

TOWN OF CUSTER CITY

CUSTER COUNTY, OKLAHOMA

Agreed-Upon Procedures

For the Year Ended June 30, 2019

**TOWN OF CUSTER CITY, OKLAHOMA
TOWN OFFICERS
JUNE 30, 2019**

**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, 2019**

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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 - Modified Cash Basis of the Town of Custer City, Oklahoma and the Custer City Public Works Authority as of June 30, 2019, 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, 2019. 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, 2019. 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**

November 2, 2019

Appendix A

Town of Custer City, Oklahoma Procedures and Findings For the Year Ended June 30, 2019

As to the Town of Custer City as of and for the fiscal year ended June 30, 2019:

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, 2019

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, 2019

As to the Custer City Public Works Authority, as of and for the fiscal year ended June 30, 2019:

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, 2019.

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, 2019

As to the Town of Custer City and Public Works Grant Programs, as of and for the fiscal year ended June 30, 2019:

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, 2019

| | Beginning of Year Fund Balances | Current Year Change | End of Year Fund Balances |
|------------------------------|---------------------------------------|---------------------------|---------------------------------|
| CITY: | | | |
| General Fund | \$687,427 | \$46,704 | \$734,131 |
| SPECIAL REVENUE FUND: | | | |
| Fire Department Fund | \$366,498 | \$5,954 | \$372,452 |
| ENTERPRISE FUND: | | | |
| Public Works Authority | \$1,373,394 | \$25,106 | \$1,398,500 |
| Overall Totals | \$2,427,319 | \$77,764 | \$2,505,083 |

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, 2019**

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------|--------------------|------------------|------------------|------------------------------------|
| Receipts | | | | |
| Taxes: | | | | |
| Sales Tax | \$44,056 | \$77,000 | \$78,371 | \$1,371 |
| Use Tax | 10,916 | 18,500 | 19,922 | 1,422 |
| Cigar Tax | 521 | 630 | 696 | 66 |
| Franchise Tax | 7,986 | 8,909 | 9,302 | 393 |
| Gas Excise Tax | 662 | 662 | 705 | 43 |
| Total Taxes | \$64,141 | \$105,701 | \$108,996 | \$3,295 |
| Intergovernmental: | | | | |
| Motor Vehicle Tax | \$2,409 | \$2,600 | \$2,730 | \$130 |
| Alcoholic Beverage Tax | 2,216 | 2,900 | 3,112 | 212 |
| Total Intergovernmental | \$4,625 | \$5,500 | \$5,842 | \$342 |
| Other Revenue: | | | | |
| Dog Tag Revenue | \$100 | \$40 | \$40 | \$0 |
| Donations | 2,000 | 0 | 0 | 0 |
| Election Revenue | 0 | 60 | 81 | 21 |
| Court Revenue | 0 | 0 | 60 | 60 |
| Interest Income | 0 | 0 | 2,133 | 2,133 |
| Miscellaneous | 2,000 | 450 | 442 | (8) |
| Total Receipts | \$72,866 | \$111,751 | \$117,594 | \$5,843 |
| Expenditures | | | | |
| General Government: | | | | |
| Personal Services | \$12,079 | \$4,000 | \$3,205 | \$795 |
| Maintenance & Operations | 53,500 | 42,500 | 41,410 | 1,090 |
| Capital Outlay | 0 | 1,236 | 0 | 1,236 |
| Total General Government | \$65,579 | \$47,736 | \$44,615 | (\$3,121) |
| Police Department | | | | |
| Personal Services | \$0 | \$6,000 | \$3,222 | \$2,778 |
| Maintenance & Operations | 0 | 2,000 | 3,498 | (1,498) |
| Capital Outlay | 0 | 2,500 | 0 | 2,500 |
| Total Police Department | \$0 | \$10,500 | \$6,720 | \$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, 2019

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|------------------|------------------|------------------------------------|
| Parks & Recreation | | | | |
| Personal Services | \$0 | \$3,000 | \$0 | \$3,000 |
| Maintenance & Operations | 0 | 3,500 | 4,633 | (1,133) |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Parks & Recreation | \$0 | \$6,500 | \$4,633 | \$1,867 |
| Street & Alley | | | | |
| Personal Services | \$0 | \$500 | \$0 | \$500 |
| Maintenance & Operations | 5,500 | 8,500 | 7,580 | 920 |
| Capital Outlay | 0 | 21,880 | 0 | 21,880 |
| Total Street & Alley | \$5,500 | \$30,880 | \$7,580 | \$23,300 |
| Fire Department | | | | |
| Personal Services | \$0 | \$1,000 | \$660 | \$340 |
| Maintenance & Operations | 3,500 | 8,500 | 6,307 | 2,193 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Fire Department | \$3,500 | \$9,500 | \$6,967 | \$2,533 |
| Municipal Court | | | | |
| Personal Services | \$0 | \$0 | \$0 | \$0 |
| Maintenance & Operations | 0 | 0 | 140 | (140) |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Municipal Court | \$0 | \$0 | \$140 | (\$140) |
| Animal Control | | | | |
| Personal Services | \$3,615 | \$0 | \$0 | \$0 |
| Maintenance & Operations | 500 | 500 | 235 | 265 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Total Animal Control | \$4,115 | \$500 | \$235 | \$265 |
| Total Expenditures | \$78,694 | \$105,616 | \$70,890 | \$34,726 |
| Change in Fund Balance | (\$5,828) | \$6,135 | \$46,704 | \$40,569 |
| Fund Balance, Beginning of Year | | | \$687,427 | |
| Fund Balance, End of Year | | | \$734,131 | |

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, 2019

Operating Revenues:

Charges for Services:

| | |
|------------|-----------|
| Water | \$192,745 |
| Sewer | 27,726 |
| Sanitation | 89,911 |
| Penalties | 6,198 |
| Other | 2,912 |

Total Operating Revenue \$319,492

Operating Expenses:

| | |
|-------------------|----------|
| Administration | \$61,010 |
| Personal Services | 69,989 |
| Sanitation | 78,654 |
| Sewer | 10,903 |
| Water | 64,223 |
| Capital Outlay | 10,175 |

Total Operating Expenses \$294,954

Operating Income (Loss) \$24,538

Non-Operating Revenues (Expenses):

| | |
|------------------|-------|
| Interest Income | \$568 |
| Interest Expense | 0 |

Total Non-Operating Revenues (Expenses) \$568

Net Income (Loss) Before Contributions and Transfers \$25,106

| | |
|--------------|---|
| Transfer In | 0 |
| Transfer Out | 0 |

Change in Fund Balance \$25,106

Fund Balance - Beginning \$1,373,394

Fund Balance - Ending \$1,398,500

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, 2019**

COMMUNITY DEVELOPMENT BLOCK GRANT #16712 CDBG 16

| | |
|---|-----------------|
| Revenue | |
| Grant Income | \$21,000 |
| | <hr/> |
| Total Revenue | \$21,000 |
| Expenditures | |
| Engineering & Construction | \$21,000 |
| | <hr/> |
| Total Expenditures | \$21,000 |
| | <hr/> |
| Net Income (Loss) Before Contributions and Transfers | 0 |
| | |
| Transfer In | 0 |
| | |
| Fund Balance - Beginning | 0 |
| | <hr/> |
| Fund Balance - Ending | 0 |
| | <hr/> <hr/> |

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, 2019**

| | Dollar Cost Amount | Attributable To Water Production | Production Cost |
|---|--------------------------|--|--------------------|
| <u>COSTS</u> | | | |
| Debt Retirement | \$13,686 | 100% | \$13,686 |
| Insurance | 1,200 | 100% | 1,200 |
| Electric | 3,925 | 100% | 3,925 |
| Repairs | 5,149 | 100% | 5,149 |
| Salary | 40,366 | 50% | 20,183 |
| Water Lease Costs | 4,205 | 100% | 4,205 |
| Vehicle Expense | 5,263 | 50% | 2,632 |
| Water Testing | 1,848 | 100% | 1,848 |
| | | | |
| <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 | 19,924 |
| Water Lines FYE 2019 | 21,000 | 20 Years | <u>1,050</u> |
| Total Production Costs | | | \$100,513 |
| Gallons Produced | | | 23,116,000 |
| Cost Per 1,000 Gallons of Water Produced | | | \$4.35 |

See Accountant's Agreed-Upon Procedures Report.