

CITY OF KAW CITY, OKLAHOMA

Annual Financial Report

(Unaudited)

For the Fiscal Year Ended June 30, 2023

CITY OF KAW CITY
JUNE 30, 2023

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CITY OF KAW CITY
JUNE 30, 2023

BOARD OF TRUSTEES

JAMI FRAZEE	TRUSTEE
JOE SEALEY	TRUSTEE
JOSH BRETHERTON	TRUSTEE
ALLEN FOGLE	TRUSTEE
JERRY BROWN	TRUSTEE
TAMMY COMPALA	TREASURER

MICHAEL W. GREEN

Certified Public Accountant

827 West Locust Street
STILWELL, OK. 74960
(918) 696-6298

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Specified Users of the Report:

Board of Trustees
City of Kaw City

Board of Trustees
Kaw City Municipal Authority

Oklahoma Office of State Auditor & Inspector
Oklahoma City, Oklahoma

Management is responsible for the accompanying financial statements of the City of Kaw City, Oklahoma and the Kaw City Municipal Authority, which comprise the Schedule of Changes in Fund Balances-Cash Basis of the City of Kaw City and Kaw City Municipal Authority for the year ended June 20, 2023, the related Budgetary Comparison Schedule-Cash Basis-General Fund, the Statement of Revenues, Expenses and Changes in Net Position-Cash Basis-Proprietary Fund of the Kaw City Municipal Authority and the Schedule of Grant Activity-Cash Basis for the fiscal year then ended, included in the accompanying prescribed form in accordance with the basis of accounting prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, and for determining that the cash basis of accounting is an acceptable financial reporting framework. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements included in the accompanying prescribed form, nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The financial statements included in the accompanying prescribed form are prepared in accordance with the basis of accounting prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and are not intended to be a complete presentation of the City of Kaw City and the Kaw City Municipal Authority's assets and liabilities. As a result, the financial statements may not be suitable for another purpose.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City's assets, liabilities, equity,

revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Report on Applying Agreed-Upon Procedures

I have performed the procedures enumerated below as defined within the applicable state laws of the State of Oklahoma, on meeting their financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements of the City of Kaw City, Oklahoma, and the Kaw City Municipal Authority as of and for the fiscal year ended June 30, 2023. The City of Kaw City, Oklahoma's management is responsible for the City's financial accountability and its compliance with those legal and contractual requirements.

The City of Kaw City and the Kaw City Municipal Authority have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with those legal or contractual requirements. Additionally, the other specified users of the report, as identified above, have agreed that the procedures performed are appropriate for their purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings for the City of Kaw City are as follows:

1. **Procedures Performed:** From the City's trial balance, I prepared a Schedule of Changes in Fund Balances-Cash basis, prepared in accordance with a format and basis of accounting prescribed by Oklahoma Statutes that demonstrate compliance with the cash basis of accounting and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles, for each fund (see accompany Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Finding: Schedules were completed, and no instances of noncompliance were noted.

2. **Procedures Performed:** From the City's trial balance, I prepared a Budgetary Comparison Schedule-Cash Basis for the General Fund and any other significant funds- cash basis (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Towns total revenues, expenditures or fund balances)in accordance with a format and basis of accounting prescribed by Oklahoma Statutes that demonstrates compliance with the cash basis of accounting and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles, listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances to the authorized appropriations disclosing or reporting any noted instances of noncompliance with the appropriation limitations.

Finding: Schedules were completed, and no instances of noncompliance were noted.

3. **Procedures Performed:** I compared 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: All material bank account balances agreed to the bank statement or bank reconciliation. There were no significant or unusual instances of reconciling items.

4. **Procedures Performed:** I compared the City's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and collateralized deposits.

Finding: All deposits are covered by FDIC insurance or collateralized.

5. **Procedures Performed:** I compared the City's use of materially restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Finding: The Town received an American Rescue Plan Act grant, a Noda Reap grant, an OWRB Reap grant and a CDBG grant during the fiscal year as well as two grants for the fire department. I noted no instances of non-compliance with the restrictions of these grants.

6. **Procedures Performed:** I compared the accounting for the City's activities by fund for the legal and contractual requirements regarding separation of funds to report any noted instances of noncompliance.

Finding: I noted no instances of noncompliance regarding the City's separation of funds for the Town.

7. **Procedures Performed:** I compared the City's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Finding: The Town had no reserve accounts or contractual or debt service requirements.

8. **Procedures Performed:** If the town has grant activity, I will compile a Schedule of Grant Activity (See Exhibit 4) for each grant/contract and compare a sample of the receipts and disbursements to grant agreements and supporting information. I will report any instances of noncompliance with the grant agreement.

Finding: Grant expenditures were reviewed, and no instances of noncompliance were noted.

The procedures and associated findings for the Public Works Authority are as follows:

1. **Procedures Performed:** From the Authority's trial balance, I prepared a Schedule of Revenues, Expenses and Changes in Fund Balances-Cash basis for the Authority (see Exhibit 3) and compared the schedule results to the applicable trust prohibition of creating net asset deficits to report any noted instances of noncompliance.

Finding: Schedules were completed, and no instances of noncompliance were noted.

2. **Procedures Performed:** I compared 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 been cleared.

Findings: All material bank account balances agreed to the bank statement or bank reconciliation.

3. **Procedures Performed:** I compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and collateralized deposits.

Finding: Deposits are fully covered by FDIC insurance.

4. **Procedures Performed:** I compared the Authority's use of materially restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Finding: The Authority had no materially restricted revenues or resource restrictions.

5. **Procedures Performed:** I compared the accounting for the Authority's activities by fund for the legal and contractual requirements regarding separation of funds to report any noted instances of noncompliance.

Finding: I noted no instances of noncompliance regarding the separation of funds for the Authority

6. **Procedures Performed:** I compared the Authority's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Finding: The Authority had no reserve accounts or contractual or debt service requirements.

7. **Procedures Performed:** If the Authority has grant activity, I will compile a Schedule of Grant Activity for each grant/contract and compare a sample of the receipts and disbursements to grant agreements and supporting information. I will report any instances of noncompliance with the grant agreement.

Finding: The Authority did not receive any grants during the fiscal year, but they expended the Phillip 66 grant that was received in the prior year. Grant expenditures were reviewed, and no instances of noncompliance were noted.

I was engaged by the City of Kaw City and the Kaw City Municipal Authority to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed on Oklahoma Statutes 11-17(105-107) and 60-180.1.-3. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, to meet the requirements prescribed in Oklahoma Statutes 11-17(105-107) and

60-180.1.-3. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures other matters might have come to my attention that would have been reported to you.

I am required to be independent of the City of Kaw City and the Kaw City Municipal Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

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.

A handwritten signature in black ink, appearing to read "Michael Green". The signature is stylized with a large, looped "G" and a cursive "M".

Michael Green, CPA
December 11, 2023

City of Kaw City
 Schedule of Changes in Fund Balance- Cash Basis
 For Fiscal Year Ended June 30, 2023
 (Unaudited)

Fund	Beg of Year Fund Balance	Current Year Receipts	Current Year Disbursements	End of Year Fund Balance
TOWN:				
General Fund	\$ 600,268	\$ 282,267	\$ 196,450	\$ 686,085
Perpetual Fund	57,101	2,112	-	59,213
REAP Account	70,143	5,901	75,528	516
Cemetery Fund	10,698	12,345	1,765	21,278
CDBG Funds	-	62,260	62,260	-
Emergency Utilities Fund	117,394	72,027	36,047	153,374
Total Town	<u>855,604</u>	<u>436,912</u>	<u>372,050</u>	<u>920,466</u>
PUBLIC WORKS AUTHORITY:				
Kaw City Municipal Authority	<u>751,409</u>	<u>667,116</u>	<u>634,957</u>	<u>783,568</u>
TOWN TOTALS	<u>\$ 1,607,013</u>	<u>\$ 1,104,028</u>	<u>\$ 1,007,007</u>	<u>\$ 1,704,034</u>

See Independent Accountant's Report

City of Kaw City
 Budgetary Comparison Schedule- Cash Basis
 General Fund
 For Fiscal Year Ended June 30, 2023
 (Unaudited)

	Budgeted Amounts			Actual Amounts	Variance with Final Budget Over (Under)
	Original	Changes	Final		
Beg Budgetary Fund Balance	\$ 404,080.00	-	\$ 404,080.00	\$ 600,268.00	196,188.00
Revenue:					
Sales Tax	115,000.00	-	115,000.00	127,305.00	12,305.00
Use Tax	25,000.00	-	25,000.00	28,644.00	3,644.00
Alcohol beverage tax	2,500.00	-	2,500.00	2,591.00	91.00
Tobacco Tax	1,000.00	-	1,000.00	900.00	(100.00)
Motor Vehicle Tax	2,500.00	-	2,500.00	2,370.00	(130.00)
Gas Excise Tax	800.00	-	800.00	574.00	(226.00)
Franchise Tax	24,300.00	-	24,300.00	30,529.00	6,229.00
Emergency Services	46,700.00	-	46,700.00		(46,700.00)
Grant Revenue	59,099.00	-	59,099.00	32,353.00	(26,746.00)
Interest		-	-	38,084.00	38,084.00
Miscellaneous	7,000.00	-	7,000.00	18,917.00	11,917.00
Total Revenue	<u>283,899.00</u>	<u>-</u>	<u>283,899.00</u>	<u>282,267.00</u>	<u>(1,632.00)</u>
Expenses:					
General Government	193,289.00	-	193,289.00	150,474.00	(42,815.00)
City attorney	10,000.00	-	10,000.00	4,962.00	(5,038.00)
Library	300.00	-	300.00	-	(300.00)
Municipal court	500.00	-	500.00	-	(500.00)
Police	6,500.00	-	6,500.00	-	(6,500.00)
Street	5,000.00	-	5,000.00	4,853.00	(147.00)
Community center	7,900.00	-	7,900.00	4,795.00	(3,105.00)
Emergency Services	40,787.00	-	40,787.00	31,366.00	(9,421.00)
Total Charges	<u>264,276.00</u>	<u>-</u>	<u>264,276.00</u>	<u>196,450.00</u>	<u>(67,826.00)</u>
Total Revenue					
Over (Under) Charges	<u>19,623.00</u>	<u>-</u>	<u>19,623.00</u>	<u>85,817.00</u>	<u>66,194.00</u>
Ending Budgetary Fund Balance	<u>\$ 423,703</u>	<u>\$ -</u>	<u>\$ 423,703</u>	<u>\$ 686,085</u>	<u>\$ 262,382</u>

See Independent Accountant's Report

City of Kaw City
Statement of Revenue, Expenses and Changes
in Net Position-Cash Basis
Kaw City Municipal Authority
Year Ended June 30, 2023

Operating revenue	
Charges for services:	
Water	\$ 216,719
Sewer	62,298
Sanitation	108,147
Gas	127,544
Service charges	66,527
Late Penalties	5,813
Other Income	80,009
Total operating revenue	<u>667,057</u>
Operating expenses:	
Administration	190,912
Water Department	72,794
Sewer Department	50,751
Sanitation Department	86,126
Gas	151,529
Parks	82,845
Total operating expenses	<u>634,957</u>
Net operating income (loss)	32,100
Nonoperating revenue (expense)	
Investment income	59
Total nonoperating revenue (expense)	<u>59</u>
Net change in net position	32,159
Net position beginning of year	<u>751,409</u>
Net position end of year	<u><u>\$ 783,568</u></u>

See Independent Accountant's Report

City of Kaw City
 Schedule of Grant Activity-Cash Basis
 For the Year Ended June 30, 2023

Federal/State Grantor/ Pass Through Grantor	Pass-Through Grantor's Number	Award Amount	Grant Receipts Revenue Recognized	Grant Disbursements Expenditures
<u>Program Title</u>				
State Dept of Agriculture	N/A		20,180	17,386
OWRB REAP FAP-22-0009	N/A	99,999	-	69,999
NODA REAP KA 22-1	GR22-1	89,000	5,529	5,529
Federal Awards: Passed through ODOC	18621 CDBG 22	600,000	62,260	62,260