

**TOWN OF CUSTER CITY**

**CUSTER COUNTY, OKLAHOMA**

**Agreed-Upon Procedures**

**For the Year Ended June 30, 2016**

**TOWN OF CUSTER CITY, OKLAHOMA  
TOWN OFFICERS  
JUNE 30, 2016**

**Cindy  
Ousley.....Mayor**

**Fred  
Adams.....Trustee**

**Pam  
Coston.....Trustee**

**Gary  
Kluckner.....Trustee**

**Dave  
Watson.....Trustee**

**Carmen  
Stuart.....City Clerk / Treasurer**

**TOWN OF CUSTER CITY  
CUSTER COUNTY, OKLAHOMA  
JUNE 30, 2016**

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***TL Special***  
***Certified Public Accountant***

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Member of Oklahoma  
Society of Certified  
Public Accountants

**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, 2016, 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, 2016. 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 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, 2016. 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 compliance and the accounting records. 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

September 9, 2016

## Appendix A

### Town of Custer City, Oklahoma Procedures and Findings For the Year Ended June 30, 2016

#### As to the Town of Custer City as of and for the fiscal year ended June 30, 2016:

**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, 2016

**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, 2016

As to the Custer City Public Works Authority, as of and for the fiscal year ended June 30, 2016:

**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, 2016.

**Findings:** See Exhibit 5; 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, 2016**

**As to the Town of Custer City and Public Works Grant Programs, as of and for the fiscal year ended June 30, 2016:**

**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, 2016**

	<b>Beginning of Year Fund Balances</b>	<b>Current Year Change</b>	<b>End of Year Fund Balances</b>
<b>CITY:</b>			
General Fund	\$781,492	(\$61,776)	\$719,716
Street & Alley Fund Fund	(6,619)	10,580	3,961
Court Fund	3,420	(30)	3,390
Grant Fund	0	0	0
Economic Development Authority Fund	312	0	312
Fire Department Fund	355,367	125	355,492
Custer City Park Restoration Fund	1,582	0	1,582
Custer City Festival	0	1,341	1,341
City Subtotals	\$1,135,554	(\$49,760)	\$1,085,794
<b>PUBLIC WORKS AUTHORITY:</b>			
	1,317,548	43,508	1,361,056
Overall Totals	2,453,102	(6,252)	2,446,850

**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, 2016**

	Original Budget	Final Budget	Actual	Variance
<b>Receipts</b>				
Sales Tax	\$68,842	\$68,842	\$60,301	(\$8,541)
Alcoholic Beverage Tax	2,087	\$2,087	2,287	200
Cigar Tax	797	\$797	738	(59)
Franchise Tax	7,769	\$7,769	8,114	345
Use Tax	(8,541)	(\$8,541)	8,444	16,985
Town Property Rent	2,700	\$2,700	2,008	(692)
Miscellaneous	8,615	\$8,615	773	(7,842)
Interest	1,141	\$1,141	1,741	600
<b>Total Receipts</b>	<b>\$83,410</b>	<b>\$83,410</b>	<b>\$84,406</b>	<b>\$996</b>
<b>Expenditures</b>				
Personal Services	\$181,000	\$181,000	\$64,023	\$116,977
Maintenance & Operations	158,343	\$158,343	64,878	93,465
Capital Outlay	119,000	\$119,000	6,132	112,868
<b>Total Expenditures</b>	<b>\$458,343</b>	<b>\$458,343</b>	<b>\$135,033</b>	<b>\$323,310</b>
<b>Excess of Receipts Over (Under) Expenditures</b>	<b>(\$374,933)</b>	<b>(\$374,933)</b>	<b>(\$50,627)</b>	<b>\$324,306</b>
Transfer In	\$19,231	\$19,231	\$3,000	(16,231)
Transfer Out	0	0	(\$5,000)	(5,000)
Due from other funds	0	0	(\$9,149)	(9,149)
<b>Fund Balance, Beginning of Year</b>			<b>\$781,492</b>	
<b>Fund Balance, End of Year</b>			<b>\$719,716</b>	

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, 2016

<b>Operating Revenues:</b>	
<b>Charges for Services:</b>	
Water	\$155,600
Sewer	12,809
Sanitation	79,929
Penalties	4,569
Other	7,251
<b>Total Operating Revenue</b>	<b>\$260,158</b>
<b>Operating Expenses:</b>	
Administration	\$106,116
Sanitation	67,489
City	32,139
Rural	10,580
Sewer	14,911
Water	12,553
<b>Total Operating Expenses</b>	<b>\$243,788</b>
<b>Operating Income (Loss)</b>	<b>\$16,370</b>
<b>Non-Operating Revenues (Expenses):</b>	
Interest Income	\$454
Interest Expense	(\$1,193)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(\$739)</b>
<b>Net Income (Loss) Before Contributions and Transfers</b>	<b>\$15,631</b>
Transfer In	28,279
Transfer Out	0
<b>Change in Fund Balance</b>	<b>\$43,910</b>
<b>Fund Balance - Beginning</b>	<b>\$1,317,548</b>
<b>Fund Balance - Ending</b>	<b>\$1,361,458</b>

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, 2016

REAP GRANT #16-CS-16004

Revenue	
Grant Income	\$28,279
Total Revenue	<u>\$28,279</u>
Expenditures	
Engineering & Construction	\$28,279
Total Expenditures	<u>\$28,279</u>
Net Income (Loss) Before Contributions and Transfers	<u>\$0</u>
Transfer In	0
Fund Balance - Beginning	\$0
Fund Balance - Ending	<u>\$0</u> =====

See Accountant's Agreed-Upon Procedures Report.

**EXHIBIT 5**

**TOWN OF CUSTER CITY, OKLAHOMA  
CALCULATION OF WATER COSTS PER 1,000 GALLONS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Dollar Cost Amount</b>	<b>Attributable To Water Production</b>	<b>Production Cost</b>
<b><u>COSTS</u></b>			
Debt Retirement	\$8,900	100%	\$8,900
Insurance	5,068	50%	2,534
Electric	5,754	100%	5,754
Repairs	4,387	100%	4,387
Salary	48,378	50%	24,189
Water Lease Costs	4,482	100%	4,482
Vehicle Expense	4,081	50%	2,041
Water Testing	5,702	100%	5,702
<b><u>DEPRECIATION</u></b>		<b><u>LIFE</u></b>	
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
Printer 3-31-12	1,113	5 Years	223
Water Well/System 6-30-12	103,585	25 Years	4,143
Printer 9-30-12	999	5 Years	200
Computer 7-31-15	538	5 Years	108
Water Wells 10-31-15	13,083	20 Years	654
Water Lines 4-30-16	<u>28,279</u>	20 Years	1,414
<b>Total Production Costs</b>	<b>\$731,543</b>		<b>\$85,003</b>
<b>Gallons Produced</b>			<b>25,919,000</b>
<b>Cost Per 1,000 Gallons of Water Produced</b>			<b>\$3.28</b>

See Accountant's Agreed-Upon Procedures Report.