

City of Kaw City, Oklahoma

Independent Accountant's Report on  
Applying Agreed-Upon Procedures

Year Ended June 30, 2014

# 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, 2014, 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, 2014, 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, 2014. 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, 2014:

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, 2014.

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, 2014:

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, 2014.

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, 2014:

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.



Kimberlye R. Mayer, CPA, P.C.  
March 24, 2015

CITY OF KAW CITY, OKLAHOMA  
 STATEMENT OF CHANGES IN FUND BALANCES  
 CASH BASIS  
 YEAR ENDED JUNE 30, 2014

	Fund Balances <u>6/30/13</u>	<u>Change</u>	Fund Balances <u>6/30/14</u>
<b>CITY:</b>			
General Fund	\$ 90,145	\$ 18,323	\$ 108,468
Grant Fund	2,207	(2,207)	
Emergency Utilities Fund	14,443	4,221	18,664
Cemetery Fund	<u>90,796</u>	<u>(9,241)</u>	<u>81,555</u>
Total City	<u>197,591</u>	<u>11,096</u>	<u>208,687</u>
 <b>KAW CITY MUNICIPAL AUTHORITY:</b>			
Kaw City Municipal Authority	<u>105,332</u>	<u>9,104</u>	<u>114,436</u>
KCMA Subtotal	<u>105,332</u>	<u>9,104</u>	<u>114,436</u>
 <b>CITY TOTALS</b>	 <u><u>\$ 302,923</u></u>	 <u><u>\$ 20,200</u></u>	 <u><u>\$ 323,123</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, 2014

Operating Revenues:	
Charges for services:	
Electric	\$ 58,512
Water	114,453
Sewer	47,209
Sanitation	73,940
Gas	171,721
Other income	12,256
Total Operating Revenues	<u>478,091</u>
Operating Expenses:	
Administration	54,186
Water Department	104,613
Sewer Department	88,114
Sanitation Department	68,244
Gas	146,691
Parks	7,217
Total Operating Expenses	<u>469,065</u>
Operating income (loss)	9,026
Non-Operating Revenues (Expenses):	
Interest income	78
Total Non-Operating Revenues (Expenses)	<u>78</u>
Net Income (Loss) Before Transfers	9,104
Transfers out	
Net Position, beginning of year	<u>105,332</u>
Net Position, end of year	<u>\$ 114,436</u>

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CITY OF KAW CITY, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	\$ 90,145	\$ 90,145	\$ 90,145	\$
Resources (Inflows):				
Sales tax	42,000	57,124	57,124	
Franchise taxes	21,000	23,660	23,660	
Alcoholic beverage tax	1,500	1,565	1,565	
Cigarette tax	465	647	647	
Motor vehicle tax	2,500	2,866	2,866	
Gas tax	1,000	1,000	401	(599)
Grants and donations	11,000	8,614	5,444	(3,170)
Charges for services	1,400	10,600	10,335	(265)
Fines and forfeitures	1,000	1,000		(1,000)
Licenses & permits	200	1,710	1,710	
Interest	490	490	139	(351)
Other income	665	1,265	1,868	603
Total Resources	<u>83,220</u>	<u>110,541</u>	<u>105,759</u>	<u>(4,782)</u>
Charges (Outflows):				
General Government:				
Personnel services	2,300	2,300	1,929	371
Maintenance & operation	18,926	18,926	9,263	9,663
Other services and charges				
Capital outlay	<u>2,000</u>	<u>2,000</u>	453	<u>1,547</u>
Total General Government	23,226	23,226	11,645	11,581
Street Department:				
Maintenance & operation	10,484	10,484	7,429	3,055
Capital outlay				
Total Street Department	<u>10,484</u>	<u>10,484</u>	<u>7,429</u>	<u>3,055</u>
Municipal Court:				
Maintenance & operation	682	682	350	332
Community Center				
	2,900	2,900	1,450	1,450

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CITY OF KAW CITY, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges (Outflows) (continued):				
Animal Control:				
Personnel services	\$ 1,800	\$ 1,800	\$ 1,800	\$
Maintenance & operation	125	125	125	_____
Total Animal Control	1,925	1,925	1,925	_____
Police:				
Personnel services	19,485	19,485	19,485	_____
City Attorney:				
Personnel services	12,000	12,000	9,600	2,400
Maintenance & operation	4,000	4,000	3,157	843
Total City Attorney	16,000	16,000	12,757	3,243
Library:				
Personnel services	14,875	14,875	13,464	1,411
Maintenance & operation	400	400	283	117
Total Library	15,275	15,275	13,747	1,528
Emergency Services:				
Personnel services	4,755	4,755	4,755	_____
Maintenance & operation	2,400	2,400	1,589	811
Other services and charges	3,190	7,664	6,411	1,253
Capital Outlay	7,000	9,700	5,893	3,807
Total EMD	17,345	24,519	18,648	5,871
Total Charges	107,322	114,496	87,436	27,060
Total Resources				
Over (Under) Charges	(24,102)	(3,955)	18,323	22,278
Transfer in (out)				
Ending Budgetary Fund Balance	\$ 66,043	\$ 86,190	\$ 108,468	\$ 22,278

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CITY OF KAW CITY, OKLAHOMA  
 SCHEDULE OF GRANT ACTIVITY  
 CASH BASIS  
 YEAR ENDED JUNE 30, 2014

<u>Grantor</u>	<u>Award Amount</u>	<u>Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
State Dept. of Agriculture	\$ 4,474	\$ 4,474	\$ 4,474	\$
REAP KA13-3				
12/01/12 - 7/30/14	\$ 75,000	\$ 62,499	\$ 62,499	\$
15209CDBG 12				
8/01/12 - 8/01/13	\$ 22,786 196,000	\$	\$ 2,207	\$

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