

City of Kaw City, Oklahoma

Independent Accountant's Report on  
Applying Agreed-Upon Procedures

Year Ended June 30, 2019

# 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, 2019, 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, 2019, 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 pages 2-4 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, 2019. Management of the City of Kaw City and the related public trust 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, 2019:

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, 2019.

**Findings:** The City had no uninsured deposits at the end of each month during the fiscal year ending June 30, 2019.

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, 2019:

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, 2019.

**Findings:** The Authority had no uninsured deposits at the end of each month during the fiscal year ended June 30, 2019.

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.

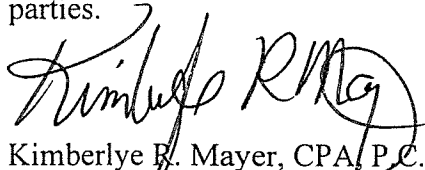
As to the City of Kaw City and the Kaw City Municipal Authority grant programs, as of and for the fiscal year ended June 30, 2019:

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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. Accordingly, we do not express such an opinion or conclusion. 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.

 CPA, PC  
Kimberlye R. Mayer, CPA, P.C.  
April 22, 2020

CITY OF KAW CITY, OKLAHOMA  
STATEMENT OF CHANGES IN FUND BALANCES  
CASH BASIS  
YEAR ENDED JUNE 30, 2019

	<u>Fund Balances</u> 6/30/18	<u>Change</u>	<u>Fund Balances</u> 6/30/19
<b>CITY:</b>			
General Fund	\$ 202,844	\$ 34,101	\$ 236,945
Grant Fund		31	31
Emergency Utilities Fund	53,929	18,056	71,985
Cemetery Fund	<u>35,730</u>	<u>7,265</u>	<u>42,995</u>
Total City	<u>292,503</u>	<u>59,453</u>	<u>351,956</u>
 <b>KAW CITY MUNICIPAL AUTHORITY:</b>			
Kaw City Municipal Authority	<u>337,918</u>	<u>232,253</u>	<u>570,171</u>
KCMA Subtotal	<u>337,918</u>	<u>232,253</u>	<u>570,171</u>
 <b>CITY TOTALS</b>	 <u><u>\$ 630,421</u></u>	 <u><u>\$ 291,706</u></u>	 <u><u>\$ 922,127</u></u>

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	\$ 29,243
Water	235,776
Sewer	64,062
Sanitation	90,777
Gas	186,985
Late penalties	9,221
Other income	11,104
Total Operating Revenues	<u>627,168</u>
 Operating Expenses:	
Water Department	148,892
Sewer Department	61,407
Sanitation Department	68,533
Gas	126,346
Parks	6,330
Total Operating Expenses	<u>411,508</u>
 Operating income (loss)	 215,660
 Non-Operating Revenues (Expenses):	
Park grant	20,000
Interest income	777
Total Non-Operating Revenues (Expenses)	<u>20,777</u>
 Net Income (Loss) Before Transfers	 236,437
 Transfers out	 (4,185)
 Net Position, beginning of year	 <u>337,918</u>
 Net Position, end of year	 <u><u>\$ 570,170</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Beginning budgetary fund balance	\$ 202,844	\$ 202,844	\$ 202,844	\$
Resources (Inflows):				
Sales tax	60,000	60,000	70,988	10,988
Franchise taxes	23,000	23,000	22,598	(402)
Alcoholic beverage tax	1,600	1,600	2,165	565
Cigarette tax	700	700	576	(124)
Use tax	6,000	6,000	12,141	6,141
Motor vehicle tax	2,500	2,500	2,648	148
Gas tax	800	800	685	(115)
Grants and donations	14,394	14,394	49,638	35,244
Charges for services	26,185	26,185	22,960	(3,225)
Fines and forfeitures	500	500		(500)
Licenses & permits	750	750	1,575	825
Interest	175	175	949	774
Other income	3,000	3,000	4,632	1,632
Total Resources	<u>139,604</u>	<u>139,604</u>	<u>191,555</u>	<u>51,951</u>
Charges (Outflows):				
General Government:				
Personnel services	27,900	27,900	24,721	3,179
Maintenance & operation	30,400	30,400	24,819	5,581
Capital outlay	3,000	3,000	2,690	310
Total General Government	<u>61,300</u>	<u>61,300</u>	<u>52,230</u>	<u>9,070</u>
Street Department:				
Personnel services	5,350	5,350	3,775	1,575
Maintenance & operation	4,300	4,300	5,971	(1,671)
Capital outlay				
Total Street Department	<u>9,650</u>	<u>9,650</u>	<u>9,746</u>	<u>(96)</u>
Municipal Court:				
Maintenance & operation	500	500		500
Community Center	5,650	5,650	4,826	824
Police:				
Personnel services	15,000	15,000		15,000

See accountant's report on agreed-upon procedures



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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges (Outflows) (continued):				
City Attorney:				
Personnel services	6,000	6,000	4,800	1,200
Maintenance & operation	5,000	5,000	3,411	1,589
Total City Attorney	<u>11,000</u>	<u>11,000</u>	<u>8,211</u>	<u>2,789</u>
Library:				
Personnel services	3,250	3,250	3,430	(180)
Maintenance & operation	7,165	7,165	3,127	4,038
Total Library	<u>10,415</u>	<u>10,415</u>	<u>6,557</u>	<u>3,858</u>
Emergency Services:				
Personnel services	5,175	5,175	5,167	8
Maintenance & operation	30,429	30,429	65,902	(35,473)
Capital Outlay	4,500	4,500	9,000	(4,500)
Total EMD	<u>40,104</u>	<u>40,104</u>	<u>80,069</u>	<u>(39,965)</u>
Total Charges	<u>153,619</u>	<u>153,619</u>	<u>161,639</u>	<u>(8,020)</u>
Total Resources				
Over (Under) Charges	(14,015)	(14,015)	29,916	43,931
Transfer in (out)	<u>25,000</u>	<u>25,000</u>	<u>4,185</u>	<u>(20,815)</u>
Ending Budgetary Fund Balance	<u>\$ 213,829</u>	<u>\$ 213,829</u>	<u>\$ 236,945</u>	<u>\$ 23,116</u>

See accountant's report on agreed-upon procedures

CITY OF KAW CITY, OKLAHOMA  
SCHEDULE OF GRANT ACTIVITY  
CASH BASIS  
YEAR ENDED JUNE 30, 2019

<u>Grantor</u>	<u>Award Amount</u>	<u>Total Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
State Dept. of Agriculture	\$ 4,000	\$ 4,000	\$ 4,000	\$
REAP KA18 - 1	\$ 96,620	\$ 35,074	\$ 35,074	\$
Passed through ODOC:				
US HUD:				
17060 CDBG 12   14.228	\$ 46,552	\$ 43,176	\$ 43,176	\$
17061 CDBG 17   14.228	\$ 128,900	\$ 125,201	\$ 125,170	\$       31
10/6/17 - 10/06/19				