

City of Kaw City, Oklahoma

Independent Accountant's Report on
Applying Agreed-Upon Procedures

Year Ended June 30, 2016

Kimberlye R. Mayer, CPA, P.C.

723 West Doolin

Blackwell, OK 74631

(580) 363-1453
Fax (580) 363-0068

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 the related Public Trust for the year ended June 30, 2016, the Budgetary Comparison Schedule – Cash Basis – General Fund, the Statement of Revenues, Expenses and Changes in Net Position – Cash Basis – the Kaw City Municipal Authority and the Schedule of Grant Activity – Cash Basis for the year ended June 30, 2016, 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 aforementioned 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 basis of accounting other than accounting principles generally accepted in the United States of America.

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.

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.

Report on Applying Agreed-Upon Procedures

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, 2016. 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. Consequently, we make no representation regarding the sufficiency of the procedures described either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings:

As to the City of Kaw City as of and for the fiscal year ended June 30, 2016:

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 5) 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 7 & 8) 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 at December 31, 2015 and June 30, 2016.

Findings: The City had no uninsured deposits at December 31, 2015 and June 30, 2016.

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, 2016:

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 6) 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 at December 31, 2015 and June 30, 2016.

Findings: The Authority had no uninsured deposits at December 31, 2015 and at June 30, 2016.

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.

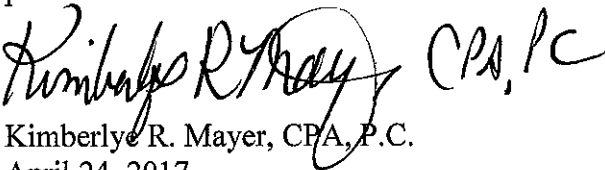
As to the City of Kaw City and the Kaw City Municipal Authority grant programs, as of and for the fiscal year ended June 30, 2016:

1. **Procedures Performed:** From the City and Authority's trial balances, we compiled a schedule of grant activity for each grant/contract (see page 9) 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.


Kimberly R. Mayer, CPA, P.C.
April 24, 2017

CITY OF KAW CITY, OKLAHOMA
STATEMENT OF CHANGES IN FUND BALANCES
CASH BASIS
YEAR ENDED JUNE 30, 2016

	Fund Balances <u>6/30/15</u>	<u>Change</u>	Fund Balances <u>6/30/16</u>
CITY:			
General Fund	\$ 139,512	\$ 10,281	\$ 149,793
Grant Fund			
Emergency Utilities Fund	26,039	7,219	33,258
Cemetery Fund	<u>42,224</u>	<u>(9,312)</u>	<u>32,912</u>
Total City	<u>207,775</u>	<u>8,188</u>	<u>215,963</u>
 KAW CITY MUNICIPAL AUTHORITY:			
Kaw City Municipal Authority	<u>98,325</u>	<u>(21,034)</u>	<u>77,291</u>
KCMA Subtotal	<u>98,325</u>	<u>(21,034)</u>	<u>77,291</u>
 CITY TOTALS	 <u><u>\$ 306,100</u></u>	 <u><u>\$ (12,846)</u></u>	 <u><u>\$ 293,254</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, 2016

Operating Revenues:	
Charges for services:	
Electric	\$ 46,239
Water	131,139
Sewer	54,698
Sanitation	77,250
Gas	149,696
Late penalties	7,718
Other income	1,926
Total Operating Revenues	<u>468,666</u>
Operating Expenses:	
Administration	87,429
Water Department	131,014
Sewer Department	73,066
Sanitation Department	65,136
Gas	125,798
Parks	7,378
Total Operating Expenses	<u>489,821</u>
Operating income (loss)	(21,155)
Non-Operating Revenues (Expenses):	
Grant income	
Interest income	121
Total Non-Operating Revenues (Expenses)	<u>121</u>
Net Income (Loss) Before Transfers	(21,034)
Transfers out	
Net Position, beginning of year	<u>98,325</u>
Net Position, end of year	<u><u>\$ 77,291</u></u>

See accountant's report on agreed-upon procedures

CITY OF KAW CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Beginning budgetary fund balance	\$ 139,512	\$ 139,512	\$ 139,512	\$
Resources (Inflows):				
Sales tax	62,000	62,000	58,130	(3,870)
Franchise taxes	22,000	22,000	20,729	(1,271)
Alcoholic beverage tax	1,600	1,600	1,592	(8)
Cigarette tax	600	600	705	105
Use tax	4,800	4,800	6,607	1,807
Motor vehicle tax	2,500	2,500	2,772	272
Gas tax	1,000	1,000	716	(284)
Grants and donations	10,190	10,190	9,815	(375)
Charges for services	23,725	23,725	22,671	(1,054)
Fines and forfeitures	1,000	1,000	50	(950)
Licenses & permits	1,500	1,500	15	(1,485)
Interest	150	150	133	(17)
Other income	2,015	2,015	5,313	3,298
Total Resources	<u>133,080</u>	<u>133,080</u>	<u>129,248</u>	<u>(3,832)</u>
Charges (Outflows):				
General Government:				
Personnel services	21,400	21,400	18,205	3,195
Maintenance & operation	24,800	24,800	18,907	5,893
Capital outlay	3,800	3,800	580	3,220
Total General Government	<u>50,000</u>	<u>50,000</u>	<u>37,692</u>	<u>12,308</u>
Street Department:				
Personnel services	6,285	6,285	3,513	2,772
Maintenance & operation	6,650	6,650	3,408	3,242
Capital outlay				
Total Street Department	<u>12,935</u>	<u>12,935</u>	<u>6,921</u>	<u>6,014</u>
Municipal Court:				
Maintenance & operation	500	500	150	350
Community Center	3,900	3,900	3,533	367
Police:				
Personnel services	15,000	15,000	13,342	1,658

See accountant's report on agreed-upon procedures

CITY OF KAW CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 YEAR ENDED JUNE 30, 2016

Charges (Outflows) (continued):	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
City Attorney:				
Personnel services	12,000	12,000	9,600	2,400
Maintenance & operation	10,000	10,000	3,370	6,630
Total City Attorney	22,000	22,000	12,970	9,030
Library:				
Personnel services	15,075	15,075	15,878	(803)
Maintenance & operation	7,256	7,256	3,231	4,025
Total Library	22,331	22,331	19,109	3,222
Emergency Services:				
Personnel services	5,175	5,175	5,167	8
Maintenance & operation	6,000	6,000	6,000	
Other services and charges	12,020	12,020	10,843	1,177
Capital Outlay	4,080	4,080	1,939	2,141
Total EMD	27,275	27,275	23,949	3,326
Total Charges	153,941	153,941	117,666	36,275
Total Resources				
Over (Under) Charges	(20,861)	(20,861)	11,582	32,443
Transfer in (out)	10,000	10,000	(1,301)	(11,301)
Ending Budgetary Fund Balance	\$ 128,651	\$ 128,651	\$ 149,793	\$ 21,142

See accountant's report on agreed-upon procedures

CITY OF KAW CITY, OKLAHOMA
SCHEDULE OF GRANT ACTIVITY
CASH BASIS
YEAR ENDED JUNE 30, 2016

<u>Grantor</u>	<u>Award Amount</u>	<u>Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
State Dept. of Agriculture	\$ 4,290	\$ 4,290	\$ 4,290	\$
REAP KA14-16	\$ 45,000	\$ 6,223	\$ 6,223	\$
CDBG 563362 6/30/2015 - 12/31/2015	\$ 25,550	\$ 25,550	\$ 25,550	\$
REAP FAP-14-0006-R	\$ 99,684	\$ 99,684	\$ 80,744	\$ 18,940

See accountant's report on agreed-upon procedures