

City of Kaw City, Oklahoma

Independent Accountant's Report on  
Applying Agreed-Upon Procedures

Year Ended June 30, 2018

# 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 the related Public Trust for the year ended June 30, 2018, 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, 2018, 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, 2018. 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, 2018:

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 the end of each month during the fiscal year ending June 30, 2018.

**Findings:** The City had no uninsured deposits at the end of each month during the fiscal year ending June 30, 2018.

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, 2018:

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 the end of each month during the fiscal year ended June 30, 2018.

**Findings:** The Authority had no uninsured deposits at the end of each month during the fiscal year ended June 30, 2018.

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, 2018:

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.

A handwritten signature in black ink that reads "Kimberlye R. Mayer CPA, P.C." The signature is written in a cursive style.

Kimberlye R. Mayer, CPA, P.C.  
February 13, 2019

CITY OF KAW CITY, OKLAHOMA  
STATEMENT OF CHANGES IN FUND BALANCES  
CASH BASIS  
YEAR ENDED JUNE 30, 2018

	Fund Balances <u>6/30/17</u>	<u>Change</u>	Fund Balances <u>6/30/18</u>
<b>CITY:</b>			
General Fund	\$ 163,218	\$ 39,626	\$ 202,844
Grant Fund			
Emergency Utilities Fund	39,343	14,586	53,929
Cemetery Fund	<u>31,900</u>	<u>3,830</u>	<u>35,730</u>
Total City	<u>234,461</u>	<u>58,042</u>	<u>292,503</u>
<b>KAW CITY MUNICIPAL AUTHORITY:</b>			
Kaw City Municipal Authority	<u>198,676</u>	<u>139,242</u>	<u>337,918</u>
KCMA Subtotal	<u>198,676</u>	<u>139,242</u>	<u>337,918</u>
<b>CITY TOTALS</b>	<u><u>\$ 433,137</u></u>	<u><u>\$ 197,284</u></u>	<u><u>\$ 630,421</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, 2018

Operating Revenues:	
Charges for services:	
Electric	\$ 31,516
Water	169,987
Sewer	60,503
Sanitation	85,048
Gas	171,560
Late penalties	9,861
Other income	13,222
Total Operating Revenues	541,697
Operating Expenses:	
Administration	81,018
Water Department	83,740
Sewer Department	66,243
Sanitation Department	67,006
Gas	90,552
Parks	10,228
Total Operating Expenses	398,787
Operating income (loss)	142,910
Non-Operating Revenues (Expenses):	
Grant income	
Interest income	341
Total Non-Operating Revenues (Expenses)	341
Net Income (Loss) Before Transfers	143,251
Transfers out	(4,009)
Net Position, beginning of year	198,676
Net Position, end of year	\$ 337,918

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CITY OF KAW CITY, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Beginning budgetary fund balance	\$ 163,218	\$ 163,218	\$ 163,218	\$
Resources (Inflows):				
Sales tax	60,000	60,000	63,696	3,696
Franchise taxes	22,000	22,000	22,312	312
Alcoholic beverage tax	1,600	1,600	1,703	103
Cigarette tax	700	700	743	43
Use tax	5,000	5,000	8,322	3,322
Motor vehicle tax	2,500	2,500	2,613	113
Gas tax	800	800	706	(94)
Grants and donations	9,498	9,498	6,987	(2,511)
Charges for services	22,745	22,745	22,461	(284)
Fines and forfeitures	500	500		(500)
Licenses & permits	790	790	1,155	365
Interest	125	125	256	131
Other income	3,000	3,000	3,600	600
Total Resources	<u>129,258</u>	<u>129,258</u>	<u>134,554</u>	<u>5,296</u>
Charges (Outflows):				
General Government:				
Personnel services	31,400	31,400	26,564	4,836
Maintenance & operation	26,400	26,400	15,473	10,927
Capital outlay	3,000	3,000	1,225	1,775
Total General Government	<u>60,800</u>	<u>60,800</u>	<u>43,262</u>	<u>17,538</u>
Street Department:				
Personnel services	5,350	5,350	4,049	1,301
Maintenance & operation	4,300	4,300	3,807	493
Capital outlay				
Total Street Department	<u>9,650</u>	<u>9,650</u>	<u>7,856</u>	<u>1,794</u>
Municipal Court:				
Maintenance & operation	500	500		500
Community Center	5,650	5,650	3,857	1,793
Police:				
Personnel services	15,000	15,000		15,000

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CITY OF KAW CITY, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges (Outflows) (continued):				
City Attorney:				
Personnel services	6,000	6,000	4,800	1,200
Maintenance & operation	5,000	5,000	3,342	1,658
Total City Attorney	<u>11,000</u>	<u>11,000</u>	<u>8,142</u>	<u>2,858</u>
Library:				
Personnel services	19,375	19,375	11,088	8,287
Maintenance & operation	7,213	7,213	3,890	3,323
Total Library	<u>26,588</u>	<u>26,588</u>	<u>14,978</u>	<u>11,610</u>
Emergency Services:				
Personnel services	5,175	5,175	5,167	8
Maintenance & operation	6,000	6,000	6,000	
Other services and charges	13,325	13,325	5,386	7,939
Capital Outlay	4,500	4,500	0	4,500
Total EMD	<u>29,000</u>	<u>29,000</u>	<u>16,553</u>	<u>12,447</u>
Total Charges	<u>158,188</u>	<u>158,188</u>	<u>94,648</u>	<u>63,540</u>
Total Resources				
Over (Under) Charges	(28,930)	(28,930)	39,906	68,836
Transfer in (out)	<u>25,000</u>	<u>25,000</u>	<u>(280)</u>	<u>(25,280)</u>
Ending Budgetary Fund Balance	<u>\$ 159,288</u>	<u>\$ 159,288</u>	<u>\$ 202,844</u>	<u>\$ 43,556</u>

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CITY OF KAW CITY, OKLAHOMA  
 SCHEDULE OF GRANT ACTIVITY  
 CASH BASIS  
 YEAR ENDED JUNE 30, 2018

<u>Grantor</u>	<u>Award Amount</u>	<u>Total Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
State Dept. of Agriculture	\$ 3,744	\$ 3,744	\$ 3,744	\$
REAP KA16-3	\$ 93,573	\$ 10,377	\$ 10,377	\$
Passed through ODOC:				
US HUD 16626 CDBG 15				
4/22/16 - 4/22/18    14.228	\$ 174,276	\$ 3,346	\$ 12,502	\$
REAP KA 18 - 1	\$ 96,620	\$	\$	\$

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