



City of Elmore City, Oklahoma

Independent Accountants' Compilation Report and
Report on Applying Agreed-Upon Procedures
Year Ended June 30, 2017

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 Forestry Services
Oklahoma City, Oklahoma

District Attorneys Council
Oklahoma City, 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, 2017, and the Budgetary Comparison Schedule of General Fund and EMS Fund – Modified Cash Basis as of and for the year ending June 30, 2017 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.

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.

The modified cash basis of accounting presents receipts received, expenditures paid and CD’s with an original maturity of over 90 days treated as cash in the Public Works Authority during the fiscal year. 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, 2017. 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, 2017:

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: No instances of fund balance deficits were noted.

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 was over budget by \$10,923.*

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 and Bail Bond in the amount of \$286.57 and \$50 respectively. Changes were made to 2016-2017 deposits, payments and journal entries after June 30, 2017. The bank reconciliations were not redone after the adjustments were made. This resulted in the following bank reconciliation changes: General Fund increased \$5,742.05, EMS increased \$82.80, Volunteer Fire increased \$196.00, Cemetery Operating increased \$295.95 and Bail Bond increased \$1,999.66. Also savings and CD interest earned in the following funds were not recorded: General Fund \$894, Cemetery Care Fund \$109 and Cemetery Perpetual Fund \$88.*

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, 2017.*

5. **Procedures Performed:** We compared use of restricted revenues and resources exceeding \$750 to their restrictions to report any noted instances of noncompliance.

Finding: *Restricted revenues and resources that exceeded \$750 consisted of General Fund and EMS Fund. Five of the 22 EMS items did not have supporting documentation.*

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. The JAG-LLE was incorrectly deposited into the Fire Fund and the expenditure was paid out of the General Fund.*

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, 2017:

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: *Changes were made to 2016-2017 deposits, payments and journal entries after June 30, 2017. The bank reconciliations were not redone after the adjustments were made. This resulted in the following bank reconciliation changes: PWA Fund decreased of \$2,848.97 and Meter Deposit Fund decreased \$135.00.*

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, 2017.*

4. **Procedures Performed:** We compared use of restricted revenues and resources exceeding \$750 to their restrictions to report any noted instances of noncompliance.

Finding: *There were no restricted revenues or resources that exceeded \$750.*

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: *All required funds have been established.*

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, 2017:

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: Grant funds received and expended were not recorded in the proper fund.

We were not engaged to, and did not, conduct an audit or review, the objective of which would be the expression of an opinion or conclusion on the compliance. Accordingly, we do not express such an opinion or conclusion. 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.

Rahhal Henderson Miller, PLLC.

August 6, 2018
Ardmore, Oklahoma

EXHIBIT A

City of Elmore City
 Summary of Changes in Fund Balances – Modified Cash Basis
 June 30, 2017

	Fund Balances Beginning	Inflows	Outflows	Fund Balances Ending
CITY:				
General Fund	\$ 267,407	436,642	416,942	\$ 287,107
Bail Bond Fund	37,065	165,844	157,960	44,949
EMS Fund	44,782	257,856	273,071	29,567
T. Selby Cemetery Perpetual Care Fund	27,560	88	-	27,648
T. Selby Cemetery Operating Fund	3,045	4,044	250	6,839
T. Selby Cemetery Care Fund	39,017	414	-	39,431
Volunteer Fire Fund	(549)	15,632	11,227	3,856
CITY Subtotal	418,327	880,520	859,450	439,397
PUBLIC WORKS AUTHORITY:				
PWA Fund	100,247	342,109	390,288	52,068
Meter Deposit	28,085	6,115	8,494	25,706
ECPWA Subtotal	128,332	348,224	398,782	77,774
Overall Totals	\$ 546,659	\$ 1,228,744	\$ 1,258,232	\$ 517,171

See Accompanying Accountant's Compilation Report

City of Elmore City
 Budgetary Comparison Schedule – Modified Cash Basis
 General Fund
 For the Year Ended June 30, 2017

EXHIBIT B

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ -	\$ 7,800	\$ 267,406	\$ 259,606
Resources (Inflows):				
Taxes	275,625	275,625	227,742	(47,883)
Charges for Services	220	220	42	(178)
Grants	0	0	0	-
Fees and Permits	745	745	1,098	353
Miscellaneous	2,570	2,570	74,383	71,813
Total Inflows	<u>279,160</u>	<u>286,960</u>	<u>570,671</u>	<u>283,711</u>
Charges to Appropriations (Outflows):				
General Government	148,350	152,350	163,273	(10,923)
Police Department	226,645	217,145	213,136	4,009
Parks	2,280	24,280	22,305	1,975
Streets	7,745	9,045	8,978	67
Legal & Judicial	14,400	2,400	1,250	1,150
Total Outflows	<u>399,420</u>	<u>405,220</u>	<u>408,942</u>	<u>(3,722)</u>
Excess of Inflows over Outflows before Other Financing Sources (Uses)	(120,260)	(118,260)	161,729	279,989
Other Financing Sources (Uses)				
Transfers In	138,720	138,720	133,377	(5,343)
Transfers Out	(6,000)	(8,000)	(8,000)	-
Total Other Financing Sources (Uses)	<u>132,720</u>	<u>130,720</u>	<u>125,377</u>	<u>(5,343)</u>
Ending Budgetary Fund Balance:	<u>\$ 12,460</u>	<u>\$ 12,460</u>	<u>\$ 287,106</u>	<u>\$ 274,646</u>

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City of Elmore City
 Budgetary Comparison Schedule – Modified Cash Basis
 EMS Fund
 For the Year Ended June 30, 2017

EXHIBIT B-1

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ -	\$ 42,000	\$ 44,783	\$ 2,783
Resources (Inflows):				
Sales Tax	175,162	175,162	144,377	(30,785)
Charges for Services	77,353	77,353	83,539	6,186
Miscellaneous	26,797	26,797	29,940	3,143
Total Inflows	279,312	321,312	302,639	(18,673)
Charges to Appropriations (Outflows):				
EMS	278,804	278,804	273,071	5,733
Total Outflows	278,804	278,804	273,071	5,733
Excess of Inflows over Outflows before Other Financing Sources (Uses)	508	42,508	29,568	(12,940)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Ending Budgetary Fund Balance:	\$ 508	\$ 42,508	\$ 29,568	\$ (12,940)

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, 2017

EXHIBIT C

	Elmore City Public Works Authority
Operating Revenues:	
Water	158,341
Sewer	96,314
Trash	76,739
Water/Sewer Taps	350
Late Fees/Penalties	5,754
Grant Revenue	-
Miscellaneous Fees	4,611
Total Operating Revenues	342,109
Operating Expenses:	
Water Department	
Salaries	71,015
Office Supplies	400
Supplies	785
Miscellaneous	569
Maint & Repair	37,381
Gas/Oil	6,628
Utilities	6,151
Insurance	3,999
Dues/Fees	6,321
Professional Fees	4,217
Water Purchased	5,010
Chemicals	11,664
Rent	1,471
Uniforms	1,410
Meteres	4,678
Capital Outlay	63,557
Total Water Department	230,176
Sewer Department	
Salaries	27,000
Chemicals	1,018
Dues/Fees	727
Fuel	180
Maint & Repair	4,952
Uniforms	455
Utilities	4,593
Miscellaneous	1,360
Total Sewer Department	40,285
Garbage Department	
Garbage Contract Services	70,796
Total Garbage Department	70,796
Admin Department	
Salaries	33,600
Payroll Taxes	8,099
Collection Service	227
Dues/Fees	375
Office Supplies	2,144
Postage	2,103
Health Insurance	1,883
Miscellaneous	600
Transfers Out	0
Rounding	0
Total Admin Department	49,031
Total Operating Expenses	390,288
Operating Income (Loss)	(48,179)
Fund Balance - Beginning	100,247
Fund Balance - Ending	\$ 52,068

See Accompanying Accountant's Compilation Report

City of Elmore City
 Schedule of Grant Activity
 Modified Cash Basis
 For the Year Ended June 30, 2017

EXHIBIT D

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PASS-THROUGH GRANTOR'S PROJECT NUMBER	AWARD AMOUNT	RECEIVED PRIOR YEARS	RECEIVED DURING 2016-2017	EXPENDED PRIOR YEARS	EXPENDED DURING 2016-2017	REMAINING TO BE EXPENDED	MATCH
<i>Federal Funds Received Through Oklahoma District Attorneys Council</i>								
JUSTICE ASSISTANCE GRANT LOCAL LAW ENFORCEMENT	CFDA 16.738 JAG-LLE-2016-ELMORE CITY CH-00106	\$ 2,480	\$ -	\$ 2,480	\$ -	\$ 2,480	\$ -	\$ 500
<i>State Funds</i>								
OKLAHOMA FORESTY SERVICES	FIRE OPERATIONAL	3,817	-	3,817	-	3,817	-	-
<i>Total Grant Activity</i>								
		\$ 6,297	\$ -	\$ 6,297	\$ -	\$ 6,297	\$ -	\$ 500

See Accompanying Accountant's Compilation Report