

**THE CITY OF MEDFORD, OKLAHOMA**

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**



## Independent Accountant's Report

To the Specified Users of the Report:

City Council, City of Medford  
Medford, Oklahoma

Trustees of the Medford Public Works Authority  
Medford, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

Oklahoma Department of Commerce  
Oklahoma City, Oklahoma

### **Report on Compiled Financial Statements and Schedules**

We have compiled the accompanying Summary of Changes in Fund Balances-Cash Basis of the City of Medford and related Public Trusts for the year ended June 30, 2012, the Budgetary Comparison Schedule-Cash Basis - General Fund, Budgetary Comparison Schedule - Cash Basis - Restricted Sales Tax Fund, Budgetary Comparison Schedule - Cash Basis - Nichols-Pitts Fund, Statement of Revenues, Expenses and Changes in Fund Balance - Cash Basis - Medford Public Works Authority and the Schedule of Grant Activity - Cash Basis for the year ended June 30, 2012. The financial statements and schedules 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 applicable to municipalities and the presentation requirements prescribed in Oklahoma Statutes § 11-17-105-.107 and § 60-180-1-.3, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We have not audited or reviewed the aforementioned financial statements and schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and schedules are in accordance with the cash basis of accounting.

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

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 and schedules, in order to meet the requirements of applicable Oklahoma Statutes, without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and schedules.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements and schedules 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 City's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements and schedules are not designed for those who are not informed about such matters.

City of Medford and Medford Public Works Authority  
Page 2

### **Report on Applying Agreed-Upon Procedures**

We have performed the procedures enumerated below 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 City and Public Works Authority in meeting its financial accountability requirements as prescribed by applicable Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2012. Management of the City of Medford and the Medford Public Works Authority are responsible for the City's and Authority'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 to meet the requirements prescribed in Oklahoma Statutes §11-17.105-.107 and §60-180.1-3. The sufficiency of these 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 Medford as of and for the fiscal year ended June 30, 2012:

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

**Findings:** No instances of noncompliance noted.

2. **Procedures Performed:** From the City's trial balances, we compiled a cash basis budget and actual financial schedule for the General Fund, the Restricted Sales Tax Fund and the Nichols-Pitts Fund (see accompanying Exhibit 2) and compared the actual expenditures reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

**Findings:** No instances of noncompliance noted.

3. **Procedures Performed:** We agreed the City'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 unusual reconciling items were noted that did not clear on a timely basis.

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.

**Findings:** All deposits were insured or collateralized at June 30, 2012.

5. **Procedures Performed:** We compared the City's use of material restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance were noted.

City of Medford and Medford Public Works Authority  
Page 3

- 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.

**Findings:** No instances of noncompliance were noted.

- 7. Procedures Performed:** A search for City debt agreements was performed to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purposes of determining contract compliance.

**Findings:** No such compliance requirements were identified that were applicable to the City.

As to the Medford Public Works Authority, as of and for the fiscal year ended June 30, 2012:

- 1. Procedures Performed:** From the Authority's trial balances, we compiled a schedule of revenues, expenses and changes in fund balances – cash basis for the Authority (see accompanying Exhibits 1 and 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

**Findings:** No instances of noncompliance were noted.

- 2. Procedures Performed:** We agreed 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 unusual reconciling items were noted that did not clear on a timely basis.

- 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.

**Findings:** All deposits were insured or collateralized at June 30, 2012.

- 4. Procedures Performed:** We compared 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 were noted.

- 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.

**Findings:** No instances of noncompliance were noted.

- 6. Procedures Performed:** A search for Authority debt agreements was performed to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purposes of determining contract compliance.

**Findings:** No such compliance requirements were identified that were applicable to the Authority.

City of Medford and Medford Public Works Authority  
Page 4

As to the City of Medford and Medford Public Works Authority grant programs, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the City and Authority's trial balances, we compiled a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

**Findings:** No instances of noncompliance were noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance and an opinion on the related financial statements and schedules. 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.

*Crawford & Associates, P.C.*

Crawford & Associates, P.C.  
March 12, 2013

**EXHIBIT 1**  
**CITY OF MEDFORD AND PUBLIC TRUSTS**  
**SUMMARY OF CHANGES IN FUND BALANCES - CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Change</u>	<u>End of Year Fund Balances</u>
<b>CITY:</b>			
General Fund	\$ 414,181	\$ 541,748	\$ 955,929
Restricted Sales Tax Fund	86,692	68,526	155,218
Nichols-Pitts Fund	-	1,406,511	1,406,511
<b>City Subtotal</b>	<u>500,873</u>	<u>2,016,785</u>	<u>2,517,658</u>
<b>PUBLIC WORKS AUTHORITY:</b>			
Medford Public Works Authority	423,523	101,658	525,181
<b>PWA Subtotal</b>	<u>423,523</u>	<u>101,658</u>	<u>525,181</u>
<b>Overall Totals</b>	<u>\$ 924,396</u>	<u>\$ 2,118,443</u>	<u>\$ 3,042,839</u>

See independent accountant's report on agreed-upon procedures.

EXHIBIT 2  
CITY OF MEDFORD, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$184,800	\$184,800	\$414,181	\$229,381
<b>Resources (Inflows):</b>				
<b>Taxes:</b>				
Sales tax	230,000	230,000	389,153	159,153
Franchise tax	40,200	40,200	40,077	(123)
Use tax	8,000	8,000	319,724	311,724
<b>Total Taxes</b>	<u>278,200</u>	<u>278,200</u>	<u>748,954</u>	<u>470,754</u>
<b>Intergovernmental:</b>				
Alcoholic beverage tax	25,000	25,000	32,209	7,209
Cigarette tax	-	-	7,775	7,775
Motor vehicle tax	8,500	8,500	7,536	(964)
Gasoline excise tax	2,000	2,000	1,883	(117)
State of Oklahoma library grant	-	9,000	9,000	-
State of Oklahoma fire grant	-	-	4,413	4,413
<b>Total Intergovernmental</b>	<u>35,500</u>	<u>44,500</u>	<u>62,816</u>	<u>18,316</u>
<b>Charges for services:</b>				
Ambulance subscriptions	6,500	6,500	5,470	(1,030)
Ambulance	75,000	75,000	74,633	(367)
Fire calls	3,000	3,000	2,475	(525)
Swimming pool	8,000	8,000	8,271	271
Miniature golf	1,000	1,000	605	(395)
Golf club dues/green fees	22,000	22,000	20,906	(1,094)
Rent	3,500	3,500	3,686	186
Cemetery	1,000	1,000	1,075	75
<b>Total Charges for Services</b>	<u>120,000</u>	<u>120,000</u>	<u>117,121</u>	<u>(2,879)</u>
<b>Fines and Forfeitures</b>	<u>22,000</u>	<u>22,000</u>	<u>22,905</u>	<u>905</u>
<b>Licenses and Permits</b>	<u>1,700</u>	<u>1,700</u>	<u>2,930</u>	<u>1,230</u>
<b>Investment Income</b>	<u>4,200</u>	<u>4,200</u>	<u>244,587</u>	<u>240,387</u>
<b>Miscellaneous Income:</b>				
Fire donations	7,000	7,000	1,175	(5,825)
Ambulance donations	1,200	1,200	1,333	133
Park donations	200	200	145	(55)
Library donations	500	500	642	142
Library fines and sales	200	200	869	669
Insurance reimbursements	10,140	12,040	11,183	(857)
Reserve revenue	30,000	30,000	25,262	(4,738)
Other	11,884	16,884	5,233	(11,651)
<b>Total Miscellaneous</b>	<u>61,124</u>	<u>68,024</u>	<u>45,842</u>	<u>(22,182)</u>
<b>Other Financing Sources:</b>				
Transfers from other funds	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
<b>Total Resources (Inflows)</b>	<u>622,724</u>	<u>638,624</u>	<u>1,245,155</u>	<u>606,531</u>
<b>Amounts available for appropriation</b>	<u>807,524</u>	<u>823,424</u>	<u>1,659,336</u>	<u>835,912</u>

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EXHIBIT 2  
CITY OF MEDFORD, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Charges to Appropriations (Outflows):</b>				
<b>General Government:</b>				
Personal services	\$7,150	\$7,150	\$6,594	\$556
Materials and supplies	12,000	12,000	10,878	1,122
Other services and charges	34,150	34,150	26,882	7,268
Capital outlay	46,900	46,900	10,949	35,951
<b>Total General Government</b>	<u>100,200</u>	<u>100,200</u>	<u>55,303</u>	<u>44,897</u>
<b>City Manager:</b>				
Personal services	78,797	78,797	78,599	198
Other services and charges	2,550	2,550	2,270	280
<b>Total City Manager</b>	<u>81,347</u>	<u>81,347</u>	<u>80,869</u>	<u>478</u>
<b>Clerk-Treasurer:</b>				
Personal services	45,988	45,988	45,404	584
Materials and supplies	100	100	100	-
Other services and charges	5,300	5,300	5,049	251
<b>Total Clerk-Treasurer</b>	<u>51,388</u>	<u>51,388</u>	<u>50,553</u>	<u>835</u>
<b>City Attorney:</b>				
Personal services	3,000	3,000	2,813	187
<b>Total City Attorney</b>	<u>3,000</u>	<u>3,000</u>	<u>2,813</u>	<u>187</u>
<b>Municipal Court:</b>				
Personal services	3,920	3,920	3,870	50
Other services and charges	825	825	609	216
<b>Total Municipal Court</b>	<u>4,745</u>	<u>4,745</u>	<u>4,479</u>	<u>266</u>
<b>Civil Defense:</b>				
Personal services	300	300	300	-
Materials and supplies	500	500	430	70
<b>Total Civil Defense</b>	<u>800</u>	<u>800</u>	<u>730</u>	<u>70</u>
<b>Inspections:</b>				
Personal services	500	500	20	480
Other services and charges	3,000	2,150	176	1,974
<b>Total Inspections</b>	<u>3,500</u>	<u>2,650</u>	<u>196</u>	<u>2,454</u>
<b>Library:</b>				
Personal services	23,740	25,039	24,852	187
Materials and supplies	7,718	16,718	6,720	9,998
Other services and charges	3,300	7,001	3,300	3,701
Capital outlay	5,000	-	12,700	(12,700)
<b>Total Library</b>	<u>39,758</u>	<u>48,758</u>	<u>47,572</u>	<u>1,186</u>
<b>Fire:</b>				
Personal services	3,900	3,900	3,770	130
Materials and supplies	16,953	16,953	2,500	14,453
Other services and charges	2,000	2,000	1,912	88
Capital outlay	4,000	4,000	15,363	(11,363)
<b>Total Fire</b>	<u>26,853</u>	<u>26,853</u>	<u>23,545</u>	<u>3,308</u>

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EXHIBIT 2  
CITY OF MEDFORD, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Parks:</b>				
Personal services	\$ 34,550	\$ 27,550	\$ 26,764	\$ 786
Materials and supplies	21,400	26,400	26,337	63
Other services and charges	6,100	8,100	8,099	1
Capital outlay	42,232	42,232	3,312	38,920
<b>Total Parks</b>	<u>104,282</u>	<u>104,282</u>	<u>64,512</u>	<u>39,770</u>
<b>Police:</b>				
Personal services	170,254	166,954	166,871	83
Materials and supplies	8,600	13,650	13,650	-
Other services and charges	1,100	1,100	1,085	15
Capital outlay	4,000	10,000	10,000	-
<b>Total Police</b>	<u>183,954</u>	<u>191,704</u>	<u>191,606</u>	<u>98</u>
<b>Ambulance:</b>				
Personal services	52,224	52,224	48,948	3,276
Materials and supplies	12,197	12,197	11,062	1,135
Other services and charges	3,950	3,950	3,353	597
Capital outlay	2,000	2,000	-	2,000
<b>Total Ambulance</b>	<u>70,371</u>	<u>70,371</u>	<u>63,363</u>	<u>7,008</u>
<b>Streets:</b>				
Personal services	60,326	60,326	59,040	1,286
Materials and supplies	9,500	9,500	9,452	48
Other services and charges	37,500	37,500	37,500	-
<b>Total Streets</b>	<u>107,326</u>	<u>107,326</u>	<u>105,992</u>	<u>1,334</u>
Medical Gap Reserve	<u>30,000</u>	<u>30,000</u>	<u>11,874</u>	<u>18,126</u>
<b>Total Charges to Appropriations</b>	<u>807,524</u>	<u>823,424</u>	<u>703,407</u>	<u>120,017</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 955,929</u>	<u>\$ 955,929</u>

See independent accountant's report on agreed-upon procedures.

**EXHIBIT 2**  
**CITY OF MEDFORD, OKLAHOMA**  
**BUDGETARY COMPARISON SCHEDULE - CASH BASIS**  
**RESTRICTED SALES TAX FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>RESTRICTED SALES TAX FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
			<b>Positive (Negative)</b>	
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ 86,692	\$ 86,692
Resources (Inflows):				
Taxes	70,000	70,000	127,530	57,530
Investment income	100	100	1,282	1,182
Amounts available for appropriation	70,100	70,100	215,504	145,404
Charges to appropriations (outflows):				
Streets	70,100	70,100	60,286	9,814
Total Streets	70,100	70,100	60,286	9,814
Total Charges to Appropriations	70,100	70,100	60,286	9,814
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 155,218	\$ 155,218

See independent accountant's report on agreed-upon procedures.

EXHIBIT 2  
CITY OF MEDFORD, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
NICHOLS-PITTS FUND  
FOR THE YEAR ENDED JUNE 30, 2012

<b>NICHOLS-PITTS FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Estate distribution	-	-	1,340,000	1,340,000
Oil income	-	-	934	934
Donations	-	29,947	29,947	-
Investment income	30,000	-	3,388	3,388
Miscellaneous revenue	-	-	62,139	62,139
Amounts available for appropriation	<u>30,000</u>	<u>29,947</u>	<u>1,436,408</u>	<u>1,406,461</u>
<b>Charges to appropriations (outflows):</b>				
Other services and charges	-	7	7	-
<b>Capital Outlay:</b>				
Golf course	3,000	3,000	2,950	50
Parks and recreation	3,000	1,512	1,512	-
Ball fields	2,000	-	-	-
Emergency services	3,000	5,223	5,223	-
Beautification projects	5,000	3,897	3,897	-
Streets	10,000	-	-	-
Library	1,000	16,308	16,308	-
Swimming pool	3,000	-	-	-
Total Capital Outlay	<u>30,000</u>	<u>29,947</u>	<u>29,897</u>	<u>50</u>
Total Charges to Appropriations	<u>30,000</u>	<u>29,947</u>	<u>29,897</u>	<u>50</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,406,511</u>	<u>\$ 1,406,511</u>

See independent accountant's report on agreed-upon procedures.

**EXHIBIT 3**  
**CITY OF MEDFORD, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS**  
**MEDFORD PUBLIC WORKS AUTHORITY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>Operating Revenues:</b>	
Charges for services:	
Water	\$499,111
Sewer	80,883
Sanitation	113,785
Airport charges	2,587
Total Operating Revenues	<u>696,366</u>
<b>Operating Expenses:</b>	
Water	292,445
Sewer	25,957
General and administration	264,650
Airport	16,857
Capital outlay	100,970
Total Operating Expenses	<u>700,879</u>
Operating Income	(4,513)
<b>Non-Operating Revenues:</b>	
Investment income	5,597
Grant revenue	62,993
Rent income	21,143
Miscellaneous	16,438
Total Non-Operating Revenues	<u>106,171</u>
Net Income Before Contributions and Transfers	<u>101,658</u>
Change in fund balance	101,658
Fund Balance - beginning	<u>423,523</u>
Fund Balance - ending	<u><u>\$525,181</u></u>

See independent accountant's report on agreed-upon procedures.

EXHIBIT 4

CITY OF MEDFORD, OKLAHOMA  
 SCHEDULE OF GRANT ACTIVITY - CASH BASIS  
 Year Ended June 30, 2012

	<u>Volunteer Fire Assistance Grant</u>	<u>Library State Aid FY 2012</u>	<u>PT-12-03-06-02</u>	<u>14581 CDBG 10</u>	<u>FAA Grant #3-40-0058-005-2010</u>	<u>2011 REAP Fund GR11-2</u>	<u>2010 REAP Fund GR10-4</u>
Awarding agency	State Department of Agriculture	Oklahoma Department of Libraries	Oklahoma Highway Safety	Oklahoma Department of Commerce	U.S. Dept. of Transportation Federal Aviation Administration	Northern Oklahoma Development Authority	Northern Oklahoma Development Authority
CFDA No.	N/A	N/A	20.600	14.228	20.106	N/A	N/A
Award Amount	\$ 4,413	\$ 9,000	\$ 5,000	\$ 120,193	\$ 253,731	\$ 30,000	\$ 26,308
Program Budget	4,413	9,000	5,000	141,351	267,085	30,000	26,308
Current Year Activity:							
Current Year Receipts:							
Received from agency	4,413	9,000	4,750	-	22,185	30,000	10,808
Received from local funds	-	-	-	21,158	1,834	-	-
Total current year receipts	4,413	9,000	4,750	21,158	24,019	30,000	10,808
Current Year Disbursements	4,413	9,000	4,750	21,158	24,019	30,000	10,808
Beginning of Year Unexpended Grant Funds	-	-	-	-	-	-	-
End of Year Unexpended Grant Funds	-	-	-	-	-	-	-
Program To-Date Activity:							
Program To-Date Receipts:							
Received from agency	4,413	9,000	4,750	-	22,185	30,000	26,308
Received from local funds	-	-	-	21,158	1,834	-	-
Total program To-Date Receipts	4,413	9,000	4,750	21,158	24,019	30,000	26,308
Program To-Date Disbursements	4,413	9,000	4,750	21,158	24,019	30,000	26,308
Program To-Date Unexpended Grant Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See independent accountant's report on agreed-upon procedures.