

TOWN OF CUSTER CITY

CUSTER COUNTY, OKLAHOMA

Agreed-Upon Procedures

For the Year Ended June 30, 2020

TOWN OF CUSTER CITY, OKLAHOMA
TOWN OFFICERS
JUNE 30, 2020

Gary Kluckner.....Mayor

Dave Watson.....Vice-Mayor

Bryan Reed.....Trustee

Kay Fischer.....Trustee

Micki Urbanczyk.....Trustee

Carmen Stuart.....City Clerk / Treasurer

TOWN OF CUSTER CITY
CUSTER COUNTY, OKLAHOMA
JUNE 30, 2020

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TL Special
Certified Public Accountant

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Specified Users of the Report:

**Town Board, Town of Custer City
Custer City, Oklahoma**

**Trustees of the Custer City Public Works Authority
Custer City, Oklahoma**

**Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma**

**Oklahoma Department of Commerce
Oklahoma City, Oklahoma**

I have compiled the accompanying Summary of Changes in Fund Balances - Modified Cash Basis of the Town of Custer City, Oklahoma and the Custer City Public Works Authority as of June 30, 2020, and the related Budgetary Comparison Schedule of the General Fund - Modified Cash Basis and, a Statement of Revenues, Expenses and Changes in Fund Balance - Modified Cash Basis of the Custer City Public Works Authority, Schedule of Grant Activity - Modified Cash Basis, and a Calculation of Water Costs Per 1,000 Gallons - Modified Cash Basis for the Custer City Public Works Authority for the fiscal year ended June 30, 2020. I 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 basis of accounting 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 accounting principles generally accepted in the United States of America.

Management of the Town of Custer City, Oklahoma is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting 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 accounting principles generally accepted in the United States of America, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My 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 as prescribed by Oklahoma Statutes that is the representation of management without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The prescribed financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Additionally, I have performed the procedures enumerated within Appendix A, Appendix B, and Appendix C 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 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 fiscal year ended June 30, 2020. Management of the Town of Custer City 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 by 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, I make no representations regarding the sufficiency of the procedures described in Appendix A, B, or C, either for the purpose which this report has been requested or for any other purpose.

Management has elected to omit substantially all of the disclosures and the statements of cash flows 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 Town's financial position, results of operations, and cash flow. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I was not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on financial accountability and compliance with contractual requirements. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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.



Tami L. Special
Certified Public Accountant

October 21, 2020

Appendix A

Town of Custer City, Oklahoma Procedures and Findings For the Year Ended June 30, 2020

As to the Town of Custer City as of and for the fiscal year ended June 30, 2020:

1. Procedures Performed : A schedule of changes in fund balances for each fund was prepared from the Town's trial balances and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit 1; No instances of noncompliance noted.

2. Procedures Performed : I prepared a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances on noncompliance with the appropriation limitations.

Findings: See Exhibit 2; No instances of noncompliance noted.

3. Procedures Performed : 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.

4. Procedures Performed : Compare the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and not collateralized deposits.

Findings: No instances of noncompliance noted.

5. 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.

6. 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.

See Accountant's Agreed-Upon Procedures Report.

Appendix A (cont.)

Town of Custer City, Oklahoma Procedures and Findings For the Year Ended June 30, 2020

7. 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 instances of noncompliance noted.

See Accountant's Agreed-Upon Procedures Report.

Appendix B

Custer City, Oklahoma Public Works Authority Procedures and Findings For the Year Ended June 30, 2020

As to the Custer City Public Works Authority, as of and for the fiscal year ended June 30, 2020:

1. Procedures Performed : From the Authority's trial balances, I prepared a schedule of revenues, expenditures/expenses, and changes in fund balances/net assets for each fund and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit 3; No instances of noncompliance noted.

2. Procedures Performed : 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.

3. Procedures Performed : Compare the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and not collateralized deposits.

Findings: No instances of noncompliance noted.

4. 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.

5. 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.

6. 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: No instances of noncompliance noted.

7. Procedures Performed : Calculate and determine the Authority's water costs per 1,000 gallons of water for the fiscal year ending June 30, 2020.

Findings: See Exhibit 5; No instances of noncompliance noted.

See Accountant's Agreed-Upon Procedures Report.

Appendix C

Town of Custer City and Public Works Grant Programs Procedures and Findings For the Year Ended June 30, 2020

As to the Town of Custer City and Public Works Grant Programs, as of and for the fiscal year ended June 30, 2020:

1. Procedures Performed : From the Town and Authority's trial balances, I prepared a schedule of grant activity for each grant/contract and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

Findings: See Exhibit 4; no instances of noncompliance noted.

See Accountant's Agreed-Upon Procedures Report.

EXHIBIT 1

TOWN OF CUSTER CITY, OKLAHOMA
SUMMARY OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	Beginning of Year Fund Balances	Current Year Change	End of Year Fund Balances
CITY:			
General Fund	\$734,130	(\$5,732)	728,398
SPECIAL REVENUE FUND:			
Fire Department Fund	\$372,452	(\$5,260)	367,192
ENTERPRISE FUND:			
Public Works Authority	\$1,398,500	\$89,304	1,487,804
Overall Totals	\$2,505,082	\$78,312	\$2,583,394

See Accountant's Agreed-Upon Procedures Report.

EXHIBIT 2

**TOWN OF CUSTER CITY, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<u>Receipts</u>				
Taxes:				
Sales Tax	\$77,000	\$77,000	\$63,997	(\$13,003)
Use Tax	18,500	18,500	27,710	9,210
Cigar Tax	630	630	588	(42)
Franchise Tax	8,908	8,908	9,019	111
Gas Excise Tax	663	663	675	12
Total Taxes	\$105,701	\$105,701	\$101,989	(\$3,712)
<u>Intergovernmental:</u>				
Motor Vehicle Tax	\$2,600	\$2,600	\$2,677	\$77
Alcoholic Beverage Tax	2,900	2,900	3,778	878
Federal Grants	21,000	21,000	0	(21,000)
Total Intergovernmental	\$26,500	\$26,500	\$6,455	(\$20,045)
<u>Other Revenue:</u>				
Dog Tag Revenue	\$40	\$40	\$135	\$95
Court Revenue	0	0	800	800
Interest Income	1,500	1,500	3,350	1,850
Miscellaneous	510	510	2,835	2,325
Town Property Rent	0	0	1,000	1,000
Utility Reimbursements	0	0	8,572	8,572
Total Other Revenue	\$2,050	\$2,050	\$16,692	\$14,642
Total Receipts	\$134,251	\$134,251	\$125,136	(\$9,115)
<u>Expenditures</u>				
General Government:				
Personal Services	\$4,000	\$4,000	\$6,070	(\$2,070)
Maintenance & Operations	80,380	80,380	45,954	\$34,426
Capital Outlay	1,236	1,236	0	\$1,236
Total General Government	\$85,616	\$85,616	\$52,024	(\$33,592)
Police Department:				
Personal Services	\$7,000	\$7,000	\$42,904	\$2,778
Maintenance & Operations	13,000	13,000	7,860	(1,498)
Capital Outlay	0	0	950	(950)
Total Police Department	\$20,000	\$20,000	\$51,714	\$3,780

See Accountant's Agreed-Upon Procedures Report.

EXHIBIT 2 (Cont.)

**TOWN OF CUSTER CITY, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Parks & Recreation				
Personal Services	\$0	\$0	\$0	\$0
Maintenance & Operations	0	0	2,042	(2,042)
Capital Outlay	0	0	0	0
Total Parks & Recreation	\$0	\$0	\$2,042	(\$2,042)
Street & Alley				
Personal Services	\$0	\$0	\$0	\$0
Maintenance & Operations	5,500	5,500	17,948	(12,448)
Capital Outlay	0	0	0	0
Total Street & Alley	\$5,500	\$5,500	\$17,948	\$23,300
Fire Department				
Personal Services	\$0	\$0	\$660	(\$660)
Maintenance & Operations	3,500	3,500	5,710	(2,210)
Capital Outlay	0	0	0	0
Total Fire Department	\$3,500	\$3,500	\$6,370	(\$2,870)
Municipal Court				
Personal Services	\$0	\$0	\$0	\$0
Maintenance & Operations	0	0	770	(770)
Capital Outlay	0	0	0	0
Total Municipal Court	\$0	\$0	\$770	(\$140)
Animal Control				
Personal Services	\$0	\$0	\$0	\$0
Maintenance & Operations	0	0	0	0
Capital Outlay	0	0	0	0
Total Animal Control	\$0	\$0	\$0	\$265
Total Expenditures	\$114,616	\$114,616	\$130,868	(\$16,252)
Change in Fund Balance	\$19,635	\$19,635	(\$5,732)	(\$25,367)
Fund Balance, Beginning of Year			\$734,130	
Fund Balance, End of Year			\$728,398	

See Accountant's Agreed-Upon Procedures Report.

EXHIBIT 3

TOWN OF CUSTER CITY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS PUBLIC WORKS AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2020

Operating Revenues:	
Charges for Services:	
Water	\$157,659
Sewer	38,940
Sanitation	97,325
Penalties	6,322
Other	1,208
Total Operating Revenue	<u>\$301,454</u>
Operating Expenses:	
Administration	36,343
Personal Services	111,878
Sanitation	80,334
Sewer	2,757
Water	45,299
Capital Outlay	874
Total Operating Expenses	<u>\$277,485</u>
Operating Income (Loss)	<u>\$23,969</u>
Non-Operating Revenues (Expenses):	
Interest Income	\$855
Interest Expense	0
Total Non-Operating Revenues (Expenses)	<u>\$855</u>
Net Income (Loss) Before Contributions and Transfers	\$24,824
Transfer In	64,480
Transfer Out	0
Change in Fund Balance	<u>\$89,304</u>
Fund Balance - Beginning	\$1,398,500
Fund Balance - Ending	<u>\$1,487,804</u> =====

See Accountant's Agreed-Upon Procedures Report.

EXHIBIT 4

TOWN OF CUSTER CITY, OKLAHOMA
SCHEDULE OF GRANT ACTIVITY - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

FEMA-4299-DR-OK TRANSFER SWITCH PROJECT #0004

Revenue	
Grant Income	\$16,734
Total Revenue	<u>\$16,734</u>
Expenditures	
Asset Purchase	\$20,812
Administration Cost	1,500
Total Expenditures	<u>\$22,312</u>
Net Income (Loss) Before Contributions and Transfers	(5,578)
Transfer In	5,578
Fund Balance - Beginning	0
Fund Balance - Ending	<u>0</u> =====

See Accountant's Agreed-Upon Procedures Report.

EXHIBIT 4 (Cont.)

TOWN OF CUSTER CITY, OKLAHOMA
SCHEDULE OF GRANT ACTIVITY - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

REAP GRANT 20-CS-20011

Revenue	
Grant Income	64,480
Total Revenue	<u>64,480</u>
Expenditures	
Asset Purchase	64,480
Total Expenditures	<u>64,480</u>
Net Income (Loss) Before Contributions and Transfers	<u>0</u>
Transfer In	0
Fund Balance - Beginning	1
Fund Balance - Ending	<u>1</u> =====

See Accountant's Agreed-Upon Procedures Report.

EXHIBIT 5

**TOWN OF CUSTER CITY, OKLAHOMA
CALCULATION OF WATER COSTS PER 1,000 GALLONS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020**

	Dollar Cost Amount	Attributable To Water Production	Production Cost
<u>COSTS</u>			
Insurance	\$1,200	100%	\$1,200
Electric	2,043	100%	2,043
Repairs	5,574	100%	5,574
Salary	42,529	50%	21,265
Supply	407	100%	407
Water Lease Costs	2,498	100%	2,498
Vehicle Expense	2,597	50%	1,299
Water Testing	2,600	100%	2,600
<u>DEPRECIATION</u>		<u>LIFE</u>	
Water Tower 11-30-10	\$317,500	25 Years	\$12,700
Equipment	141,196	25 Years	5,648
Water Wells	13,054	20 Years	653
Major Well Repairs 7-31-11	18,197	20 Years	910
Major Well Repairs 11-30-11	7,247	20 Years	362
Water Well/System 6-30-12	103,585	25 Years	4,143
Computer 7-31-15	538	5 Years	108
Water Wells 10-31-15	13,083	20 Years	654
Water Lines 4-30-16	28,279	20 Years	1,414
Printer 2-28-17	599	5 Years	120
Water Lines FYE 2018	398,477	20 Years	<u>19,924</u>
Total Production Costs			\$83,521
Gallons Produced			11,397,000
Cost Per 1,000 Gallons of Water Produced			\$7.33

See Accountant's Agreed-Upon Procedures Report.