

Findings: We found no instances of items not in compliance with the aforementioned statutory prohibition.

- 2. Procedure Performed:** From the City's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund (see accompanying schedules "2" and "4") and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: We found no instances of items exceeding appropriation limitations.

- 3. Procedure Performed:** We agreed the City'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: We found that year end bank account balances agreed to reconciliations which agreed to the accounting records and no instances of reconciling items not reflected in the City's records were detected.

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

Findings: We found that the City's deposits were fully insured at year end.



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

Findings: No instances of noncompliance with restriction on revenues and resources noted.

6. **Procedure 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.

Findings: No instances of noncompliance with restrictions by legal or contractual requirements were noted.

7. **Procedure Performed:** We compared the City'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 with requirements were noted.

As to the **Public Works Authority**, as of and for the fiscal year ended June 30, 2011.

1. **Procedure Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures and changes in net assets (see accompanying schedule "3") and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: We found no instances of items not in compliance with the aforementioned statutory prohibition.

2. **Procedures Performed:** We agreed 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: We found that year end bank account balances agreed to reconciliations which agreed to the accounting records and no instances of reconciling items not reflected in the City's records were detected.

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.

Findings: We found that the Authority's deposits were fully insured at year end and throughout the year.



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4. Procedures Performed: We compared 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 with restriction on revenues and resources noted.

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.

Findings: No instances of noncompliance with restrictions by legal or contractual requirements noted.

6. Procedures Performed: We compared 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 with requirements were noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on 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 used by anyone other than these specified parties.

Hunter & Gillins, P.C.

Elk City, Oklahoma
November 2, 2011



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CITY OF ERICK, OKLAHOMA
SUMMARY OF CHANGES IN FUND BALANCES-CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011

Schedule "1"

<u>CITY:</u>	BEGINNING OF THE YEAR FUND BALANCES	INCREASE (DECREASE) IN FUND BALANCE	END OF THE YEAR FUND BALANCES
General Fund	\$ 127,086.60	\$ 45,183.53	\$ 172,270.13
Street and Alley Fund	19,335.97	205.98	19,541.95
Municipal Court Fund	1,512.14	8,214.34	9,726.48
Cemetery Replacement Fund	40,569.15	823.02	41,392.17
Ambulance Fund	35,497.81	18,225.82	53,723.63
Fire Department Fund	24,731.81	9,811.57	34,543.38
Motel Tax Fund	43,058.96	10,458.39	53,517.35
Roger Miller Center Fund	5,892.01	2,200.86	8,092.87
Meter Fund	3,553.41	383.71	3,937.12
Community Building Fund	3,051.19	2,321.56	5,372.75
REAP Grant Fund	1.00	-	1.00
CDBG Grant Fund	1.00	-	1.00
City Subtotal	304,291.05	97,828.78	402,119.83
 <u>PUBLIC WORKS AUTHORITY (PWA):</u>			
PWA	431,392.42	31,483.92	462,876.34
 TOTAL	\$ 735,683.47	\$ 129,312.70	\$ 864,996.17

See accountant's compilation report.

CITY OF ERICK, OKLAHOMA
 BUDGETARY COMPARISON OF GENERAL FUND-CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

Schedule "2"

	BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH BUDGETED AMOUNTS POSITIVE (NEGATIVE)
Beginning Fund Balance	\$ 127,086.60	\$ 127,086.60	\$ -
RESOURCES:			
TAXES:			
Sales Tax	199,657.26	257,171.33	57,514.07
Franchise Tax	21,034.27	24,833.21	3,798.94
Use Tax	7,194.10	9,923.81	2,729.71
TOTAL TAXES	227,885.63	291,928.35	64,042.72
INTERGOVERNMENTAL:			
Alcoholic Beverage Tax	5,598.41	6,439.79	841.38
Cigar Tax	2,802.02	3,661.60	859.58
TOTAL INTERGOVERNMENTAL	8,400.43	10,101.39	1,700.96
OTHER FINANCING SOURCES:			
Royalty Income	69.25	103.99	34.74
Cemetery Fees	5,236.88	2,100.00	(3,136.88)
Interest	784.97	854.99	70.02
Other Revenue	7,867.15	9,763.17	1,896.02
Transfer In	-	4,878.01	4,878.01
TOTAL OTHER FINANCING SOURCES	13,958.25	17,700.16	3,741.91
AMOUNT AVAILABLE FOR APPROPRIATION	377,330.91	446,816.50	69,485.59
EXPENDITURES:			
Personal Services	265,750.00	176,611.67	89,138.33
Maintenance and Operations	98,500.00	90,074.72	8,425.28
Capital Outlay	13,080.91	7,859.98	5,220.93
TOTAL EXPENDITURES	377,330.91	274,546.37	102,784.54
ENDING FUND BALANCE	\$ -	\$ 172,270.13	\$ 172,270.13

See accountant's compilation report.

CITY OF ERICK, OKLAHOMA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-CASH BASIS
 PUBLIC WORKS AUTHORITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Schedule "3" <u>6/30/2011</u>
OPERATING REVENUES:	
Charges for Services:	
Water	\$ 172,736.80
Garbage	176,823.47
Sewer	41,752.51
Water Tap	1,414.54
Miscellaneous Charges	13,026.70
Miscellaneous Revenue	<u>2,337.33</u>
TOTAL OPERATING REVENUES	<u>408,091.35</u>
OPERATING EXPENDITURES:	
Salaries and Employee Benefits	191,612.57
Maintenance Expenditure	160,871.91
Capital Outlay	<u>11,247.29</u>
TOTAL OPERATING EXPENDITURES	<u>363,731.77</u>
OPERATING INCOME	<u>44,359.58</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest Revenue	2,512.94
Debt Service:	
Principal Payments	(7,829.87)
Interest Payments	<u>(7,558.73)</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(12,875.66)</u>
CHANGE IN FUND BALANCE	31,483.92
FUND BALANCE-BEGINNING	<u>431,392.42</u>
FUND BALANCE-END	<u><u>\$ 462,876.34</u></u>

See accountant's compilation report.

CITY OF ERICK, OKLAHOMA
 BUDGETARY COMPARISON OF REAP GRANT FUND-CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2011

Schedule "4"

	BUDGETED AMOUNTS	ACTUAL AMOUNTS	VARIANCE WITH BUDGETED AMOUNTS POSITIVE (NEGATIVE)
Beginning Fund Balance	\$ -	\$ 1.00	\$ 1.00
RESOURCES:			
INTERGOVERNMENTAL:			
Grant Revenue	-	82,418.43	82,418.43
AMOUNT AVAILABLE FOR APPROPRIATION	-	82,419.43	82,419.43
EXPENDITURES:			
Capital Outlay	-	82,418.43	(82,418.43)
TOTAL EXPENDITURES	-	82,418.43	(82,418.43)
ENDING FUND BALANCE	\$ -	\$ 1.00	\$ 1.00

See accountant's compilation report.