

THE TOWN OF KEYES, OKLAHOMA

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**



Independent Accountant's Report

To the Specified Users of the Report:

Town Trustees, Town of Keyes
Keyes, Oklahoma

Trustees of the Keyes Utility Authority
Keyes, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Oklahoma Department of Agriculture, Food and Forestry
Oklahoma City, Oklahoma

Report on Compiled Financial Statements and Schedules

We have compiled the accompanying Summary of Changes in Fund Balances-Cash Basis of the Town of Keyes and related Public Trust for the year ended June 30, 2013, the Budgetary Comparison Schedule- Cash Basis - General Fund, Budgetary Comparison Schedule - Cash Basis – EMT Fund, Budgetary Comparison Schedule - Cash Basis – Fire Building Fund, Budgetary Comparison Schedule – Cash Basis – Keyes Country Store, Statement of Revenues, Expenses and Changes in Fund Balance – Cash Basis – Keyes Utility Authority, and the Schedule of Grant Activity – Cash Basis for the year ended June 30, 2013. The financial statements and schedules 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, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We have not audited or reviewed the aforementioned financial statements and schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and schedules are in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements and schedules in accordance with the cash basis of accounting and applicable Oklahoma Statutes and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements and schedules.

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 and schedules, in order to meet the requirements of applicable Oklahoma Statutes, without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and schedules.

Town of Keyes and Keyes Utility Authority
Page 2

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements and schedules prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements and schedules, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements and schedules are not designed for those who are not informed about such matters.

Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below 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 Town and Utility 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 Town of Keyes and the Keyes Utility Authority are responsible for the Town's and Authority'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 to meet the requirements prescribed in Oklahoma Statutes §11-17.105-.107 and §60-180.1-.3. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the Town of Keyes as of and for the fiscal year ended June 30, 2013:

1. **Procedures Performed:** From the Town's trial balances, we compiled a cash basis schedule of changes in fund balances for each fund (see accompanying Exhibit 1) 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 were noted.

2. **Procedures Performed:** From the Town's trial balances, we compiled a cash basis budget and actual financial schedule for the General Fund, EMT Fund, Fire Building Fund and the Keyes Country Store Fund (see accompanying Exhibit 2) and compared the actual expenditures reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: The following expenditures exceeded appropriations:

<u>Fire Building Fund</u>	
Transfers to other funds	\$4,000

Town of Keyes and Keyes Utility Authority

Page 3

- 3. Procedures Performed:** We agreed the Town'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 significant or unusual reconciling items were noted that did not clear on a timely basis.

- 4. Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: All deposits were FDIC insured at June 30, 2013.

- 5. Procedures Performed:** We compared the Town's use of material restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- 6. Procedures Performed:** We compared the accounting for the Town'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 were noted.

- 7. Procedures Performed:** A search for Town debt agreements was performed to identify any contractually required reserve balances and debt service requirements of bond indentures for the purpose of determining contract compliance.

Findings: The Town had no debt, therefore no debt service coverage requirements of bond indentures were evaluated for compliance.

As to the Keyes Utility 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 accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No instances of noncompliance were noted.

Town of Keyes and Keyes Utility Authority

Page 4

2. **Procedures Performed:** We agreed the Authority'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 significant or 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: All deposits were FDIC insured 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 of noncompliance.

Findings: No instances of noncompliance were noted.

6. **Procedures Performed:** A search for Authority debt agreements was performed to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purposes of determining contract compliance.

Findings: No such compliance requirements were identified that were applicable to the Keyes Utility Authority.

As to the Town of Keyes and Keyes Utility Authority grant programs, as of and for the fiscal year ended June 30, 2013

1. **Procedures Performed:** From the Town and Authority's trial balances, we compiled a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Town of Keyes and Keyes Utility Authority
Page 5

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 and an opinion on the related financial statements and schedules. 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.

Crawford & Associates, P.C.

Crawford & Associates, P.C.
June 30, 2015



TOWN OF KEYES AND KEYES UTILITY AUTHORITY
Keyes, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCES - CASH BASIS
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	(Restated) Beginning of Year <u>Fund Balances</u>	Current Year <u>Revenues</u>	Current Year <u>Expenditures</u>	End of Year <u>Fund Balances</u>
TOWN				
General Fund *	\$ 1,440	\$ 221,303	\$ 222,196	547
Street & Alley Fund	-	17,220	16,612	608
EMT Fund	10,375	25,262	24,827	10,810
Fire Dept Building Fund	3,912	33,838	31,052	6,698
Keyes Country Store	(3,619)	345,087	335,641	5,827
Town Subtotal	<u>4,887</u>	<u>642,710</u>	<u>630,328</u>	<u>24,490</u>
KEYES UTILITY AUTHORITY:				
KUA Utilities Fund	21,854	300,143	277,498	44,499
Meter Deposit Fund	-	900	900	-
KUA Subtotal	<u>21,854</u>	<u>301,043</u>	<u>278,398</u>	<u>44,499</u>
Overall Totals	<u>\$ 26,741</u>	<u>\$ 943,753</u>	<u>\$ 908,726</u>	<u>\$ 68,989</u>

*Prior year was restated to remove non-cash basis payroll liability.

See independent accountant's report on agreed-upon procedures.

TOWN OF KEYES
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Beginning Budgetary Fund Balance:	\$1,440	\$1,440	\$ -
Resources (Inflows):			
Taxes:			
Sales tax	18,200	18,124	(76)
Use tax	5,500	4,172	(1,328)
Total Taxes	<u>23,700</u>	<u>22,296</u>	<u>(1,404)</u>
Intergovernmental:			
Alcoholic beverage tax	32,000	32,964	964
Cigarette tax	-	238	238
Grant revenue	47,424	29,968	(17,456)
Total Intergovernmental	<u>79,424</u>	<u>63,170</u>	<u>(16,254)</u>
Fines and Forfeitures:			
Court fines	<u>1,500</u>	<u>2,287</u>	<u>787</u>
Investment Income	<u>25</u>	<u>20</u>	<u>(5)</u>
Miscellaneous Income	<u>14,475</u>	<u>2,771</u>	<u>(11,704)</u>
Other Financing Sources:			
Transfers from other funds	164,894	130,759	(34,135)
Total Other Financing Sources	<u>164,894</u>	<u>130,759</u>	<u>(34,135)</u>
Total Resources	<u>284,018</u>	<u>221,303</u>	<u>(62,715)</u>
Amounts available for appropriation	<u>285,458</u>	<u>222,743</u>	<u>(62,715)</u>
Charges to Appropriations (Outflows):			
General Government	33,070	17,053	16,017
Clerk-Treasurer	37,090	26,125	10,965
Fire	9,515	5,210	4,305
Parks	17,800	14,566	3,234
Police	37,890	29,122	8,768
Streets	34,000	31,094	2,906
Store	71,530	68,558	2,972
Other Financing Uses - Transfers to other funds	48,674	30,468	18,206
Total Charges to Appropriations	<u>289,569</u>	<u>222,196</u>	<u>67,373</u>
Ending Budgetary Fund Balance	<u>(\$4,111)</u>	<u>\$547</u>	<u>\$4,658</u>

See independent accountant's report on agreed-upon procedures.

TOWN OF KEYES
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
EMT FUND
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Beginning Budgetary Fund Balance:	\$10,375	\$10,375	\$ -
Resources (Inflows):			
Investment Income	20	19	(1)
Miscellaneous Income	18,500	25,243	6,743
Total Resources	<u>18,520</u>	<u>25,262</u>	<u>6,742</u>
Amounts available for appropriation	<u>28,895</u>	<u>35,637</u>	<u>6,742</u>
Charges to Appropriations (Outflows):			
EMT	21,100	19,527	1,573
Other Financing Uses - Transfers to other funds	5,500	5,300	200
Total Charges to Appropriations	<u>26,600</u>	<u>24,827</u>	<u>1,773</u>
Ending Budgetary Fund Balance	<u>\$2,295</u>	<u>\$10,810</u>	<u>\$8,515</u>

See independent accountant's report on agreed-upon procedures.

TOWN OF KEYES
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
FIRE BUILDING FUND
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Beginning Budgetary Fund Balance:	\$3,912	\$3,912	\$ -
Resources (Inflows):			
Fire surcharge	4,600	4,466	(134)
Grant Revenue	-	21,909	21,909
Investment Income	10	16	6
Miscellaneous Income	23,425	7,447	(15,978)
Total Resources	<u>28,035</u>	<u>33,838</u>	<u>5,803</u>
Amounts available for appropriation	<u>31,947</u>	<u>37,750</u>	<u>5,803</u>
Charges to Appropriations (Outflows):			
Fire	30,035	27,052	2,983
Other Financing Uses - Transfers to other funds	-	4,000	(4,000)
Total Charges to Appropriations	<u>30,035</u>	<u>31,052</u>	<u>(1,017)</u>
Ending Budgetary Fund Balance	<u>\$1,912</u>	<u>\$6,698</u>	<u>\$4,786</u>

See independent accountant's report on agreed-upon procedures.

TOWN OF KEYES
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
Keyes Country Store
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Beginning Budgetary Fund Balance :	\$ (3,619)	\$ (3,619)	\$ -
Resources (Inflows):			
Sales Revenue	344,900	345,087	187
Total Resources	<u>344,900</u>	<u>345,087</u>	<u>187</u>
Amounts available for appropriation	<u>341,281</u>	<u>341,468</u>	<u>187</u>
Charges to Appropriations (Outflows):			
Store	260,100	253,782	6,318
Other Financing Uses - Transfers to other funds	84,800	81,859	2,941
Total Charges to Appropriations	<u>344,900</u>	<u>335,641</u>	<u>9,259</u>
Ending Budgetary Fund Balance	<u>\$ (3,619)</u>	<u>\$5,827</u>	<u>\$9,446</u>

See independent accountant's report on agreed-upon procedures.

KEYES UTILITY AUTHORITY
Keyes, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS
(KUA Utilities Fund)

For the Fiscal Year Ended June 30, 2013
(Unaudited)

Operating Revenues:

Charges for services:	
Gas	\$105,001
Water	85,147
Sewer	25,249
Sanitation	48,417
Penalties and other charges	3,207
	<hr/>
Total Operating Revenues	267,021 <hr/>

Operating Expenses:

Administration	33,065
Gas	105,417
Water	34,749
Sewer	461
Sanitation	14,163
Capital outlay	29,876
	<hr/>
Total Operating Expenses	217,731 <hr/>

Operating Income	49,290
------------------	--------

Non-Operating Revenues (Expenses):

Investment income	79
Debt service	(10,480)
Miscellaneous	1,075
	<hr/>
Total Non-Operating Revenues (Expenses)	(9,326) <hr/>

Net Income Before Contributions and Transfers	39,964
--	---------------

Transfers in	31,968
Transfers out	(49,287)
	<hr/>

Change in fund balance	22,645
-------------------------------	---------------

Fund Balance - beginning	21,854
	<hr/>

Fund Balance - ending	\$44,499
	<hr/> <hr/>

See independent accountant's report on agreed-upon procedures.

TOWN OF KEYES
Keyes, Oklahoma

SCHEDULE OF GRANT ACTIVITY - CASH BASIS
For the Fiscal Year Ended June 30, 2013
(Unaudited)

	<u>Fire Operational Grant</u>	<u>OEDA REAP #12-129</u>	<u>OEDA REAP #13-17</u>
Awarding agency	Oklahoma Department of Agriculture	Oklahoma Economic Development Authority	Oklahoma Economic Development Authority
CFDA No.	N/A	N/A	N/A
Award Amount	\$ 4,484	\$ 29,999	\$ 17,425
Program Budget	4,484	29,999	17,425
Current Year Activity			
Current Year Receipts:			
Received from agency	<u>4,484</u>	<u>29,968</u>	<u>17,425</u>
Total current year receipts	4,484	29,968	17,425
Current Year Disbursements	4,484	29,968	17,425
Beginning of Year Unexpended Grant Funds	<u>-</u>	<u>-</u>	<u>-</u>
End of Year Unexpended Grant Funds	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Program To-Date Activity			
Program To-Date Receipts:			
Received from agency	<u>-</u>	<u>29,968</u>	<u>17,425</u>
Total program To-Date Receipts	-	29,968	17,425
Program To-Date Disbursements	<u>-</u>	<u>29,968</u>	<u>17,425</u>
Program To-Date Unexpended Grant Funds	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent accountant's report on agreed-upon procedures.