

INDEPENDENT ACCOUNTANTS REPORT
ON APPLYING AGREED UPON PROCEDURES
TOWN OF KENDRICK, OKLAHOMA
JUNE 30, 2023

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Independent Accountant's Report
On Applying Agreed Upon Procedures
To the Specified Users of the Report:

Town Board of Trustees, Town of Kendrick
Kendrick, Oklahoma

Trustees of Kendrick Municipal Authority
Kendrick, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Report on Compiled Financial Statements and Schedules

Management is responsible for the accompanying financial statements and schedules of the Town of Kendrick and Kendrick Municipal Authority, Kendrick, Oklahoma, which comprise a Summary of Changes in Fund Balances-Modified Cash Basis as of the year ended June 30, 2023, and the related Budgetary Comparison Schedule of the General Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Kendrick Municipal Authority-Modified Cash Basis for the year then ended in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. I have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the accompanying financial statements and schedules nor were I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements and schedules.

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 modified cash basis and budget laws of the State of Oklahoma which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosure ordinarily included in financial statements and schedules prepared in accordance with the modified 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

I 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 of Kendrick and Kendrick Municipal Authority in meeting its financial accountability requirements as prescribed by Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2023. Management of the Town of Kendrick and Kendrick Municipal Authority is 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 attestation standards established by the American Institute of Certified Public Accountants to meet the requirements prescribed in Oklahoma Statutes § 11-17.105-.107. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I 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 Kendrick** as of and for the fiscal year ended June 30, 2023.

1. **Procedures Performed:** From the Town's trial balances, I prepared a modified 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 noted.

2. **Procedures Performed:** Form the Town's trial balances, I attempted to prepare modified cash basis budget and actual financial schedule for the General Fund any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compare the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: The Town of Kendrick did not prepare and file budgets as required by the Oklahoma Municipal Budget Act.

3. **Procedures Performed:** I attempted to agree the Town's material bank account balances to bank statements, and traced timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: The Town had several backdated checks including checks dated back to 2021.

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

Findings: As of June 30, 2023, all of the Towns deposits and investments were covered by federal deposit insurance or were fully collateralized.

5. **Procedures Performed:** I 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:** I 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 noted.

7. **Procedures Performed:** I compared the Town's account balances in reserve accounts to contractually required reserve balances and debt service requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: The Town had no contractual or debt service requirements. This procedure does not apply.

As to the Town of Kendrick Grant Programs, as of and for the fiscal year ended June 30, 2023:

8. **Procedures Performed:** From the Town's trial balances, I prepared schedules of grant activity for each grant/contract and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance.

Findings: The Town had no grants for the year. This procedure does not apply.

As to the **Kendrick Municipal Authority** as of and for the fiscal year ended June 30, 2023.

1. **Procedures Performed:** From the Authority's trial balances, I prepared a schedule of revenues, expenditures/expenses changes in fund balances/net assets for each fund (see accompanying Exhibit 3) 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:** I attempted to agree the Authority's material bank account balances to the 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: Bank account information does not agree to the financial statements.

3. **Procedures Performed:** I compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

4. **Procedures Performed:** I 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 noted.

5. **Procedures Performed:** I 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 noted.

6. **Procedures Performed:** I compared the Authority's account balances in reserve accounts to contractually required reserve balances and debt service requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: The Loan Resolution Security Agreements with the USDA Rural Development requires a reserve fund to be funded at 10% of the monthly installment until the balance is equal to the annual installment amount (\$2,777 X 12 = \$33,324). At June 30, 2023, the Kendrick Municipal Authority did not have a reserve account.

As to the Kendrick Municipal Authority Grant Programs, as of and for the fiscal year ended June 30, 2023:

7. **Procedures Performed:** From the Authority's trial balances, I prepared schedules of grant activity for each grant/contract and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on compliance, and an opinion or conclusion on the related financial statements and schedules. Accordingly, I do not express such an opinion or conclusion. Had I 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.

Sincerely,



Ralph Osborn
May 9, 2024

TOWN OF KENDRICK AND KENDRICK MUNICIPAL AUTHORITY
KENDRICK, OKLAHOMA
SUMMARY OF CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)
Exhibit 1

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Interfund Transfers</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balances</u>
Town of Kendrick:					
General Fund	\$ 14,460	\$ 29,494	\$ -	\$ (23,812)	\$ 20,142
Town Subtotal	<u>14,460</u>	<u>29,494</u>	<u>-</u>	<u>(23,812)</u>	<u>20,142</u>
Kendrick Municipal Authority:					
General Account	82,427	223,941	-	(233,251)	73,117
KPWA Subtotal	<u>82,427</u>	<u>223,941</u>	<u>-</u>	<u>(233,251)</u>	<u>73,117</u>
Overall Totals	<u>\$ 96,887</u>	<u>\$253,435</u>	<u>\$ -</u>	<u>\$ (257,063)</u>	<u>\$ 93,259</u>

Please see accompanying Accountants Reports

TOWN OF KENDRICK
KENDRICK, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
MODIFIED CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)
Exhibit 2

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 14,460	\$ 14,460
Resources (Inflows):				
Local Sources:				
Franchise tax	-	-	2,739	2,739
Other Local Sources	-	-	2,680	2,680
Total Local Sources	-	-	5,419	5,419
Intergovernmental-State Sources:				
Sales tax	-	-	9,574	9,574
Use tax	-	-	5,354	5,354
Other tax	-	-	65	65
Other State Sources	-	-	-	-
Total Intergovernmental				
- State Sources	-	-	14,993	14,993
Miscellaneous Income	-	-	9,080	9,080
Investment Income	-	-	2	2
Amounts Available for Appropriation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,954</u>	<u>\$ 43,954</u>
Charges to Appropriations (Outflows):				
General Government:				
Personal Services	-	-	6,725	(6,725)
Maintenance and Operations	-	-	7,280	(7,280)
Other Services and Charges	-	-	9,807	(9,807)
Total General Government	-	-	23,812	(23,812)
Total Charges to Appropriations	-	-	23,812	(23,812)
Ending Budgetary Fund Balance:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,142</u>	<u>\$ 20,142</u>

The Town of Kendrick did not prepare and file budgets as required by the Oklahoma Municipal Budget Act.

Please see accompanying Accountants Reports

TOWN OF KENDRICK, OKLAHOMA
KENDRICK MUNICIPAL AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)
Exhibit 3

Operating Revenues:

Water Services	\$ 140,652
Sanitation Services	8,993
Wastewater Services	<u>22,989</u>

Total Operating Revenues	<u>172,634</u>
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Operating Expenses:

Water Purchases	36,338
Payroll Expenses	48,252
Insurance	2,740
Utilities	14,234
Advertising	-
Repairs and Maintenance	2,572
Bank Fees and Returns	498
Office Supplies	3,071
Fees and Permits	6,967
Lab Fees	2,695
Rent	6,000
Miscellaneous	6,244
Operational and Maintenance	<u>70,316</u>

Total Operating Expenses	<u>199,927</u>
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Operating Income (Loss)	(27,293)
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Non-Operating Revenues (Expenses) :

Investment Income	129
Grant Income	50,251
Reimbursement Income	927
Debt Services	<u>(33,324)</u>
Total Non-Operating Revenues (Expenses)	<u>17,983</u>

Changes in Fund Balance	(9,310)
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Fund Balance - Beginning	<u>82,427</u>
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Fund Balance - Ending	<u><u>\$ 73,117</u></u>
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Please see accompanying Accountants Reports