



# CITY OF MEDFORD, OKLAHOMA

INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED UPON PROCEDURES

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

**THE CITY OF MEDFORD, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**



## 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 Trust for the year ended June 30, 2014, 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, 2014. 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 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, 2014. 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, 2014:

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, 2014.

City of Medford and Medford Public Works Authority  
Page 3

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, 2014:

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, 2014.

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  
Page 4

**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, 2014:

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.  
February 9, 2015

**EXHIBIT 1**  
**CITY OF MEDFORD AND PUBLIC TRUSTS**  
**SUMMARY OF CHANGES IN FUND BALANCES - CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Beginning of Year <u>Fund Balances</u></b>	<b>Current Year <u>Revenues</u></b>	<b>Current Year <u>Expenditures</u></b>	<b>End of Year <u>Fund Balances</u></b>
<b>CITY:</b>				
General Fund	\$ 1,714,199	\$ 1,597,913	\$ 1,396,496	\$ 1,915,616
Restricted Sales Tax Fund	377,299	293,828	79,626	591,501
Nichols-Pitts Fund	1,552,137	35,259	44,997	1,542,399
CDBG Waterline Fund	-	16,410	16,410	-
<b>City Subtotal</b>	<u>3,643,635</u>	<u>1,943,410</u>	<u>1,537,529</u>	<u>4,049,516</u>
<b>PUBLIC WORKS AUTHORITY:</b>				
Medford Public Works Authority	604,583	859,424	789,848	674,159
<b>PWA Subtotal</b>	<u>604,583</u>	<u>859,424</u>	<u>789,848</u>	<u>674,159</u>
<b>Overall Totals</b>	<u>\$ 4,248,218</u>	<u>\$ 2,802,834</u>	<u>\$ 2,327,377</u>	<u>\$ 4,723,675</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$191,335	\$850,335	\$1,714,199	\$863,864
<b>Resources (Inflows):</b>				
<b>Taxes:</b>				
Sales tax	300,000	300,000	877,676	577,676
Franchise tax	43,050	43,050	43,581	531
Use tax	14,000	14,000	216,625	202,625
<b>Total Taxes</b>	<b>357,050</b>	<b>357,050</b>	<b>1,137,882</b>	<b>780,832</b>
<b>Intergovernmental:</b>				
Alcoholic beverage tax	27,000	27,000	31,439	4,439
Cigarette tax	-	-	14,552	14,552
Motor vehicle tax	8,500	8,500	7,633	(867)
Gasoline excise tax	2,000	2,000	2,549	549
State of Oklahoma library grant	9,000	9,974	9,974	-
State of Oklahoma fire grant	-	-	4,474	4,474
<b>Total Intergovernmental</b>	<b>46,500</b>	<b>47,474</b>	<b>70,621</b>	<b>23,147</b>
<b>Charges for services:</b>				
Ambulance subscriptions	5,000	5,000	4,370	(630)
Ambulance	80,000	80,000	111,222	31,222
Fire calls	3,000	3,000	4,282	1,282
Swimming pool	8,000	8,000	9,444	1,444
Miniature golf	1,000	1,000	378	(622)
Golf club dues/green fees	23,000	23,000	21,085	(1,915)
Rent	6,500	6,500	6,656	156
Cemetery	1,000	1,000	1,100	100
<b>Total Charges for Services</b>	<b>127,500</b>	<b>127,500</b>	<b>158,537</b>	<b>31,037</b>
<b>Fines and Forfeitures</b>	<b>55,500</b>	<b>55,500</b>	<b>53,241</b>	<b>(2,259)</b>
<b>Licenses and Permits</b>	<b>2,560</b>	<b>2,560</b>	<b>2,777</b>	<b>217</b>
<b>Investment Income</b>	<b>3,500</b>	<b>3,500</b>	<b>144,747</b>	<b>141,247</b>
<b>Miscellaneous Income:</b>				
Fire donations	6,000	6,000	10,997	4,997
Ambulance donations	500	500	185	(315)
Park donations	200	200	-	(200)
Library donations	500	500	135	(365)
Library fines and sales	300	300	605	305
Reimbursements	-	2,550	4,141	1,591
Reserve revenue	-	-	8,700	8,700
Other	19,327	16,777	5,345	(11,432)
<b>Total Miscellaneous</b>	<b>26,827</b>	<b>26,827</b>	<b>30,108</b>	<b>3,281</b>
<b>Other Financing Sources:</b>				
Transfers from other funds	100,000	100,000	-	(100,000)
<b>Total Resources (Inflows)</b>	<b>719,437</b>	<b>720,411</b>	<b>1,597,913</b>	<b>877,502</b>
<b>Amounts available for appropriation</b>	<b>910,772</b>	<b>1,570,746</b>	<b>3,312,112</b>	<b>1,741,366</b>

(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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Charges to Appropriations (Outflows):</b>				
<b>General Government:</b>				
Personal services	\$6,695	\$6,695	\$6,664	\$31
Materials and supplies	10,500	16,500	15,350	1,150
Other services and charges	29,850	35,100	31,729	3,371
Capital outlay	52,000	40,750	1,663	39,087
Total General Government	<u>99,045</u>	<u>99,045</u>	<u>55,406</u>	<u>43,639</u>
<b>City Manager:</b>				
Personal services	91,079	91,079	89,495	1,584
Other services and charges	2,700	2,700	2,402	298
Total City Manager	<u>93,779</u>	<u>93,779</u>	<u>91,897</u>	<u>1,882</u>
<b>Clerk-Treasurer:</b>				
Personal services	50,914	50,914	49,681	1,233
Materials and supplies	100	100	100	-
Other services and charges	5,100	5,100	4,403	697
Total Clerk-Treasurer	<u>56,114</u>	<u>56,114</u>	<u>54,184</u>	<u>1,930</u>
<b>City Attorney:</b>				
Personal services	3,000	3,800	3,800	-
Other services and charges	800	-	-	-
Total City Attorney	<u>3,800</u>	<u>3,800</u>	<u>3,800</u>	<u>-</u>
<b>Municipal Court:</b>				
Personal services	3,920	3,920	3,870	50
Other services and charges	675	675	370	305
Total Municipal Court	<u>4,595</u>	<u>4,595</u>	<u>4,240</u>	<u>355</u>
<b>Civil Defense:</b>				
Personal services	300	300	300	-
Materials and supplies	500	500	-	500
Total Civil Defense	<u>800</u>	<u>800</u>	<u>300</u>	<u>500</u>
<b>Inspections:</b>				
Personal services	500	500	-	500
Other services and charges	20,500	20,500	9,085	11,415
Total Inspections	<u>21,000</u>	<u>21,000</u>	<u>9,085</u>	<u>11,915</u>
<b>Library:</b>				
Personal services	22,155	21,817	19,948	1,869
Materials and supplies	11,281	12,876	10,564	2,312
Other services and charges	2,500	2,217	2,217	-
Capital outlay	2,000	2,000	2,000	-
Total Library	<u>37,936</u>	<u>38,910</u>	<u>34,729</u>	<u>4,181</u>
<b>Fire:</b>				
Personal services	5,475	3,769	3,644	125
Materials and supplies	10,404	13,184	6,616	6,568
Other services and charges	3,250	2,176	2,176	-
Capital outlay	-	-	-	-
Total Fire	<u>19,129</u>	<u>19,129</u>	<u>12,436</u>	<u>6,693</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Parks:</b>				
Personal services	\$ 38,737	\$ 38,737	\$ 38,346	\$ 391
Materials and supplies	21,300	25,035	19,908	5,127
Other services and charges	11,300	39,865	35,096	4,769
Capital outlay	41,113	667,813	593,464	74,349
Total Parks	<u>112,450</u>	<u>771,450</u>	<u>686,814</u>	<u>84,636</u>
<b>Police:</b>				
Personal services	236,877	231,416	228,690	2,726
Materials and supplies	15,800	21,761	18,943	2,818
Other services and charges	1,500	1,000	976	24
Capital outlay	5,000	5,000	4,521	479
Total Police	<u>259,177</u>	<u>259,177</u>	<u>253,130</u>	<u>6,047</u>
<b>Ambulance:</b>				
Personal services	43,625	43,669	43,669	-
Materials and supplies	9,737	10,037	6,791	3,246
Other services and charges	3,750	3,406	3,286	120
Total Ambulance	<u>57,112</u>	<u>57,112</u>	<u>53,746</u>	<u>3,366</u>
<b>Streets:</b>				
Personal services	65,835	65,835	63,131	2,704
Materials and supplies	9,000	15,000	14,583	417
Other services and charges	41,000	35,000	34,609	391
Total Streets	<u>115,835</u>	<u>115,835</u>	<u>112,323</u>	<u>3,512</u>
Medical gap reserve	<u>30,000</u>	<u>30,000</u>	<u>24,406</u>	<u>5,594</u>
<b>Total Charges to Appropriations</b>	910,772	1,570,746	1,396,496	174,250
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,915,616</u>	<u>\$ 1,915,616</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, 2014**

<b>RESTRICTED SALES TAX 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	\$ 330,000	\$ 330,000	\$ 377,299	\$ 47,299
Resources (Inflows):				
Taxes	90,000	90,000	292,559	202,559
Investment income	500	500	1,269	769
Amounts available for appropriation	420,500	420,500	671,127	250,627
Charges to appropriations (outflows):				
Streets	420,500	420,500	79,626	340,874
Total Streets	420,500	420,500	79,626	340,874
Total Charges to Appropriations	420,500	420,500	79,626	340,874
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 591,501	\$ 591,501

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, 2014

	<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	\$ 20,600	\$ 20,600	\$ 1,552,137	\$ 1,531,537
Resources (Inflows):				
Cell tower income	3,400	3,400	3,968	568
Farm income	15,000	15,000	13,987	(1,013)
Oil income	3,000	3,000	-	(3,000)
Investment income	3,000	3,000	17,304	14,304
Miscellaneous revenue	-	-	-	-
Amounts available for appropriation	<u>45,000</u>	<u>45,000</u>	<u>1,587,396</u>	<u>1,542,396</u>
Charges to appropriations (outflows):				
Other services and charges	2,000	-	-	-
Farm expense	3,000	3,675	3,675	-
Capital Outlay:				
Golf course	5,000	2,000	2,000	-
Parks and recreation	5,000	3,504	3,504	-
Ball fields	1,000	-	-	-
Emergency services	5,000	22,965	22,962	3
Beautification projects	20,000	12,856	12,856	-
Streets	1,000	-	-	-
Library	1,000	-	-	-
Swimming pool	2,000	-	-	-
Total Capital Outlay	<u>45,000</u>	<u>45,000</u>	<u>44,997</u>	<u>3</u>
Total Charges to Appropriations	<u>45,000</u>	<u>45,000</u>	<u>44,997</u>	<u>3</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,542,399</u>	<u>\$ 1,542,399</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, 2014**

<b>Operating Revenues:</b>	
Charges for services:	
Water	\$522,993
Sewer	97,615
Sanitation	123,850
Airport charges	1,550
Total Operating Revenues	<u>746,008</u>
<b>Operating Expenses:</b>	
Water	349,672
Sewer	14,555
General and administration	259,473
Airport	14,218
Capital outlay	151,930
Total Operating Expenses	<u>789,848</u>
Operating Income (Loss)	(43,840)
<b>Non-Operating Revenues:</b>	
Investment income	4,827
Grant revenue	95,261
Rent income	7,202
Miscellaneous	1,216
Total Non-Operating Revenues	<u>108,506</u>
<b>Net Income Before Transfers</b>	<u>64,666</u>
Transfers in	4,910
<b>Change in fund balance</b>	69,576
<b>Fund Balance - beginning</b>	<u>604,583</u>
<b>Fund Balance - ending</b>	<u><u>\$674,159</u></u>

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

**CITY OF MEDFORD, OKLAHOMA**  
**SCHEDULE OF GRANT ACTIVITY - CASH BASIS**  
**Year Ended June 30, 2014**

	Volunteer Fire Assistance Grant	Library State Aid FY 2013	Library State Aid FY 2014	14581 CDBG 10	FAA Grant #3-40-0058-007-2012	FAA Grant #3-40-0058-006-2011
Awarding agency	State Department of Agriculture	Oklahoma Department of Libraries	Oklahoma Department of Libraries	Oklahoma Department of Commerce	U.S. Dept. of Transportation Federal Aviation Administration	U.S. Dept. of Transportation Federal Aviation Administration
CFDA No.	N/A	N/A	N/A	14.228	20.106	20.106
Award Amount	\$ 4,474	\$ 1,000	\$ 10,000	\$ 120,193	\$ 236,512	\$ 253,731
Program Budget	4,474	1,000	10,000	141,351	262,791	267,085
Current Year Activity:						
Current Year Receipts:						
Received from agency	4,474	1,000	8,974	16,410	-	95,260
Received from local funds	-	-	-	-	12,229	3,756
Total current year receipts	4,474	1,000	8,974	16,410	12,229	99,016
Current Year Disbursements	4,474	1,000	8,974	6,500	12,229	99,016
Beginning of Year Due from Agency	-	-	-	(9,910)	-	-
End of Year Due from Agency	-	-	-	-	-	-
Program To-Date Activity:						
Program To-Date Receipts:						
Received from agency	4,474	1,000	8,974	120,193	192,090	122,117
Received from local funds	-	-	-	21,158	28,311	4,864
Total program To-Date Receipts	4,474	1,000	8,974	141,351	220,401	126,981
Program To-Date Disbursements	4,474	1,000	8,974	141,351	220,401	126,981
Program To-Date Unexpended Grant Funds or Due From Agency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: The FAA grants will not agree to the prior year report. The City split the original project in two separate projects and created separate grants for the projects. Some of the invoices were labeled with the wrong project or the wrong grant in the prior years.

Note: The 2012 FAA Grant is complete. Some of the remaining funds were transferred to The Wiley Post Airport.

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