

City of Kaw City, Oklahoma

Independent Accountant's Report on
Applying Agreed-Upon Procedures

Year Ended June 30, 2012

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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, 2012, the Budgetary Comparison Schedule – Cash Basis – General Fund, and the Statement of Revenues, Expenses and Changes in Net Assets – Cash Basis – the Kaw City Municipal Authority for the year ended June 30, 2012, 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 Town'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, 2012. 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, 2012:

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, 2012.

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, 2012:

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, 2012.

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

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, 2012:

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.

A handwritten signature in black ink, appearing to read "Kimberlye R. Mayer". The signature is fluid and cursive, with a large initial "K" and "M".

Kimberlye R. Mayer, CPA, P.C.
January 21, 2013

CITY OF KAW CITY, OKLAHOMA
STATEMENT OF CHANGES IN FUND BALANCES
CASH BASIS
YEAR ENDED JUNE 30, 2012

	<u>Fund Balances</u> 6/30/11	<u>Change</u>	<u>Fund Balances</u> 6/30/12
CITY:			
General Fund	\$ 82,784	\$ (13,934)	\$ 68,850
Library Fund	3,518	(3,518)	0
Cemetery Fund	<u>76,814</u>	<u>1,471</u>	<u>78,285</u>
Total City	<u>163,116</u>	<u>(15,981)</u>	<u>147,135</u>
 KAW CITY MUNICIPAL AUTHORITY:			
Kaw City Municipal Authority	<u>149,444</u>	<u>28,731</u>	<u>178,175</u>
KCMA Subtotal	<u>149,444</u>	<u>28,731</u>	<u>178,175</u>
 CITY TOTALS	 <u><u>\$ 312,560</u></u>	 <u><u>\$ 12,750</u></u>	 <u><u>\$ 325,310</u></u>

See accountant's report on agreed-upon procedures

CITY OF KAW CITY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - CASH BASIS
KAW CITY MUNICIPAL AUTHORITY
YEAR ENDED JUNE 30, 2012

Operating Revenues:	
Charges for services:	
Electric	\$ 53,967
Water	116,717
Sewer	28,800
Sanitation	49,650
Gas	132,812
Other income	17,519
Total Operating Revenues	<u>399,465</u>
Operating Expenses:	
Administration	184,342
Water Department	24,740
Sewer Department	12,320
Sanitation Department	50,878
Gas	93,722
Total Operating Expenses	<u>366,002</u>
Operating income (loss)	33,463
Non-Operating Revenues (Expenses):	
Interest income	<u>1,283</u>
Total Non-Operating Revenues (Expenses)	<u>1,283</u>
Net Income (Loss) Before Transfers	34,746
Transfers out	(6,015)
Net Assets, beginning of year	<u>149,444</u>
Net Assets, end of year	<u><u>\$ 178,175</u></u>

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CITY OF KAW CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Beginning budgetary fund balance	\$ 82,784	\$ 82,784	\$ 82,784	\$
Resources (Inflows):				
Sales tax	32,000	32,000	40,637	8,637
Franchise taxes	19,000	19,000	21,759	2,759
Alcoholic beverage tax	1,500	1,500	1,445	(55)
Cigarette tax	500	500	589	89
Motor vehicle tax	2,500	2,500	2,557	57
Gas tax	1,000	1,000	683	(317)
Grants	4,000	15,213	27,695	12,482
Charges for services	400	1,125	1,746	621
Fines and forfeitures	1,000	1,000	1,069	69
Licenses & permits	75	75	459	384
Interest	1,500	1,500	564	(936)
Other income	3,540	3,540	2,540	(1,000)
Total Resources	67,015	78,953	101,743	22,790
Charges (Outflows):				
General Government:				
Personnel services	4,000	33,391	39,742	(6,351)
Maintenance & operation	14,000	18,317	12,495	5,822
Other services and charges		10,408	7,167	3,241
Capital outlay	3,000	3,000	1,819	1,181
Total General Government	21,000	65,116	61,223	3,893
Police Department:				
Personnel services	5,383	883		883
Fire Department:				
Personnel services			415	(415)
Maintenance & operation	6,000			
Total Fire Department	6,000		415	(415)
Street Department:				
Maintenance & operation	2,000	2,000	245	1,755

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CITY OF KAW CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges (Outflows) (continued):				
Municipal Court:				
Maintenance & operation	\$ 700	\$ 700	\$ 75	\$ 625
Animal Control:				
Personnel services			1,020	(1,020)
Maintenance & operation		200		200
Total Animal Control			1,020	(820)
City Treasurer:				
Personnel services			1,630	(1,630)
City Attorney:				
Personnel services	12,000	12,000	11,520	480
Maintenance & operation	350	350		350
Total City Attorney	12,350	12,350	11,520	830
Library:				
Personnel services	9,082	9,082	7,074	2,008
Maintenance & operation	4,650	4,100	3,728	372
Total Library	13,732	13,182	10,802	2,380
EOM:				
Personnel services	2,584		415	(415)
EMD:				
Personnel services		2,600	1,932	668
Maintenance & operation		9,329	6,498	2,831
Capital Outlay		6,930	6,930	
Total EMD		18,859	15,360	3,499
Total Charges	63,749	113,090	102,705	10,585
Total Resources				
Over (Under) Charges	86,050	48,447	81,822	33,375
Transfer in (out)	59,183	59,183	(12,972)	(72,155)
Ending Budgetary Fund Balance	<u>\$ 145,233</u>	<u>\$ 107,630</u>	<u>\$ 68,850</u>	<u>\$ (38,780)</u>

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CITY OF KAW CITY, OKLAHOMA
 SCHEDULE OF GRANT ACTIVITY
 CASH BASIS
 YEAR ENDED JUNE 30, 2012

<u>Grantor</u>	<u>Award Amount</u>	<u>Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
State Dept. of Agriculture	\$ 4,413	\$ 4,413	\$ 4,413	\$
REAP KA11-7	\$ 10,942	\$ 10,942	\$	\$
REAP KA12-4	\$ 40,000	\$	\$	\$
State of Oklahoma	\$ 2,467	\$ 2,220	\$ 2,220	\$
State Dept. of Agriculture	\$ 10,800	\$ 10,120	\$ 10,120	\$

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