

**Town of Milburn, Oklahoma**  
Independent Accountants' Compilation Report and  
Report on Applying Agreed-Upon Procedures  
Year-End June 30, 2014

RHJ

*TOWN OF MILBURN, OKLAHOMA*  
*Index*

|                                                                                              |    |
|----------------------------------------------------------------------------------------------|----|
| Independent Accountants' Compilation Report and<br>Report on Applying Agreed Upon Procedures | 1  |
| Exhibit A                                                                                    | 6  |
| Exhibit B                                                                                    | 7  |
| Exhibit C                                                                                    | 8  |
| Exhibit D                                                                                    | 9  |
| Exhibit E                                                                                    | 10 |



**Independent Accountant's Compilation Report and  
Report on Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Milburn  
Milburn, Oklahoma

Trustees of the Milburn Public Works Authority  
Milburn, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

United States Department of Agriculture  
Office of Rural Development  
Ada, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances-Modified Cash Basis of the Town of Milburn and Milburn Public Works Authority, Milburn, Oklahoma as of June 30, 2014 and the related Budgetary Comparison Schedule of General Fund. 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.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis 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.

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The supplementary information contained in Exhibits C, D, and E is presented for purposes of supplementary analysis and is not a required part of the financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion of provide any assurance on such supplementary information.

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 Town of Milburn’s assets and liabilities.

Additionally, we have performed the procedures enumerated below which were agreed to by the Town Council and Trustees of the Town of Milburn, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town 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, 2014. Management of the Town of Milburn 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. 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 **Town of Milburn** as of and for the fiscal year ended June 30, 2014:

1. ***Procedures Performed:*** From the Town’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.

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

2. ***Procedures Performed:*** From the Town’s trial balances, we prepared a budget and actual financial schedule for the General Fund (see accompanying Exhibit B) and compared the actual expenditures of encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

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

3. ***Procedures Performed:*** We agreed the Town's bank account balances to bank statements and traced the timely clearance of items larger than \$1,000 to report any reconciling items that have not cleared.

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

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

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

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

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

6. ***Procedures Performed:*** We compared 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.

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

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

***This procedure was not performed. The Town of Milburn has no debt service or reserve account requirements.***

As to the **Milburn Public Works Authority** as of and for the fiscal year ended June 30, 2014:

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.

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

2. ***Procedures Performed:*** We agreed the Authority's bank account balances to bank statements and traced the timely clearance of items larger than \$1,000 to report any reconciling items that have not cleared.

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

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.

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

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

*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.

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

6. ***Procedures Performed:*** Determine compliance with reserve accounts and debt service coverage requirement of bond indentures (see accompanying Exhibit D).

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

As to the **Town of Milburn** and **Milburn Public Works Authority** as of and for the fiscal year ended June 30, 2014:

1. ***Procedures Performed:*** From the Milburn Public Works Authority trial balance, we prepared a schedule of revenues, expenses and changes in fund balance – modified cash basis (see accompanying Exhibit C) for the fiscal year ended June 30, 2014.

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

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

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

3. ***Procedures Performed:*** From the Authority's trial balances, we prepared a schedule of debt service compliance (see accompanying Exhibit D) for the fiscal year ending June 30, 2014.

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

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

*Rahhel Henderson Johnson, PLLC*

May 4, 2015  
Ardmore, Oklahoma

Town of Milburn  
 Summary of Changes in Fund Balances – Modified Cash Basis  
 For the Year Ended June 30, 2014

EXHIBIT A

|                                       | Fund Balances<br>Beginning | Inflows    | Outflows   | Fund Balances<br>Ending |
|---------------------------------------|----------------------------|------------|------------|-------------------------|
| <b><i>CITY:</i></b>                   |                            |            |            |                         |
| General Fund                          | 77,530                     | 83,013     | 75,627     | \$ 84,916               |
| City Subtotal                         | 77,530                     | 83,013     | 75,627     | 84,916                  |
| <b><i>PUBLIC WORKS AUTHORITY:</i></b> |                            |            |            |                         |
| PWA Fund                              | 53,403                     | 150,626    | 157,166    | 46,863                  |
| Meter Deposit                         | 12,294                     | 751        | 500        | 12,545                  |
| Reserve Fund                          | 8,849                      | 1          | -          | 8,850                   |
| Less Refundable Deposits              |                            |            |            |                         |
| Public Works Authority Subtotal       | 74,546                     | 151,378    | 157,666    | 68,258                  |
| Overall Totals                        | \$ 152,076                 | \$ 234,391 | \$ 233,293 | \$ 153,174              |

See Accountants' Compilation Report

Town of Milburn  
 Budgetary Comparison Schedule – Modified Cash Basis  
 General Fund  
 For the Year Ended June 30, 2014

EXHIBIT B

|                                                                                  | Budgeted Amounts |           | Actual    | Variance with                          |
|----------------------------------------------------------------------------------|------------------|-----------|-----------|----------------------------------------|
|                                                                                  | Original         | Final     |           | Final Budget<br>Positive<br>(Negative) |
| <b>Beginning Budgetary Fund Balance:</b>                                         | \$ 40,000        | \$ 40,000 | \$ 77,530 | \$ 37,530                              |
| <b>Resources (Inflows):</b>                                                      |                  |           |           |                                        |
| Sales Tax                                                                        | 25,000           | 25,000    | 29,072    | 4,072                                  |
| Franchise                                                                        | 8,000            | 8,000     | 7,382     | (618)                                  |
| Alcoholic Beverage Tax                                                           | 4,000            | 4,000     | 4,302     | 302                                    |
| Gasoline Excise                                                                  | 550              | 550       | 816       | 266                                    |
| Tobacco Tax                                                                      | 300              | 300       | 346       | 46                                     |
| Commercial Vehicle                                                               | 2,000            | 2,000     | 2,450     | 450                                    |
| Rent                                                                             | 700              | 700       | 1,435     | 735                                    |
| Interest                                                                         | 7                | 7         | 10        | 3                                      |
| Miscellaneous                                                                    | -                | -         | -         | -                                      |
| Grant Revenue                                                                    | -                | -         | 37,200    | 37,200                                 |
| Total Inflows                                                                    | 80,557           | 80,557    | 160,543   | 79,986                                 |
| <b>Charges to Appropriations (Outflows):</b>                                     |                  |           |           |                                        |
| General Government                                                               | 80,557           | 80,557    | 75,627    | 4,930                                  |
| Total Outflows                                                                   | 80,557           | 80,557    | 75,627    | 4,930                                  |
| <b>Excess of Inflows over Outflows before<br/>Other Financing Sources (Uses)</b> | -                | -         | 84,916    | 84,916                                 |
| <b>Other Financing Sources (Uses)</b>                                            | -                | -         | -         | -                                      |
| <b>Ending Budgetary Fund Balance:</b>                                            | \$ -             | \$ -      | \$ 84,916 | \$ 84,916                              |

See Accountants' Compilation Report

Town of Milburn  
Statement of Revenues, Expenses and Changes in Fund Balances  
Modified Cash Basis  
Milburn Public Works Authority  
For the Year Ended June 30, 2014

EXHIBIT C

|                                        | Milburn<br>Public<br>Works<br>Authority |
|----------------------------------------|-----------------------------------------|
| <b>Operating Revenues:</b>             |                                         |
| Utility Revenues                       | \$ 125,621                              |
| Interest                               | <u>5</u>                                |
| Total Operating Revenues               | <u>125,626</u>                          |
| <b>Operating Expenses</b>              |                                         |
| Salaries and Payroll taxes             | 44,343                                  |
| Contract Labor                         | 4,890                                   |
| Mileage Reimbursement                  | 2,556                                   |
| Water Purchases                        | 27,461                                  |
| Contract Trash Service                 | 30,970                                  |
| Office Supplies                        | 933                                     |
| Material & Supplies                    | 4,316                                   |
| DEQ                                    | 1,212                                   |
| Utilities                              | 761                                     |
| Miscellaenous                          | 1,008                                   |
| Capital Outlay                         | 31,390                                  |
| Rural Development                      | 3,622                                   |
| Landmark Bank                          | <u>3,704</u>                            |
| Total Operating Expenses               | <u>157,166</u>                          |
| Operating Income (Loss)                | (31,540)                                |
| <b>Nonoperating Revenue (Expenses)</b> |                                         |
| Loan Proceeds                          | <u>25,000</u>                           |
| Net Change in Fund Balance             | (6,540)                                 |
| Fund Balance - Beginning               | <u>53,403</u>                           |
| Fund Balance - Ending                  | <u>\$ 46,863</u>                        |

See Accountants' Compilation Report

Town of Milburn  
Debt Service Schedule  
Modified Cash Basis  
For the Year Ended June 30, 2014

*Debt Service Coverage Requirement*

***Net Revenue Available for Debt Service:***

|                                        |                 |
|----------------------------------------|-----------------|
| Operating Revenue                      | \$ 125,626      |
| Operating Expenses                     | 157,166         |
| Less: Capital Outlay                   | (31,390)        |
| Less: Debt Service Payments            | <u>(3,622)</u>  |
| Total Operating Expenses               | <u>122,154</u>  |
| Net Revenue Available for Debt Service | <u>\$ 3,472</u> |

***Maximum Annual Debt Service Requirements:***

|                                |                 |
|--------------------------------|-----------------|
| Loan 92-02                     | <u>\$ 2,904</u> |
| Total Debt Service Requirement | <u>\$ 2,904</u> |

***Reserve Account Funding:***

|                                     |                 |
|-------------------------------------|-----------------|
| Required Balance of Reserve Account |                 |
| Loan 92-02                          | <u>\$ 2,904</u> |
| Total Required Reserve Balance      | <u>\$ 2,904</u> |
| Actual Reserve Balance              | <u>\$ 8,850</u> |

Town of Milburn  
Schedule of Grant Activity  
Modified Cash Basis  
For the Year Ended June 30, 2014

| <u>Agency</u> | <u>Grant<br/>Number</u> | <u>Award<br/>Amount</u> | <u>Received<br/>Current Year</u> | <u>Expenditures<br/>Current Year</u> |
|---------------|-------------------------|-------------------------|----------------------------------|--------------------------------------|
| CDBG / REAP   | 15087 CDBG 11           | \$ 248,765              | \$ 37,200                        | \$ 37,200                            |

See Accountants' Compilation Report