

***TOWN OF CUSTER CITY,
CUSTER COUNTY, OKLAHOMA
Agreed-Upon Procedures
For the Year Ended June 30, 2012***

**TOWN OF CUSTER CITY, OKLAHOMA
TOWN OFFICERS
JUNE 30, 2012**

**Tony
Littleton.....Mayor**

**Alva
Kluckner.....Trustee**

**Bryan
Reed.....Trustee**

**Dian
Carpenter.....Trustee**

**Jeff
Terrell.....Trustee**

**Kay
Fischer.....City Clerk**

**TOWN OF CUSTER CITY
CUSTER COUNTY, OKLAHOMA
JUNE 30, 2012**

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Tami L. Special
Certified Public Accountant
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Weatherford, OK 73096
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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 - Cash Basis of the Town of Custer City, Oklahoma and the Custer City Public Works Authority as of June 30, 2012, and the related Budgetary Comparison Schedule of the General Fund - Cash Basis and, a Statement of Revenues, Expenses and Changes in Fund Balance - Cash Basis of the Proprietary Fund, and a Schedule of Grant Activity - Cash Basis for the fiscal year ended June 30, 2012. 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 cash basis and budget laws of the State of Oklahoma, which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such matters.

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 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, 2012. 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.

**Tami L. Special
Certified Public Accountant**

October 30, 2012

Appendix A

Town of Custer City, Oklahoma Procedures and Findings For the Year Ended June 30, 2012

As to the Town of Custer City as of and for the fiscal year ended June 30, 2012:

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.

Appendix A (cont.)

Town of Custer City, Oklahoma Procedures and Findings For the Year Ended June 30, 2012

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.

Appendix B

Custer City, Oklahoma Public Works Authority Procedures and Findings For the Year Ended June 30, 2012

As to the Custer City Public Works Authority, as of and for the fiscal year ended June 30, 2012:

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.

Appendix C

Town of Custer City and Public Works Grant Programs Procedures and Findings For the Year Ended June 30, 2012

As to the Town of Custer City and Public Works Grant Programs, as of and for the fiscal year ended June 30, 2012:

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..

Exhibit 1

**TOWN OF CUSTER CITY, OKLAHOMA
SUMMARY OF CHANGES IN FUND BALANCES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	Beginning of Year Balances	Current Year Change	End of Year Fund Balances
CITY:			
General Fund	\$467,456	\$83,102	\$550,558
Street & Alley Fund	654	(3,826)	(3,172)
Court Fund	2,603	2,922	5,525
Grant Fund	0	0	0
Economic Development Authority Fund	312	0	312
Fire Department Fund	329,667	29,710	359,377
Custer Park Restoration Fund	0	694	694
City Subtotals	\$800,692	\$112,602	\$913,294
PUBLIC WORKS AUTHORITY:			
	952,982	134,734	1,087,716
Overall Totals	1,753,674	247,336	2,001,010

See Accountant's Agreed-Upon Procedures Report.

EXHIBIT 2

**TOWN OF CUSTER CITY, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual	Variance
Receipts				
Sales Tax	\$76,379	\$76,379	\$120,707	\$44,328
Alcoholic Beverage Tax	1,949	1,949	2,068	119
Cigar Tax	1,128	1,128	1,605	477
Franchise Tax	7,424	7,424	8,662	1,238
Use Tax	4,396	4,396	18,091	13,695
Town Property Rent	0	0	2,400	2,400
Contributions	1,890	1,890	100	(1,790)
Miscellaneous	1,388	1,388	1,805	417
Interest	1,702	1,702	721	(981)
Total Receipts	\$96,256	\$96,256	\$156,159	\$59,903
Expenditures				
Personal Services	\$66,436	\$66,436	\$30,385	\$36,051
Maintenance & Operations	106,558	106,558	41,472	\$65,086
Capital Outlay	59,000	59,000	1,200	\$57,800
Total Expenditures	\$231,994	\$231,994	\$73,057	\$158,937
Excess of Receipts Over Expenditures	(\$135,738)	(\$135,738)	\$83,102	\$218,840
Decrease (Other)	0	0	(\$6,257)	0
Fund Balance, Beginning of Year			\$473,713	--
Fund Balance, End of Year	--	--	\$550,558	--

See Accountant's Agreed-Upon Procedures Report.

EXHIBIT 3

TOWN OF CUSTER CITY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND BALANCE - CASH BASIS PUBLIC WORKS AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2012

Operating Revenues:	
Charges for Services:	
Water	\$146,985
Sewer	14,986
Sanitation	73,333
Penalties	4,067
Ambulance	9,092
Other	5,758
Total Operating Revenue	\$254,221
Operating Expenses:	
Administration	\$104,998
Sanitation	56,636
City	26,426
Rural	9,440
Sewer	3,255
Water	10,905
Ambulance	9,120
Total Operating Expenses	\$220,780
Operating Income (Loss)	\$33,441
Non-Operating Revenues (Expenses):	
Interest Income	392
Interest Expense	(2,040)
Total Non-Operating Revenues (Expenses)	(\$1,648)
Net Income (Loss) Before Contributions and Transfers	\$31,793
Capital Asset Additions	\$102,626
Other	315
Change in Fund Balance	\$134,734
Fund Balance - Beginning	\$952,982
Fund Balance - Ending	\$1,087,716

See Accountant's Agreed-Upon Procedures Report.

EXHIBIT 4

TOWN OF CUSTER CITY, OKLAHOMA
SCHEDULE OF GRANT ACTIVITY - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

CDBG GRANT
14544 CDBG 10

Revenue	
Grant Income	\$50,000
Total Revenue	<u>\$50,000</u>
Expenditures	
Engineering & Construction	\$48,500
Administrative Fees	\$1,500
Total Expenditures	<u>\$50,000</u>
Revenue over (under) expenditures	<u>\$0</u>
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 - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

REAP GRANT
REAP 11-CS-110015

Revenue	
Grant Income	\$50,000
Custer City General Fund	\$3,585
Total Revenue	<u>\$53,585</u>
Expenditures	
Engineering & Construction	\$53,585
Total Expenditures	<u>\$53,585</u>
Revenue over (under) expenditures	<u>\$0</u>
Fund Balance - Beginning	\$0
Fund Balance - Ending	<u><u>\$0</u></u>

See Accountant's Agreed-Up-on Procedures Report.

EXHIBIT 4 (Cont.)

TOWN OF CUSTER CITY, OKLAHOMA
SCHEDULE OF GRANT ACTIVITY - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

CDBG GRANT
14816 CDBG 11

Revenue	
Grant Income	\$0
Total Revenue	<u>\$0</u>
Expenditures	
Engineering & Construction	\$0
Total Expenditures	<u>\$0</u>
Revenue over (under) expenditures	<u>\$0</u>
Fund Balance - Beginning	\$0
Fund Balance - Ending	<u><u>\$0</u></u>

See Accountant's Agreed-Upon Procedures Report.