

City of Kaw City, Oklahoma

Independent Accountant's Report on
Applying Agreed-Upon Procedures

Year Ended June 30, 2015

Kimberlye R. Mayer, CPA, P.C.

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Independent Accountant's Report

To the Specified Users of the Report:

Board of Trustees of the City of Kaw City
Kaw City, Oklahoma

Board of Trustees of the Kaw City Municipal Authority
Kaw City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances – Cash Basis of the City of Kaw City and Public Trust for the year ended June 30, 2015, the Budgetary Comparison Schedule – Cash Basis – General Fund, and the Statement of Revenues, Expenses and Changes in Net Position – Cash Basis – the Kaw City Municipal Authority for the year ended June 30, 2015, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements 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.

We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance about whether the financial statements are in accordance with the form prescribed by Oklahoma Statutes, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America in the United States.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the form prescribed by Oklahoma Statutes and for designing, implementing, and maintaining internal control relevant to the preparation and fair representation 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.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the basis of accounting prescribed by Oklahoma Statutes. 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, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated on the next page 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 the 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, 2015. Management of the City of Kaw 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 and the additional requirements prescribed in Oklahoma Statutes §11-17-105-.107 and §60-180-1-3. The sufficiency of the procedures is solely the responsibility of those parties specified in this report.

Procedures and Findings:

As to the City of Kaw City as of and for the fiscal year ended June 30, 2015:

1. **Procedures Performed:** From the City's trial balances, we compiled a cash basis schedule of changes in fund balances for each fund (see page 6) 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 (see pages 8 & 9) 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: The City had no uninsured deposits at June 30, 2015.

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 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 purpose of determining contract compliance.

Findings: The City had no debt, therefore no debt service coverage requirements of bond indentures were evaluated for compliance.

As to the Kaw City Municipal Authority as of and for the fiscal year ended June 30, 2015:

1. **Procedures Performed:** From the Authority's trial balances, we compiled a schedule of revenues, expenses and changes in fund balances - cash basis for the Authority (see page 7) and compared the schedule results to the applicable trust prohibitions for creating net asset deficits to report any noted instance of noncompliance.

Findings: No instances of noncompliance noted.

2. **Procedures Performed:** We agreed the Authority's material bank account balances to bank statements, and trace 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: The Authority had no uninsured deposits at June 30, 2015.

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 on noncompliance.

Findings: No instances of noncompliance were noted.

6. **Procedures Performed:** A search for the Authority's debt agreements was performed to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purpose of determining contract compliance.

Findings: No instances of noncompliance were noted.

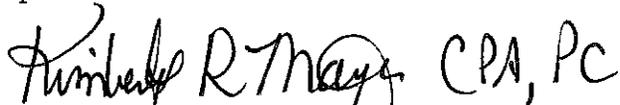
As to the City of Kaw City and the Kaw City Municipal Authority grant programs, as of and for the fiscal year ended June 30, 2015:

1. **Procedures Performed:** From the City and Authority's trial balances, we compiled a schedule of grant activity for each grant/contract (see page 10) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

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. 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.

 Kimberley R. Mayer, CPA, P.C.

Kimberley R. Mayer, CPA, P.C.
February 5, 2016

CITY OF KAW CITY, OKLAHOMA
STATEMENT OF CHANGES IN FUND BALANCES
CASH BASIS
YEAR ENDED JUNE 30, 2015

	<u>Fund Balances</u> 6/30/14	<u>Change</u>	<u>Fund Balances</u> 6/30/15
CITY:			
General Fund	\$ 108,468	\$ 31,044	\$ 139,512
Grant Fund			
Emergency Utilities Fund	18,664	7,375	26,039
Cemetery Fund	<u>81,555</u>	<u>(39,331)</u>	<u>42,224</u>
Total City	<u>208,687</u>	<u>(912)</u>	<u>207,775</u>
 KAW CITY MUNICIPAL AUTHORITY:			
Kaw City Municipal Authority	<u>114,436</u>	<u>(16,111)</u>	<u>98,325</u>
KCMA Subtotal	<u>114,436</u>	<u>(16,111)</u>	<u>98,325</u>
 CITY TOTALS	 <u><u>\$ 323,123</u></u>	 <u><u>\$ (17,023)</u></u>	 <u><u>\$ 306,100</u></u>

See accountant's report on agreed-upon procedures

CITY OF KAW CITY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - CASH BASIS
KAW CITY MUNICIPAL AUTHORITY
YEAR ENDED JUNE 30, 2015

Operating Revenues:	
Charges for services:	
Electric	\$ 55,014
Water	120,169
Sewer	48,482
Sanitation	75,541
Gas	149,704
Late penalties	6,691
Other income	12,457
Parks	570
Total Operating Revenues	468,628
Operating Expenses:	
Administration	76,643
Water Department	118,176
Sewer Department	138,915
Sanitation Department	57,535
Gas	131,534
Parks	7,547
Total Operating Expenses	530,350
Operating income (loss)	(61,722)
Non-Operating Revenues (Expenses):	
Grant income	45,500
Interest income	111
Total Non-Operating Revenues (Expenses)	45,611
Net Income (Loss) Before Transfers	(16,111)
Transfers out	
Net Position, beginning of year	114,436
Net Position, end of year	\$ 98,325

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CITY OF KAW CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Beginning budgetary fund balance	\$ 108,468	\$ 108,468	\$ 108,468	\$
Resources (Inflows):				
Sales tax	52,000	52,000	63,038	11,038
Franchise taxes	22,000	22,000	22,139	139
Alcoholic beverage tax	1,500	1,500	1,615	115
Cigarette tax	600	600	672	72
Motor vehicle tax	2,500	2,500	2,860	360
Gas tax	1,000	1,000	970	(30)
Grants and donations	4,745	7,076	6,971	(105)
Charges for services	22,200	22,725	23,134	409
Fines and forfeitures	1,000	50		(50)
Licenses & permits	1,575	3,525	4,000	475
Interest	200	200	127	(73)
Other income	410	1,063	392	(671)
Total Resources	<u>109,730</u>	<u>114,239</u>	<u>125,918</u>	<u>11,679</u>
Charges (Outflows):				
General Government:				
Personnel services	1,400	1,400	1,183	217
Maintenance & operation	19,300	20,330	15,650	4,680
Other services and charges				
Capital outlay	2,000	3,800	3,747	53
Total General Government	<u>22,700</u>	<u>25,530</u>	<u>20,580</u>	<u>4,950</u>
Street Department:				
Personnel services	3,275	9,725	9,181	544
Maintenance & operation	6,650	6,650	3,797	2,853
Capital outlay				
Total Street Department	<u>9,925</u>	<u>16,375</u>	<u>12,978</u>	<u>3,397</u>
Municipal Court:				
Maintenance & operation	500	500	161	339
Community Center	2,900	2,900	2,900	

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CITY OF KAW CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 YEAR ENDED JUNE 30, 2015

Charges (Outflows) (continued):	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
City Attorney:				
Personnel services	12,000	9,600	9,600	
Maintenance & operation	10,000	5,000	3,497	1,503
Total City Attorney	<u>22,000</u>	<u>14,600</u>	<u>13,097</u>	<u>1,503</u>
Library:				
Personnel services	14,875	19,075	19,888	(813)
Maintenance & operation	2,500	5,322	1,193	4,129
Total Library	<u>17,375</u>	<u>24,397</u>	<u>21,081</u>	<u>3,316</u>
Emergency Services:				
Personnel services	5,175	5,175	5,167	8
Maintenance & operation	3,500	6,000	6,314	(314)
Other services and charges	11,600	12,029	11,281	748
Capital Outlay	7,000	4,080	3,383	697
Total EMD	<u>27,275</u>	<u>27,284</u>	<u>26,145</u>	<u>1,139</u>
Total Charges	<u>102,675</u>	<u>111,586</u>	<u>96,942</u>	<u>14,644</u>
Total Resources				
Over (Under) Charges	7,055	2,653	28,976	26,323
Transfer in (out)			2,068	2,068
Ending Budgetary Fund Balance	<u>\$ 115,523</u>	<u>\$ 111,121</u>	<u>\$ 139,512</u>	<u>\$ 28,391</u>

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CITY OF KAW CITY, OKLAHOMA
 SCHEDULE OF GRANT ACTIVITY
 CASH BASIS
 YEAR ENDED JUNE 30, 2015

<u>Grantor</u>	<u>Award Amount</u>	<u>Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
State Dept. of Agriculture	\$ 4,484	\$ 4,484	\$ 4,484	\$
REAP KA14-16	\$ 45,000	\$ 38,777	\$ 38,777	\$ 6,223
CDBG 15941-001 7/1/14 - 6/30/15	\$ 196,349	\$ 196,349	\$	\$

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