

***TOWN OF CUSTER CITY,  
CUSTER COUNTY, OKLAHOMA  
Agreed-Upon Procedures  
For the Year Ended June 30, 2013***

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**TOWN OF CUSTER CITY, OKLAHOMA  
TOWN OFFICERS  
JUNE 30, 2013**

**Alva  
Kluckner.....Mayor**

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

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

**Peggy  
Dickerson.....Trustee**

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

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

**TOWN OF CUSTER CITY  
CUSTER COUNTY, OKLAHOMA  
JUNE 30, 2013**

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***Tami L. Special***  
***Certified Public Accountant***  
416 E. Main Street  
Weatherford, OK 73096  
(580) 772-2868

**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, 2013, 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, 2013. 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.**

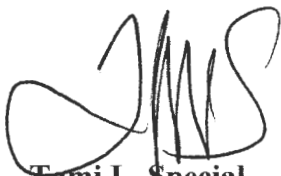
**Management of the Town of Custer City, Oklahoma is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, 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 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, 2013. 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 25, 2013**

## Appendix A

### Town of Custer City, Oklahoma Procedures and Findings For the Year Ended June 30, 2013

#### As to the Town of Custer City as of and for the fiscal year ended June 30, 2013:

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, 2013

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, 2013

As to the Custer City Public Works Authority, as of and for the fiscal year ended June 30, 2013:

**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 prepare the Authority's calculation of water costs per 1,000 gallons for the fiscal year ending June 30, 2013.

**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, 2013**

**As to the Town of Custer City and Public Works Grant Programs, as of and for the fiscal year ended June 30, 2013:**

**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, 2013

	Beginning of Year Fund Balances	Current Year Change	End of Year Fund Balances
<b>CITY:</b>			
General Fund	\$550,558	\$45,783	\$596,341
Street & Alley Fund Fund	(4,480)	(568)	(5,048)
Court Fund	5,525	3,574	9,099
Grant Fund	0	0	0
Economic Development Authority Fund	312	0	312
Fire Department Fund	359,377	(1,112)	358,265
Custer City Park Restoration Fund	694	8,600	9,294
<b>City Subtotals</b>	<b>\$911,986</b>	<b>\$56,277</b>	<b>\$968,263</b>
<b>PUBLIC WORKS AUTHORITY:</b>			
	1,087,716	34,747	1,122,463
<b>Overall Totals</b>	<b>1,999,702</b>	<b>91,024</b>	<b>2,090,726</b>

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, 2013**

	Original Budget	Final Budget	Actual	Variance
<b>Receipts</b>				
Sales Tax	\$108,636	\$108,636	\$59,812	(\$48,824)
Alcoholic Beverage Tax	1,861	1,861	2,162	301
Cigar Tax	1,445	1,445	880	(565)
Franchise Tax	7,795	7,795	7,956	161
Use Tax	16,282	16,282	51,289	35,007
Town Property Rent	2,160	2,160	5,500	3,340
Miscellaneous	2,070	2,070	390	(1,680)
Interest	649	649	568	(81)
<b>Total Receipts</b>	<b>\$140,898</b>	<b>\$140,898</b>	<b>\$128,557</b>	<b>(\$12,341)</b>
<b>Expenditures</b>				
Personal Services	\$125,564	\$125,564	\$31,113	\$94,451
Maintenance & Operations	140,809	140,809	54,209	86,600
Capital Outlay	88,600	88,600	0	88,600
<b>Total Expenditures</b>	<b>\$354,973</b>	<b>\$354,973</b>	<b>\$85,322</b>	<b>\$269,651</b>
<b>Excess of Receipts Over Expenditures</b>	<b>(\$214,075)</b>	<b>(\$214,075)</b>	<b>\$43,235</b>	<b>\$257,310</b>
Increase Other	0	0	\$48	0
Transfer In	0	0	\$2,500	0
Fund Balance, Beginning of Year			\$550,558	--
<b>Fund Balance, End of Year</b>	<b>--</b>	<b>--</b>	<b>\$596,341</b>	<b>--</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, 2013

Operating Revenues:	
Charges for Services:	
Water	\$155,175
Sewer	14,894
Sanitation	73,306
Penalties	4,256
Ambulance	9,104
Other	11,031
Total Operating Revenue	<u>\$267,766</u>
Operating Expenses:	
Administration	\$113,483
Sanitation	58,471
City	18,629
Rural	14,337
Sewer	2,355
Water	14,828
Ambulance	9,071
Total Operating Expenses	<u>\$231,174</u>
Operating Income (Loss)	<u>\$36,592</u>
Non-Operating Revenues (Expenses):	
Interest Income	\$308
Interest Expense	(\$1,968)
Total Non-Operating Revenues (Expenses)	<u>(\$1,660)</u>
Net Income (Loss) Before Contributions and Transfers	\$34,932
Other	(\$185)
Change in Fund Balance	<u>\$34,747</u>
Fund Balance - Beginning	\$1,087,716
Fund Balance - Ending	<u>\$1,122,463</u> =====

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, 2013

CDBG GRANT

Revenue	
Grant Income	\$0
Total Revenue	<u>\$0</u>
Expenditures	
Engineering & Construction	\$0
Administrative Fees	\$0
Total Expenditures	<u>\$0</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, 2013

REAP GRANT

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.

**EXHIBIT 5**

**TOWN OF CUSTER CITY, OKLAHOMA  
CALCULATION OF WATER COSTS PER 1,000 GALLONS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u><b>COSTS</b></u>	<u><b>Dollar Cost Amount</b></u>	<u><b>Attributable To Water Production</b></u>	<u><b>Production Cost</b></u>
Debt Retirement	\$8,895	100%	\$8,895
Insurance	8,983	50%	4,491
Kiwash Electric	10,523	100%	10,523
Repairs	2,399	100%	2,399
Supplies	677	100%	677
Salary	47,602	50%	23,801
Water Lease Costs	5,635	100%	5,635
Vehicle Expense	8,319	50%	4,159
Water Testing	3,412	100%	3,412
 <u><b>DEPRECIATION</b></u>		<u><b>LIFE</b></u>	
Water Tower 11-30-10	\$317,500	25	\$12,700
Equipment	141,196	25	5,648
Water Wells	13,054	20	653
Computer 2-28-10	798	5	160
Printer 06-30-10	1,113	5	223
JD Mower 1-31-11	6,804	5	1,361
Computer 2-28-10	798	5	160
Copier 11-30-10	350	5	70
Major Well Repairs 7-31-11	18,197	20	910
Major Well Repairs 11-30-11	7,247	20	362
Printer 3-31-12	1,113	5	223
Water Well/System 6-30-12	103,585	25	4,143
Printer 9-30-12	<u>999</u>	5	<u>200</u>
 <b>Total Production Costs</b>	 <b>\$709,198</b>		 <b>\$90,804</b>
 <b>Gallons Produced</b>			 <b>29,055,000</b>
 <b>Cost Per 1,000 Gallons of Water Produced</b>			 <b>\$3.13</b>

See Accountant's Agreed-Upon Procedures Report.