

City of Kaw City, Oklahoma

Independent Accountant's Report on
Applying Agreed-Upon Procedures

Year Ended June 30, 2013

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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, 2013, 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, 2013, 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, 2013. 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, 2013:

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, 2013.

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, 2013:

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, 2013.

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, 2013:

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.
June 30, 2014

CITY OF KAW CITY, OKLAHOMA
STATEMENT OF CHANGES IN FUND BALANCES
CASH BASIS
YEAR ENDED JUNE 30, 2013

	Fund Balances <u>6/30/12</u>	<u>Change</u>	Fund Balances <u>6/30/13</u>
CITY:			
General Fund	\$ 68,850	\$ 21,295	\$ 90,145
Grant Fund		2,207	2,207
Emergency Utilities Fund		14,443	14,443
Cemetery Fund	<u>78,285</u>	<u>12,511</u>	<u>90,796</u>
Total City	<u>147,135</u>	<u>50,456</u>	<u>197,591</u>
 KAW CITY MUNICIPAL AUTHORITY:			
Kaw City Municipal Authority	<u>178,175</u>	<u>(72,843)</u>	<u>105,332</u>
KCMA Subtotal	<u>178,175</u>	<u>(72,843)</u>	<u>105,332</u>
 CITY TOTALS	 <u><u>\$ 325,310</u></u>	 <u><u>\$ (22,387)</u></u>	 <u><u>\$ 302,923</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, 2013

Operating Revenues:	
Charges for services:	
Electric	\$ 50,947
Water	121,403
Sewer	35,482
Sanitation	56,947
Gas	131,439
Other income	<u>14,649</u>
Total Operating Revenues	410,867
Operating Expenses:	
Administration	64,839
Water Department	136,558
Sewer Department	117,493
Sanitation Department	43,918
Gas	107,885
Parks	<u>5,047</u>
Total Operating Expenses	<u>475,740</u>
Operating income (loss)	(64,873)
Non-Operating Revenues (Expenses):	
Interest income	<u>320</u>
Total Non-Operating Revenues (Expenses)	<u>320</u>
Net Income (Loss) Before Transfers	(64,553)
Transfers out	(8,290)
Net Position, beginning of year	<u>178,175</u>
Net Position, end of year	<u><u>\$ 105,332</u></u>

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CITY OF KAW CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Beginning budgetary fund balance	\$ 68,850	\$ 68,850	\$ 68,850	\$
Resources (Inflows):				
Sales tax	35,000	35,000	49,461	14,461
Franchise taxes	19,000	19,000	21,532	2,532
Alcoholic beverage tax	1,500	1,500	1,373	(127)
Cigarette tax	500	500	668	168
Motor vehicle tax	2,500	2,500	2,768	268
Gas tax	1,000	1,000	972	(28)
Grants	40,000	44,145	44,825	680
Charges for services	1,200	1,200	1,820	620
Fines and forfeitures	1,000	1,000	50	(950)
Licenses & permits	275	275	318	43
Interest	500	500	234	(266)
Other income	740	740	11,721	10,981
Total Resources	<u>103,215</u>	<u>107,360</u>	<u>135,742</u>	<u>28,382</u>
Charges (Outflows):				
General Government:				
Personnel services	313	313	562	(249)
Maintenance & operation	24,875	24,875	9,350	15,525
Other services and charges			11,740	(11,740)
Capital outlay	3,000	3,000	604	2,396
Total General Government	<u>28,188</u>	<u>28,188</u>	<u>22,256</u>	<u>5,932</u>
Street Department:				
Maintenance & operation	2,000	2,000	2,121	(121)
Capital outlay	40,000	39,661	40,000	(339)
Total Street Department	<u>42,000</u>	<u>41,661</u>	<u>42,121</u>	<u>(460)</u>
Municipal Court:				
Maintenance & operation	700	700		700

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CITY OF KAW CITY, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS
 GENERAL FUND
 YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Charges (Outflows) (continued):				
Animal Control:				
Personnel services	\$	\$	\$ 323	\$ (323)
Maintenance & operation			37	(37)
Total Animal Control			360	(360)
City Treasurer:				
Personnel services	1,500	1,500	1,304	196
City Attorney:				
Personnel services	12,000	12,000	9,600	2,400
Maintenance & operation	7,000	7,000	4,654	2,346
Total City Attorney	19,000	19,000	14,254	4,746
Library:				
Personnel services	8,775	8,775	4,496	4,279
Maintenance & operation	3,950	3,950	2,418	1,532
Total Library	12,725	12,725	6,914	5,811
Emergency Services:				
Personnel services	2,550	4,755	5,157	(402)
Maintenance & operation	3,200	3,200	12,853	(9,653)
Other services and charges	3,964	3,964		3,964
Capital Outlay	10,000	10,000	9,228	772
Total EMD	19,714	21,919	27,238	(5,319)
Total Charges	123,827	125,693	114,447	11,246
Total Resources				
Over (Under) Charges	(20,612)	(18,333)	21,295	39,628
Transfer in (out)	10,000	10,000		(10,000)
Ending Budgetary Fund Balance	\$ 58,238	\$ 60,517	\$ 90,145	\$ 29,628

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CITY OF KAW CITY, OKLAHOMA
 SCHEDULE OF GRANT ACTIVITY
 CASH BASIS
 YEAR ENDED JUNE 30, 2013

<u>Grantor</u>	<u>Award Amount</u>	<u>Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
REAP KA12-4	\$ 40,000	\$ 39,661	\$ 39,661	\$
State of Oklahoma - ODL	\$ 2,706	\$ 2,706	\$ 2,706	\$
State Dept. of Agriculture	\$ 4,484	\$ 4,484	\$ 4,484	\$
REAP KA13-3				
12/01/12 - 7/30/14	\$ 40,000	\$ 12,501	\$ 12,501	\$
15209CDBG 12				
8/01/12 - 8/01/13	\$ 22,786	\$ 20,579	\$ 20,579	\$ 2,207
	196,000			

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