



City of Elmore City, Oklahoma

Independent Accountants' Compilation Report and
Report on Applying Agreed-Upon Procedures
Year Ended June 30, 2016

CITY OF ELMORE CITY, OKLAHOMA
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Independent Accountants' Compilation Report and Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

City Council, City of Elmore City
Elmore City, Oklahoma 73433

Trustees of the Elmore City Public Works Authority
Elmore City, Oklahoma 73433

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Rural Development
Oklahoma City, Oklahoma

Oklahoma Forestry Services
Oklahoma City, Oklahoma

Southern Oklahoma Development Association
Durant, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances – Modified Cash Basis of the City of Elmore City, Oklahoma and Elmore City Public Works Authority, as of June 30, 2016, and the Budgetary Comparison Schedule of General Fund and EMS Fund – Modified Cash Basis as of and for the year ending June 30, 2016 and the accompanying supplementary information contained in Exhibits C and D which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We 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 modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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Management is responsible for the preparation and fair presentation of the financial statements in accordance with modified cash basis of accounting, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our 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 without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying statements were prepared for the purpose of complying with financial accountability requirements as prescribed by Oklahoma Statutes Title 11 – 17(105-107) and Title 60 – 180.1-.3. This is not intended to be a complete presentation of the City of Elmore City’s assets and liabilities.

Management has elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the City's Summary of Changes in Fund Balances – Modified Cash Basis, Budgetary Comparison Schedule of General Fund and EMS Fund – Modified Cash Basis, and Statement of Revenues, Expenses and Changes in Fund Balance of the Public Works Authority – Modified Cash Basis. Accordingly, the financial statement is not designed for those who are not informed of such matters.

Additionally, we have performed the procedures enumerated below which were agreed to by the City Council and Trustees of the City of Elmore City, and as defined within the applicable state laws of the State of Oklahoma solely to assist the City in meeting its financial accountability requirements as prescribed by Oklahoma Statutes Title 11 – 17 (105-107) and 60 – 180.1-.3 and to evaluate compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2016. Management of the City of Elmore City is responsible for the City’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. 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 below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the **City of Elmore City** as of and for the fiscal year ended June 30, 2016:

1. **Procedures Performed:** From the City's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit A) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Finding: The Volunteer Fire Fund has a deficit fund balance of \$549.

2. **Procedures Performed:** From the City's trial balances, we prepared a budget and actual financial schedule for the General Fund and the EMS Fund listing separately each fund (see accompanying Exhibits B and B-1) and compared the actual expenditures of encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Finding: The following departments in the General Fund were over budget. General Government Department \$3,913, Legal & Judicial Department \$375, and Transfers Out \$2,000.

3. **Procedures Performed:** We agreed the City's bank account balances to bank statements and traced the timely clearance to report any reconciling items that have not cleared.

Finding: There were reconciling items over one year old in the General Fund, EMS Fund, Volunteer Fire Fund, and Cemetery Fund.

4. **Procedures Performed:** We compared the City's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Finding: The Town's deposits were fully insured or collateralized as of June 30, 2016.

5. **Procedures Performed:** We compared use of restricted revenues and resources exceeding \$500 to their restrictions to report any noted instances of noncompliance.

Finding: Restricted revenues and resources that exceeded \$500 consisted of EMS Fund. An invoice that was not the EMS Fund's was paid. Also, payments are being made from statements. State law requires expenditures be paid from an invoice.

6. **Procedures Performed:** We compared the accounting for the City's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Finding: *Title 68 Oklahoma Statute Sec 3003B requires federal assistance funds to be deposited into a separate fund. Revenue and expenditures within this fund should be separated by individual grant.*

7. **Procedures Performed:** Determine compliance with reserve accounts and debt service coverage requirement of bond indentures.

Finding: *This procedure was not performed. The City of Elmore City has no debt service or reserve account requirements.*

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

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenses and changes in fund balances for each fund (see accompanying Exhibit A) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instances of noncompliance.

Finding: *No instances of fund balance deficits were noted.*

2. **Procedures Performed:** We agreed the Authority's bank account balances to bank statements and traced the timely clearance to report any reconciling items that have not cleared.

Finding: *There were reconciling items over one year old in the Public Works Authority's Operating account.*

3. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Finding: *The Authority's deposits were fully insured or collateralized as of June 30, 2016.*

4. **Procedures Performed:** We compared use of restricted revenues and resources exceeding \$500 to their restrictions to report any noted instances of noncompliance.

Finding: *Restricted revenues that exceeded \$500 consisted of Public Work Authority's grants. No exceptions were found as a result of applying the procedure.*

5. ***Procedures Performed:*** We compared 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.

Finding: Title 68 Oklahoma Statute Sec 3003B requires federal assistance funds to be deposited into a separate fund. Revenue and expenditures within this fund should be separated by individual grant.

6. ***Procedures Performed:*** Determine compliance with reserve accounts and debt service coverage requirement of bond indentures.

Finding: This procedure was not performed. Elmore City Public Works Authority has no debt service or reserve account requirements.

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

1. ***Procedures Performed:*** From the Authority's trial balance, we prepared a schedule of revenues, expenses, and changes in fund balance (see accompanying Exhibit C) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instances of noncompliance.

Finding: No exceptions were found as a result of applying the procedure.

2. ***Procedures Performed:*** From the City's and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit D) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Finding: No instances of noncompliance were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the compliance. 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 those specified parties.

Rahel Henderson Johnson, PLLC

February 7, 2017
Ardmore, Oklahoma

City of Elmore City
 Summary of Changes in Fund Balances – Modified Cash Basis
 June 30, 2016

EXHIBIT A

	Fund Balances Beginning	Inflows	Outflows	Fund Balances Ending
CITY:				
General Fund	\$ 264,089	\$ 475,465	\$ 472,147	\$ 267,407
Bail Bond Fund	59,974	183,798	206,707	37,065
EMS Fund	75,360	272,778	303,356	44,782
T. Selby Cemetery Perpetual Care Fund	27,560	-	-	27,560
T. Selby Cemetery Operating Fund	14,820	4,663	16,438	3,045
T. Selby Cemetery Care Fund	38,651	366	-	39,017
Volunteer Fire Fund	717	18,251	19,517	(549)
CITY Subtotal	481,171	955,321	1,018,165	418,327
PUBLIC WORKS AUTHORITY:				
PWA Fund	144,753	412,575	457,081	100,247
Meter Deposit	24,315	12,700	8,930	28,085
ECPWA Subtotal	169,068	425,275	466,011	128,332
Overall Totals	\$ 650,239	\$ 1,380,596	\$ 1,484,176	\$ 546,659

See Accompanying Accountant's Compilation Report

City of Elmore City
 Budgetary Comparison Schedule – Modified Cash Basis
 General Fund
 For the Year Ended June 30, 2016

EXHIBIT B

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ -	\$ 109,100	\$ 264,089	\$ 154,989
Resources (Inflows):				
Taxes	287,340	287,340	279,640	(7,700)
Charges for Services	870	870	129	(741)
Grants	-	-		-
Fees and Permits	820	820	1,266	446
Miscellaneous	2,450	2,450	23,528	21,078
Total Inflows	<u>291,480</u>	<u>400,580</u>	<u>568,652</u>	<u>168,072</u>
Charges to Appropriations (Outflows):				
General Government	99,310	219,580	223,493	(3,913)
Police Department	183,500	186,700	179,061	7,639
Parks	1,770	2,270	2,032	238
Streets	8,990	8,990	7,761	1,229
Legal & Judicial	16,425	14,425	14,800	(375)
Total Outflows	<u>309,995</u>	<u>431,965</u>	<u>427,147</u>	<u>4,818</u>
Excess of Inflows over Outflows before Other Financing Sources (Uses)	(18,515)	(31,385)	141,505	172,890
Other Financing Sources (Uses)				
Transfers In	108,190	123,060	170,902	47,842
Transfers Out	(41,000)	(43,000)	(45,000)	(2,000)
Total Other Financing Sources (Uses)	<u>67,190</u>	<u>80,060</u>	<u>125,902</u>	<u>45,842</u>
Ending Budgetary Fund Balance:	<u>\$ 48,675</u>	<u>\$ 48,675</u>	<u>\$ 267,407</u>	<u>\$ 218,732</u>

See Accompanying Accountant's Compilation Report

City of Elmore City
 Budgetary Comparison Schedule – Modified Cash Basis
 EMS Fund
 For the Year Ended June 30, 2016

EXHIBIT B-1

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ -	\$ 42,000	\$ 75,360	\$ 33,360
Resources (Inflows):				
Sales Tax	200,000	200,000	156,156	(43,844)
Charges for Services	51,690	51,690	79,122	27,432
Miscellaneous	-	-	2,500	2,500
Total Inflows	251,690	293,690	313,138	19,448
Charges to Appropriations (Outflows):				
EMS	276,690	318,690	303,356	15,334
Total Outflows	276,690	318,690	303,356	15,334
Excess of Inflows over Outflows before Other Financing Sources (Uses)	(25,000)	(25,000)	9,782	34,782
Other Financing Sources (Uses)				
Transfers In	35,000	35,000	35,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	35,000	35,000	35,000	-
Ending Budgetary Fund Balance:	\$ 10,000	\$ 10,000	\$ 44,782	\$ 34,782

See Accompanying Accountant's Compilation Report

City of Elmore City
Statement of Revenues, Expenses and Changes in Fund Balances
Modified Cash Basis
Elmore City Public Works Authority
For the Year Ended June 30, 2016

EXHIBIT C

	Elmore City Public Works Authority
Operating Revenues:	
Water	\$ 149,468
Sewer	91,975
Trash	81,209
Late Fees/Penalties	6,428
Grant Revenue	81,200
Miscellaneous Fees	2,295
	412,575
Operating Expenses	
Salaries	108,307
Payroll Taxes	12,165
Office Supplies	2,354
Fuel	5,888
Maintenance & Repairs	14,664
Chemicals	13,221
Utilities	9,873
Miscellaneous	1,299
Contract Labor	743
Insurance/Bonds	10,219
Garbage Contract Services	69,295
Water Purchases	1,011
Dues/Fees	1,289
Water Department expenses	21,893
Capital Outlay	184,860
Total Operating Expenses	457,081
Operating Income (Loss)	(44,506)
Fund Balance - Beginning	144,753
Fund Balance - Ending	\$ 100,247

See Accompanying Accountant's Compilation Report

City of Elmore City
Schedule of Grant Activity
Modified Cash Basis
For the Year Ended June 30, 2016

EXHIBIT D

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH GRANTOR'S PROJECT NUMBER	AWARD AMOUNT	RECEIVED PRIOR YEARS	RECEIVED DURING 2015-2016	EXPENDE D PRIOR YEARS	EXPENDED DURING 2015-2016	REMAINING TO BE EXPENDED	MATCH
<i>Federal Funds Received Directly</i>								
UNITED STATES DEPARTMENT OF AGRICULTURE	CDFA 10.759 42-025-73-0751100	\$ 30,000	\$ -	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ 3,390
<i>Federal Funds Passed Through State Agency</i>								
OKLAHOMA DEPARTMENT OF COMMERCE	CFDA 14.228 15076 CDBG 11	245,000	243,800	1,200	243,800	1,200	-	-
<i>Total Federal Grants</i>		\$ 275,000	\$ 243,800	\$ 31,200	\$ 273,800	\$ 1,200	\$ -	\$ 3,390
<i>State Funds</i>								
SOUTHERN OKLAHOMA DEVELOPMENT ASSOCIATION	REAP 15-058	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 50,000	-	\$ 23,375
OKLAHOMA FORESTY SERVICES	FIRE OPERATIONAL	4,290	-	4,290	-	4,290	-	-
<i>Total State Grants</i>		\$ 54,290	\$ -	\$ 54,290	\$ -	\$ 54,290	\$ -	\$ 23,375
<i>Total Grant Activity</i>		\$ 329,290	\$ 243,800	\$ 85,490	\$ 273,800	\$ 55,490	\$ -	\$ 26,765

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