

**TOWN OF CUSTER CITY, OKLAHOMA
CUSTER CITY, OKLAHOMA**

**AGREED UPON PROCEDURES
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2018**



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Members of American
Institute of Certified
Public Accountants

Members 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

Management is responsible for the accompanying financials statements of The Town of Custer City and the Custer City Public Works Authority, which comprise the Summary of Changes in Fund Balances- Modified Cash Basis for the Town of Custer City, the Custer City Public Works Authority, and the Custer City Fire Fund, the Budgetary Comparison Schedule Modified Cash Basis for the General Fund, and the Statement of Revenues, Expenses, and Changes in Fund Balance – Modified Cash Basis for the Custer City Public Works Authority, the Schedule of Grants – Modified Cash Basis for the Town of Custer City, and the 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, 2018, in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Trust's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We have performed the procedures enumerated within Appendix A and Appendix B 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 of Custer City (the Town), the Custer

City Public Works Authority (CCPWA), in meeting its financial accountability requirements as prescribed by such state laws and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2018. 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 in 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, we make no representation regarding the sufficiency of the procedures described in Appendix A or B, either for the purpose for which this report has been requested or for any other purpose.

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



RSMeacham CPAs & Advisors
Clinton, Oklahoma
January 4, 2019

**Town of Custer City, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2018**

As to the Town of Custer City as of and for the fiscal year ended June 30, 2018:

- I. Prepare a schedule of changes in fund balances for each fund from the Town's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit I. No instances of noncompliance noted.

- II. Prepare a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund and compare the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances on noncompliance with the appropriation limitations.

Findings: See Exhibit II. Instances of non-compliance noted. Actual expenditures exceeded authorized appropriations by \$70,016, primarily related to grant expenses which were transferred out to CCPWA.

- III. Agree the Town's material bank account balances to bank statements, and traced 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.

- IV. Compare the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

- V. Compare use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- VI. 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.

- VII. 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.

- VIII. For the grants received during the year, prepare a schedule of grant funds awarded, received expended and the remaining balances.

Findings: See Exhibit III.

**TOWN OF CUSTER CITY, OKLAHOMA
SUMMARY OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| | Restated Beginning of Year Fund Balance | Current Year Change | End of Year Fund Balance |
|------------------------------------|--|------------------------------------|---|
| TOWN OF CUSTER CITY | | | |
| General Fund | \$ 764,380 | \$ (75,297) | \$ 689,083 |
| TOWN TOTAL | <u>\$ 764,380</u> | <u>\$ (75,297)</u> | <u>\$ 689,083</u> |
| ENTERPRISE FUNDS | | | |
| Custer City Public Works Authority | \$ 1,353,769 | \$ (3,082) | \$ 1,350,687 |
| ENTERPISE TOTAL | <u>\$ 1,353,769</u> | <u>\$ (3,082)</u> | <u>\$ 1,350,687</u> |
| SPECIAL REVENUE FUNDS: | | | |
| Fire | \$ 356,385 | \$ 10,112 | \$ 366,498 |
| SPECIAL REVENUE FUNDS TOTAL | <u>\$ 356,385</u> | <u>\$ 10,112</u> | <u>\$ 366,498</u> |
| GRAND TOTAL ALL FUNDS | <u><u>\$ 2,474,534</u></u> | <u><u>\$ (68,266)</u></u> | <u><u>\$ 2,406,268</u></u> |

Exhibit II

**TOWN OF CUSTER CITY, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------------|---|
| Beginning Budgetary Fund Balance: | \$ 764,383 | \$ 764,380 | \$ (3) |
| Resources (Inflows): | | | |
| Taxes: | | | |
| Sales Tax | 50,788 | 48,951 | (1,837) |
| Use Tax | 57,029 | 12,129 | (44,900) |
| Franchise Tax | 7,877 | 8,238 | 361 |
| Tobacco Tax | 339 | 579 | 240 |
| Gas Excise Tax | - | 738 | 738 |
| Total Taxes | <u>116,033</u> | <u>69,897</u> | <u>(46,136)</u> |
| Intergovernmental: | | | |
| Motor Vehicle Tax | - | 2,734 | 2,734 |
| Alcoholic Beverage Tax | 2,184 | 2,445 | 261 |
| Total Intergovernmental | <u>2,184</u> | <u>2,445</u> | <u>2,996</u> |
| Dog Pound Fees | 1,341 | 110 | (1,231) |
| Rental Income | 1,800 | - | (1,800) |
| Court Fees | - | 1,375 | 1,375 |
| Grant Income | - | 357,000 | 357,000 |
| Donations | - | 5,449 | 5,449 |
| Miscellaneous Income | 608 | 5,029 | 4,421 |
| Interest Income | 1,503 | 1,699 | 196 |
| Total current year resources | <u>123,469</u> | <u>446,477</u> | <u>323,008</u> |
| Amounts available for appropriation | <u>\$ 887,852</u> | <u>\$ 1,210,857</u> | <u>\$ 323,005</u> |

Exhibit II

**TOWN OF CUSTER CITY, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|---------------------------|---|
| General Government | | | |
| Personal Services | 1,200 | 1,180 | 20 |
| Materials and Supplies | 1,798 | 1,019 | 779 |
| Other Services and Charges | 46,500 | 46,417 | 83 |
| Capital Outlay | - | - | - |
| Depreciation | - | - | - |
| Total General Government | <u>49,498</u> | <u>48,616</u> | <u>882</u> |
| Fire Department | | | |
| Personal Services | - | - | - |
| Materials and Supplies | - | - | - |
| Other Services and Charges | 3,400 | 3,292 | 108 |
| Total Fire Department | <u>3,400</u> | <u>3,292</u> | <u>108</u> |
| Police Department | | | |
| Personal Services | 56,100 | 55,645 | 455 |
| Materials and Supplies | 1,063 | 875 | 188 |
| Other Services and Charges | 7,200 | 7,087 | 113 |
| Capital Outlay | - | - | - |
| Total Police Department | <u>64,363</u> | <u>63,607</u> | <u>756</u> |
| Parks and Recreation | | | |
| Materials and Supplies | 2,900 | 2,886 | 14 |
| Other Services and Charges | 11,447 | 10,615 | 832 |
| Capital Outlay | 4,500 | 4,500 | - |
| Total Parks and Recreation | <u>18,847</u> | <u>18,001</u> | <u>846</u> |

Exhibit II

**TOWN OF CUSTER CITY, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|---------------------------|---|
| Street and Alley | | | |
| Materials and Supplies | 500 | 198 | 302 |
| Other Services and Charges | 5,700 | 5,620 | 80 |
| Capital Outlay | - | - | - |
| Total Street and Alley | <u>6,200</u> | <u>5,818</u> | <u>382</u> |
| Municipal Court | | | |
| Other Services and Charges | 450 | 440 | 10 |
| Total Municipal Court | <u>450</u> | <u>440</u> | <u>10</u> |
| Other Financing Sources | | | |
| Gain on Sale of Assets | - | - | - |
| Transfers-out | 309,000 | 387,000 | (78,000) |
| Transfers-in | - | (5,000) | 5,000 |
| Total Other Financing Sources | <u>309,000</u> | <u>382,000</u> | <u>(73,000)</u> |
| Total Charges to Appropriations | <u>451,758</u> | <u>521,774</u> | <u>(70,016)</u> |
| Change in Fund Balance | (328,289) | (75,297) | (252,992) |
| Ending Budgetary Fund Balance | <u>\$ 436,094</u> | <u>\$ 689,083</u> | <u>\$ (252,989)</u> |

**TOWN OF CUSTER CITY, OKLAHOMA
SCHEDULE OF GRANTS - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| <u>Grant revenue</u> | <u>Funding period</u> | <u>Project description</u> | <u>Total Award</u> | <u>Amount received this Fiscal Year</u> | <u>Amount expended this Fiscal Year</u> | <u>Receipts less expenditures</u> |
|-----------------------------|-----------------------|--------------------------------|--------------------|---|---|---------------------------------------|
| <i>Grant received from:</i> | | | | | | |
| CDBG Contract 16712 | 08/2017 to FY19 | Water Line Replacement Project | \$ 378,000 | \$ 357,000 | \$ 357,006 | \$ (6) |
| SWODA REAP Grant | 03/2016 to FY19 | Water Line Replacement Project | \$ 69,750 | \$ 41,470 | \$ 41,470 | \$ - |
| | | Total | <u>\$ 447,750</u> | <u>\$ 398,470</u> | <u>\$ 398,476</u> | <u>\$ (6)</u> |

**Custer City, Oklahoma Public Works Authority
Procedures and Findings
For the Year Ended June 30, 2018**

As to the Custer City Public Works Authority, as of and for the year ended June 30, 2018:

- I. Prepare a schedule of revenues, expenditures and changes in fund balance for each fund from the Authority's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit IV. No instances of noncompliance noted.

- II. Agree the Authority's material bank account balances to bank statements, and traced 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.

- III. Compare the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

- IV. 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.

- V. 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.

- VI. 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.

- VII. Create a schedule of the cost of water for the fiscal year. Reference the Contract with Rural water as to what to include in your calculations.

Findings: Exhibit V

**CUSTER CITY PUBLIC WORKS AUTHORITY CUSTER CITY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCE - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

Operating Revenues:

| | |
|--------------------------|----------------|
| Water | \$ 171,486 |
| Sewer | 11,744 |
| Trash | 77,743 |
| Reimbursements | 7,851 |
| Miscellaneous | 4,554 |
| Total Operating Revenues | <u>273,378</u> |

Operating Expenses:**Administration Department:**

| | |
|----------------------------------|---------------|
| Personal services | 1,290 |
| Materials and supplies | 4,329 |
| Other services and charges | 46,244 |
| Total Administration Department: | <u>51,862</u> |

Sewer Department:

| | |
|----------------------------|---------------|
| Other services and charges | 17,139 |
| Total Sewer Department: | <u>17,139</u> |

Water Department:

| | |
|----------------------------|----------------|
| Personal services | 114,135 |
| Materials and supplies | 15,152 |
| Other services and charges | 26,897 |
| Capital Outlay | 398,477 |
| Total Water Department: | <u>554,660</u> |

Garbage Department:

| | |
|----------------------------|---------------|
| Other services and charges | 76,630 |
| Total Garbage Department: | <u>76,630</u> |

| | |
|--------------------------|----------------|
| Total Operating Expenses | <u>700,292</u> |
|--------------------------|----------------|

| | |
|-------------------------|---------------------|
| Operating Income (Loss) | <u>\$ (426,914)</u> |
|-------------------------|---------------------|

Non-Operating Revenues:

| | |
|------------------------------|---------------|
| Interest | 362 |
| Grant Income | 41,470 |
| Total Non-Operating Revenues | <u>41,832</u> |

| | |
|--|---------------------|
| Net Income (Loss) Before Contributions and Transfers | <u>\$ (385,082)</u> |
|--|---------------------|

| | |
|-------------|---------|
| Transfer In | 382,000 |
|-------------|---------|

| | |
|------------------------|-------------------|
| Change in fund balance | <u>\$ (3,082)</u> |
|------------------------|-------------------|

| | |
|-------------------------------------|------------------|
| Fund Balance - beginning - restated | <u>1,353,769</u> |
|-------------------------------------|------------------|

| | |
|-----------------------|---------------------|
| Fund Balance - ending | <u>\$ 1,350,687</u> |
|-----------------------|---------------------|

Exhibit V

**CUSTER CITY PUBLIC WORKS AUTHORITY CUSTER CITY, OKLAHOMA
CALCULATION OF WATER COSTS PER 1,000 GALLONS-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| Costs: | Dollar Cost Amount | % to Water Production | Production Cost |
|---|-------------------------------|----------------------------------|----------------------------|
| Debt Retirement | \$ 9,613 | 100% | 9,613 |
| Insurance | 971 | 100% | 971 |
| Electric | 8,345 | 100% | 8,345 |
| Supplies | 1,465 | 100% | 1,465 |
| Repairs | 4,206 | 100% | 4,206 |
| Salary | 44,422 | 50% | 22,211 |
| Water Lease Costs | 5,065 | 100% | 5,065 |
| Vehicle Expense | 8,087 | 50% | 4,044 |
| Water Testing | 5,630 | 100% | 5,630 |
| Depreciation: | | Life | |
| Water Tower 11-30-10 | \$ 317,500 | 25 | 12,700 |
| Equipment | 141,196 | 25 | 5,648 |
| Water Wells | 13,054 | 20 | 653 |
| Major Well Repairs 7-31-11 | 18,197 | 20 | 910 |
| Major Well Repairs 11-30-11 | 7,247 | 20 | 362 |
| Water Well/System 6-30-12 | 103,585 | 25 | 4,143 |
| Computer 7-31-15 | 538 | 5 | 108 |
| Water Wells 10-31-15 | 13,083 | 20 | 654 |
| Water Lines 4-30-16 | 28,279 | 20 | 1,414 |
| Printer 2-28-17 | 599 | 5 | 120 |
| Water Lines in FY18 | 398,477 | 20 | 19,924 |
| Total Production Costs | | | \$ 108,184 |
| Gallons Produced | | | 26,028,000 |
| Cost Per 1,000 Gallons of Water Produced | | | \$ 4.16 |