



City of Elmore City, Oklahoma

Agreed-Upon Procedures Report

For the Fiscal Year Ended June 30, 2013

CITY OF ELMORE CITY, OKLAHOMA

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Independent Accountant's 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 Department of Commerce
Oklahoma Department of Agriculture
Oklahoma City, Oklahoma

S. O. D. A.
Durant, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances – Cash Basis of the City of Elmore City, Oklahoma and Elmore City Public Works Authority, as of June 30, 2013, and the Budgetary Comparison Schedule of General Fund and EMS Fund – Cash Basis, and Statement of Revenues, Expenses and Changes in Fund Balance of the Public Works Authority – Cash Basis for the fiscal year ended June 30, 2013 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 cash basis of accounting.

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

100 E Street S.W., Suite 200 | Ardmore, OK 73401

Telephone (580) 223-6454 | FAX 1-800-858-9329

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.

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, 2013. 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, 2013:

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 exceptions were found as a result of applying the procedure.

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

3. ***Procedures Performed:*** We agreed the City’s bank account balances that exceed \$1,500 to bank statements and traced the timely clearance to report any reconciling items that have not cleared.

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

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

5. ***Procedures Performed:*** We compared use of restricted revenues and resources that exceed \$1,500 to their restrictions to report any noted instances of noncompliance.

Finding: The sales tax transferred from the General Fund into the EMS fund was short \$555. The City received two sales tax deposits in January 2013, the second deposit of \$1,111 was not halved and sent to EMS fund.

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 Section 3003B of Oklahoma Statutes requires federal funds received by a municipality have a separate fund to account for receipt and expenditures of those federal funds. The City received a CDBG federal grant during the fiscal year. The grants funds were deposited into the General Fund then transferred to the Elmore City Public Works Authority where the expenditures were paid. The federal grant should have had a separate fund to record the grant revenues and expenditures.

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, 2013:

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 exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** We agreed the Authority's bank account balances that exceed \$1,500 to bank statements and traced the timely clearance to report any reconciling items that have not cleared.

Finding: *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.

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

4. **Procedures Performed:** We compared use of restricted revenues and resources that exceed \$1,500 to their restrictions to report any noted instances of noncompliance.

Finding: *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.

Finding: *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.

Finding: *This procedure was not performed. Elmore City Public Works Authority has no bond indentures.*

As to the **City of Elmore City** and **Elmore City Public Works Authority** as of and for the fiscal year ended June 30, 2013:

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

2. ***Procedures Performed:*** From the City's and Authority's trial balances, we compiled the Annual Survey of City and Town Finances (SA&I 2643) as described in Oklahoma Statutes 11-17-105.1. We agreed the trial balance amounts for utility billings to the billing system. We reconciled wages per the general ledger to IRS Forms 941.

Finding: 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 the accounting records. 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

February 4, 2014
Ardmore, Oklahoma

City of Elmore City
 Summary of Changes in Fund Balances – Cash Basis
 For the Year Ended June 30, 2013

EXHIBIT A

	Fund Balances Beginning	Inflows	Outflows	Fund Balances Ending
CITY:				
General Fund	\$ 217,808	\$ 466,029	\$ 451,378	\$ 232,459
Bail Bond Fund	53,089	64,665	109,085	8,669
EMS Fund	16,869	193,325	202,776	7,418
T. Selby Cemetery Perpetual Care Fund	27,560	-	-	27,560
T. Selby Cemetery Operating Fund	18,157	4,537	1,953	20,741
T. Selby Cemetery Care Fund	36,333	400	-	36,733
Volunteer Fire Fund	16,240	14,864	21,235	9,869
 CITY Subtotal	 386,056	 743,820	 786,427	 343,449
 PUBLIC WORKS AUTHORITY:				
PWA Fund	44,452	410,036	418,032	36,456
Meter Deposit	18,692	12,600	10,881	20,411
 ECPWA Subtotal	 63,144	 422,636	 428,913	 56,867
 Overall Totals	 \$ 449,200	 \$ 1,166,456	 \$ 1,215,340	 \$ 400,316

See Accompanying Independent Accountant's Report

City of Elmore City
 Budgetary Comparison Schedule – Cash Basis
 General Fund
 For the Year Ended June 30, 2013

EXHIBIT B

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 250,000	\$ 250,000	\$ 217,808	\$ (32,192)
Resources (Inflows):				
Sales Tax	242,000	242,000	263,445	21,445
Use Tax	14,000	14,000	34,823	20,823
Alcoholic Beverage Tax	4,400	4,400	5,130	730
Tobacco Tax	3,000	3,000	3,381	381
Franchise	21,000	21,000	26,555	5,555
Community Center	1,000	1,000	775	(225)
Grants	375,000	375,000	4,999	(370,001)
Fees and Permits	500	500	1,452	952
Interest	1,800	1,800	1,649	(151)
Miscellaneous	3,200	3,200	8,629	5,429
<i>Street & Alley</i>				
Commercial Vehicle	4,100	4,100	4,909	809
Gasoline Excise	1,100	1,100	1,280	180
Total Inflows	<u>921,100</u>	<u>921,100</u>	<u>574,835</u>	<u>(346,265)</u>
Charges to Appropriations (Outflows):				
City Clerk/Treasurer	3,600	3,600	3,600	-
General Government	105,000	154,500	126,110	28,390
Animal Control	500	1,000	693	307
Police Department	160,000	160,000	125,060	34,940
Court	4,800	4,800	4,800	-
Parks	500	500	415	85
Streets	11,000	11,000	7,566	3,434
Legal & Judicial	1,000	1,000	360	640
Total Outflows	<u>286,400</u>	<u>336,400</u>	<u>268,604</u>	<u>67,796</u>
Excess of Inflows over Outflows before Other Financing Sources (Uses)	634,700	584,700	306,231	(278,469)
Other Financing Sources (Uses)	<u>(634,000)</u>	<u>(542,000)</u>	<u>(73,772)</u>	<u>468,228</u>
Ending Budgetary Fund Balance:	<u>\$ 700</u>	<u>\$ 42,700</u>	<u>\$ 232,459</u>	<u>\$ 189,759</u>

See Accompanying Independent Accountant's Report

City of Elmore City
 Budgetary Comparison Schedule – Cash Basis
 EMS Fund
 For the Year Ended June 30, 2013

EXHIBIT B-1

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 8,000	\$ 8,000	\$ 16,869	\$ 8,869
Resources (Inflows):				
Run Fees	56,000	56,000	62,387	6,387
Total Inflows	64,000	64,000	79,256	15,256
Charges to Appropriations (Outflows):				
EMS	202,000	232,000	202,776	29,224
Total Outflows	202,000	232,000	202,776	29,224
Excess of Inflows over Outflows before Other Financing Sources (Uses)	(138,000)	(168,000)	(123,520)	44,480
Other Financing Sources (Uses)	138,000	138,000	130,938	(7,062)
Ending Budgetary Fund Balance:	\$ -	\$ (30,000)	\$ 7,418	\$ 37,418

See Accompanying Independent Accountant's Report

City of Elmore City
Statement of Revenues, Expenses and Changes in Fund Balances
Cash Basis
Elmore City Public Works Authority
For the Year Ended June 30, 2013

EXHIBIT C

	Elmore City Public Works Authority
Operating Revenues:	
Water	\$ 174,433
Sewer	102,931
Trash	78,086
Miscellaneous Fees	<u>2,752</u>
Total Operating Revenues	<u>358,202</u>
Operating Expenses	
Salaries	131,842
Payroll Taxes	7,362
Office Supplies	3,469
Fuel	11,039
Maintenance & Repairs	6,794
Chemicals	5,747
Utilities	7,969
Miscellaneous	9,266
Contract Labor	589
Insurance/Bonds	4,842
Garbage Contract Services	66,083
Water Purchases	68,727
Dues/Fees	3,137
Water Department expenses	10,624
Lift Station	-
Capital Outlay - Grant Expenditures	74,729
Capital Outlay	<u>5,813</u>
Total Operating Expenses	<u>418,032</u>
Operating Income (Loss)	(59,830)
Non-Operating Revenue (Expenses)	
Transfer from General Fund	<u>51,834</u>
Change in Fund Balance	(7,996)
Fund Balance - Beginning	<u>44,452</u>
Fund Balance - Ending	<u>\$ 36,456</u>

See Accompanying Independent Accountant's Report

City of Elmore City
 Schedule of Grant Activity
 Cash Basis
 For the Year Ended June 30, 2013

EXHIBIT D

<u>Agency</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Received Current Year</u>	<u>Expenditures Current Year</u>
Oklahoma Department of Commerce	14293 CDBG 10	\$ 4,999	\$ 4,999	\$ 4,999
Oklahoma Department of Commerce	15076 CDBG 11	245,000	-	-
Oklahoma Dept. of Agriculture, Food & Forrestry	Fire Grant	4,484	4,484	4,484

See Accompanying Independent Accountant's Report