

THE CITY OF MEDFORD, OKLAHOMA

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**



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

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 Trust for the year ended June 30, 2015, 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, 2015. 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 and schedules, they might influence the user's conclusions about the City's assets, liabilities, equity, revenues and expenditures/expenses. Accordingly, these financial statements and schedules are not designed for those who are not informed about such matters.

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, 2015. 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, 2015:

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, 2015.

City of Medford and Medford Public Works Authority
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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.

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, 2015:

1. **Procedures Performed:** From the Authority's trial balances, we compiled a statement 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, 2015

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.

City of Medford and Medford Public Works Authority
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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.

As to the City of Medford and Medford Public Works Authority grant programs, as of and for the fiscal year ended June 30, 2015:

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.
January 27, 2016

EXHIBIT 1
CITY OF MEDFORD AND PUBLIC TRUSTS
SUMMARY OF CHANGES IN FUND BALANCES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	Beginning of Year <u>Fund Balances</u>	Current Year <u>Revenues</u>	Current Year <u>Expenditures/Expenses</u>	End of Year <u>Fund Balances</u>
CITY:				
General Fund	\$ 1,915,616	\$ 1,058,642	\$ 1,782,075	\$ 1,192,183
Restricted Sales Tax Fund	591,501	152,539	569,060	174,980
Nichols-Pitts Fund	1,542,399	24,250	148,999	1,417,650
City Subtotal	<u>4,049,516</u>	<u>1,235,431</u>	<u>2,500,134</u>	<u>2,784,813</u>
PUBLIC WORKS AUTHORITY:				
Medford Public Works Authority	674,159	796,719	911,375	559,503
PWA Subtotal	<u>674,159</u>	<u>796,719</u>	<u>911,375</u>	<u>559,503</u>
Overall Totals	<u>\$ 4,723,675</u>	<u>\$ 2,032,150</u>	<u>\$ 3,411,509</u>	<u>\$ 3,344,316</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$924,511	\$924,511	\$1,915,616	\$991,105
Resources (Inflows):				
Taxes:				
Sales tax	318,000	453,000	454,677	1,677
Franchise tax	43,000	43,000	44,586	1,586
Use tax	15,000	70,000	74,279	4,279
Total Taxes	<u>376,000</u>	<u>566,000</u>	<u>573,542</u>	<u>7,542</u>
Intergovernmental:				
Alcoholic beverage tax	28,500	28,500	32,421	3,921
Cigarette tax	-	-	7,201	7,201
Motor vehicle tax	8,000	8,000	7,533	(467)
Gasoline excise tax	2,000	2,000	1,848	(152)
State of Oklahoma library grant	9,000	9,953	10,440	487
State of Oklahoma fire grant	-	-	4,484	4,484
Total Intergovernmental	<u>47,500</u>	<u>48,453</u>	<u>63,927</u>	<u>15,474</u>
Charges for services:				
Ambulance subscriptions	4,200	4,200	4,100	(100)
Ambulance	90,000	109,000	165,412	56,412
Fire calls	4,000	4,000	2,025	(1,975)
Swimming pool	7,000	7,000	12,221	5,221
Miniature golf	800	800	298	(502)
Golf club dues/green fees	17,000	17,000	22,405	5,405
Rent	6,500	6,500	5,445	(1,055)
Cemetery	1,000	1,000	1,300	300
Total Charges for Services	<u>130,500</u>	<u>149,500</u>	<u>213,206</u>	<u>63,706</u>
Fines and Forfeitures	<u>55,000</u>	<u>55,000</u>	<u>33,565</u>	<u>(21,435)</u>
Licenses and Permits	<u>2,600</u>	<u>2,600</u>	<u>1,949</u>	<u>(651)</u>
Investment Income	<u>2,600</u>	<u>22,356</u>	<u>64,096</u>	<u>41,740</u>
Miscellaneous Income:				
Fire donations	10,000	10,000	685	(9,315)
Ambulance donations	300	300	85	(215)
Park donations	200	200	35	(165)
Library donations	300	300	685	385
Library fines and sales	400	400	465	65
Reimbursements	2,650	2,650	1,680	(970)
Reserve revenue	30,000	30,000	9,700	(20,300)
Other	5,754	5,754	5,022	(732)
Total Miscellaneous	<u>49,604</u>	<u>49,604</u>	<u>18,357</u>	<u>(31,247)</u>
Other Financing Sources:				
Transfers from other funds	<u>100,000</u>	<u>100,000</u>	<u>90,000</u>	<u>(10,000)</u>
Total Resources (Inflows)	<u>763,804</u>	<u>993,513</u>	<u>1,058,642</u>	<u>65,129</u>
Amounts available for appropriation	<u>1,688,315</u>	<u>1,918,024</u>	<u>2,974,258</u>	<u>1,056,234</u>

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EXHIBIT 2
CITY OF MEDFORD, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges to Appropriations (Outflows):				
General Government:				
Personal services	\$6,695	\$6,695	\$6,464	\$231
Materials and supplies	13,000	14,000	11,922	2,078
Other services and charges	31,750	74,150	40,972	33,178
Capital outlay	46,900	3,500	3,445	55
Total General Government	<u>98,345</u>	<u>98,345</u>	<u>62,803</u>	<u>35,542</u>
City Manager:				
Personal services	90,473	90,473	89,604	869
Other services and charges	2,500	2,500	1,247	1,253
Total City Manager	<u>92,973</u>	<u>92,973</u>	<u>90,851</u>	<u>2,122</u>
Clerk-Treasurer:				
Personal services	57,540	57,540	52,376	5,164
Materials and supplies	100	100	65	35
Other services and charges	5,100	5,100	4,447	653
Total Clerk-Treasurer	<u>62,740</u>	<u>62,740</u>	<u>56,888</u>	<u>5,852</u>
City Attorney:				
Personal services	3,000	3,000	1,972	1,028
Other services and charges	800	800	800	-
Total City Attorney	<u>3,800</u>	<u>3,800</u>	<u>2,772</u>	<u>1,028</u>
Municipal Court:				
Personal services	3,920	3,920	3,862	58
Other services and charges	675	675	675	-
Total Municipal Court	<u>4,595</u>	<u>4,595</u>	<u>4,537</u>	<u>58</u>
Civil Defense:				
Personal services	300	300	300	-
Materials and supplies	2,000	2,000	1,003	997
Total Civil Defense	<u>2,300</u>	<u>2,300</u>	<u>1,303</u>	<u>997</u>
Inspections:				
Personal services	500	-	-	-
Other services and charges	20,900	21,400	11,018	10,382
Total Inspections	<u>21,400</u>	<u>21,400</u>	<u>11,018</u>	<u>10,382</u>
Library:				
Personal services	21,230	21,230	18,269	2,961
Materials and supplies	11,416	12,369	12,214	155
Other services and charges	2,300	2,300	1,949	351
Capital outlay	1,500	1,500	1,500	-
Total Library	<u>36,446</u>	<u>37,399</u>	<u>33,932</u>	<u>3,467</u>
Fire:				
Personal services	6,655	6,655	5,550	1,105
Materials and supplies	23,694	23,894	8,160	15,734
Other services and charges	3,150	2,950	1,968	982
Total Fire	<u>33,499</u>	<u>33,499</u>	<u>15,678</u>	<u>17,821</u>

(Continued)

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks:				
Personal services	\$ 37,747	\$ 40,747	\$ 40,571	\$ 176
Materials and supplies	17,400	23,702	22,556	1,146
Other services and charges	4,400	8,098	5,324	2,774
Capital outlay	800,836	958,592	958,592	-
Debt service	4,000	3,000	3,000	-
Total Parks	<u>864,383</u>	<u>1,034,139</u>	<u>1,030,043</u>	<u>4,096</u>
Police:				
Personal services	240,059	240,059	235,731	4,328
Materials and supplies	18,400	20,000	18,870	1,130
Other services and charges	1,400	2,800	2,685	115
Capital outlay	4,000	41,000	27,391	13,609
Total Police	<u>263,859</u>	<u>303,859</u>	<u>284,677</u>	<u>19,182</u>
Ambulance:				
Personal services	44,230	61,609	57,455	4,154
Materials and supplies	8,765	7,096	3,634	3,462
Other services and charges	3,750	7,040	5,945	1,095
Total Ambulance	<u>56,745</u>	<u>75,745</u>	<u>67,034</u>	<u>8,711</u>
Streets:				
Personal services	64,730	64,730	63,626	1,104
Materials and supplies	11,500	11,500	9,935	1,565
Other services and charges	41,000	41,000	40,565	435
Total Streets	<u>117,230</u>	<u>117,230</u>	<u>114,126</u>	<u>3,104</u>
Medical gap reserve	<u>30,000</u>	<u>30,000</u>	<u>6,413</u>	<u>23,587</u>
Total Charges to Appropriations	1,688,315	1,918,024	1,782,075	135,949
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,192,183</u>	<u>\$ 1,192,183</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, 2015

	RESTRICTED SALES TAX FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 610,000	\$ 610,000	\$ 591,501	\$ (18,499)
Resources (Inflows):				
Taxes	90,000	90,000	151,559	61,559
Investment income	500	500	980	480
Amounts available for appropriation	700,500	700,500	744,040	43,540
Charges to appropriations (outflows):				
Streets	700,500	700,500	569,060	131,440
Total Streets	700,500	700,500	569,060	131,440
Total Charges to Appropriations	700,500	700,500	569,060	131,440
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 174,980	\$ 174,980

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, 2015

NICHOLS-PITTS FUND				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 131,700	\$ 131,700	\$ 1,542,399	\$ 1,410,699
Resources (Inflows):				
Cell tower income	3,800	3,800	3,967	167
Farm income	13,000	13,000	8,291	(4,709)
Investment income	500	500	11,992	11,492
Amounts available for appropriation	<u>149,000</u>	<u>149,000</u>	<u>1,566,649</u>	<u>1,417,649</u>
Charges to appropriations (outflows):				
Materials and supplies	4,000	-	-	-
Farm expense	1,000	2,038	2,038	-
Capital Outlay:				
Golf course	500	-	-	-
Parks and recreation	120,000	111,605	111,605	-
Ball fields	500	500	500	-
Emergency services	22,000	19,697	19,697	-
Beautification projects	1,000	12,860	12,859	1
Library	-	2,300	2,300	-
Total Capital Outlay	<u>149,000</u>	<u>149,000</u>	<u>148,999</u>	<u>1</u>
Total Charges to Appropriations	<u>149,000</u>	<u>149,000</u>	<u>148,999</u>	<u>1</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,417,650</u>	<u>\$ 1,417,650</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, 2015

Operating Revenues:	
Charges for services:	
Water	\$480,109
Sewer	109,448
Sanitation	121,908
Airport charges	1,450
Total Operating Revenues	<u>712,915</u>
Operating Expenses:	
Water	342,496
Sewer	9,993
General and administration	237,211
Airport	11,923
Capital outlay	219,752
Total Operating Expenses	<u>821,375</u>
Operating Income (Loss)	(108,460)
Non-Operating Revenues:	
Investment income	4,752
Grant revenue	53,327
Sales of surplus property	10,826
Rent income	11,401
Miscellaneous	3,498
Total Non-Operating Revenues	<u>83,804</u>
Net Income (Loss) Before Transfers	<u>(24,656)</u>
Transfers out	(90,000)
Change in fund balance	(114,656)
Fund Balance - beginning	<u>674,159</u>
Fund Balance - ending	<u><u>\$559,503</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, 2015

	Volunteer Fire Assistance Grant	Library State Aid FY 2015	Library State Aid FY 2014	FAA Grant #3-40-0058-006-2011
Awarding agency	State Department of Agriculture	Oklahoma Department of Libraries	Oklahoma Department of Libraries	U.S. Dept. of Transportation Federal Aviation Administration
CFDA No.	N/A	N/A	N/A	20.106
Award Amount	\$ 4,484	\$ 9,443	\$ 10,000	\$ 253,731
Program Budget	4,484	9,443	10,000	267,085
Current Year Activity:				
Current Year Receipts:				
Received from agency	4,484	9,443	997	53,327
Received from local funds	-	-	-	6,433
Total current year receipts	4,484	9,443	997	59,760
Current Year Disbursements	4,484	9,443	997	59,760
Beginning of Year Due from Agency	-	-	-	-
End of Year Due from Agency	-	-	-	-
Program To-Date Activity:				
Program To-Date Receipts:				
Received from agency	4,484	9,443	9,971	175,444
Received from local funds	-	-	-	11,297
Total program To-Date Receipts	4,484	9,443	9,971	186,741
Program To-Date Disbursements	4,484	9,443	9,971	186,741
Program To-Date Unexpended Grant Funds or Due From Agency	\$ -	\$ -	\$ -	\$ -

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