

**CITY OF KAW CITY OKLAHOMA  
KAW CITY, OKLAHOMA**

**AGREED UPON PROCEDURES  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2020**

**CITY OF KAW CITY, OKLAHOMA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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801 Frisco, Clinton, OK 73601  
580.323.1766 | 580.323.1768 fax

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## **Independent Accountant’s Report on Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

City Council, City of Kaw City  
Kaw City, Oklahoma

Trustees of the Kaw City Municipal Authority  
Kaw City, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

Management is responsible for the accompanying financial statements of the City of Kaw City which comprises the Summary of Changes in Fund Balances (Modified Cash Basis) for the City of Kaw City, the Budgetary Comparison Schedule for the General Fund (Modified Cash Basis), and the Statement of Revenues, Expenses, and Changes in Fund Balance – Modified Cash Basis for the Kaw City Municipal Authority for the fiscal year ended June 30, 2020, in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than principles generally accepted in the United State of America.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. 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.

We have performed the procedures enumerated within Appendix A and Appendix B 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 of Kaw City (the “City”) and the Kaw City Municipal Authority (the “Authority”) in meeting its financial accountability requirements as prescribed by such state laws and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2020. 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 in Appendix A or B, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on financial accountability and compliance with contractual requirements. 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, appearing to be the initials 'RS' followed by a stylized flourish.

RSMeacham CPAs & Advisors  
Clinton, OK  
August 4, 2021

**City of Kaw City, Oklahoma  
Procedures and Findings  
For the Year Ended June 30, 2020**

As to the City of Kaw City as of and for the fiscal year ended June 30, 2020:

- I. Prepare a schedule of changes in fund balances for each fund from the City's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit I. No instances of noncompliance noted.

- II. Prepare a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund and compare the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances on noncompliance with the appropriation limitations.

Findings: See Exhibit II. No instances of noncompliance noted.

- III. Agree 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: The City did not timely prepare bank reconciliations for all bank accounts held under the City's EIN.

Recommendation: City should maintain proper controls to ensure all accounts are recorded accurately and reconciled timely.

- IV. Compare the City's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

- V. Compare use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No findings noted. See recommendation below.

Recommendation: The City charges a Public Safety Fee to all utility customers. The fee is restricted for use by the Emergency Service Department per ordinance §13-409. The City has remaining unspent funds from the Emergency Services Utility Fee of \$14,538 as of June 30, 2020. The City should implement a method of tracking restricted unspent funds.

- VI. Compare 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.

- VII. Compare the City's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

**CITY OF KAW CITY, OKLAHOMA  
SUMMARY OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

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	<u>Beginning of Year Fund Balance*</u>	<u>Current Year Change</u>	<u>End of Year Fund Balance</u>
<b>CITY OF KAW CITY</b>			
General Fund	\$ 236,945	\$ 64,940	\$ 301,885
Municipal Authority	\$ 570,171	\$ 154,201	\$ 724,372

\* Prior year report was prepared by another auditor.

**CITY OF KAW CITY, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Beginning Budgetary Fund Balance:</b>	\$ 213,829	\$ 236,945	\$ 23,116
<b>Resources (Inflows):</b>			
Tax revenues	101,000	120,054	19,054
Other Revenue	75,410	63,646	(11,764)
<b>Total current year resources</b>	<u>176,410</u>	<u>183,700</u>	<u>7,290</u>
<b>Amounts available for appropriation</b>	<u>\$ 390,239</u>	<u>\$ 420,645</u>	<u>\$ 30,406</u>
<b>Charges to Appropriations (Outflows):</b>			
General Government	57,083	49,649	7,434
City Attorney	11,000	4,792	6,209
Library	9,501	4,808	4,693
Municipal Court	500	-	500
Police	15,000	-	15,000
Street	9,650	9,141	509
Community Center	8,117	8,117	-
Emergency Services	57,750	42,254	15,496
<b>Total Charges to Appropriations</b>	<u>168,601</u>	<u>118,761</u>	<u>49,840</u>
<b>Transfers in/(out)</b>			
Transfer in	25,000	-	(25,000)
<b>Net transfers</b>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
<b>Changes in Fund Balance</b>	32,809	64,940	\$ (67,550)
<b>Ending Budgetary Fund Balance</b>	<u>\$ 246,638</u>	<u>\$ 301,885</u>	

**Kaw City Municipal Authority  
Procedures and Findings  
For the Year Ended June 30, 2020**

As to the Kaw City Municipal Authority, as of and for the year ended June 30, 2020:

- I. Prepare a schedule of revenues, expenditures and changes in fund balance for each fund from the Authority's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit III. No instances of noncompliance noted.

- II. Agree 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: The City did not timely prepare bank reconciliations for all bank accounts held under the City's EIN.

Recommendation: City should maintain proper controls to ensure all accounts are recorded accurately and reconciled timely.

- III. Compare 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.

- IV. Compare 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.

- V. Compare 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.

- VI. Compare the Authority's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.



**KAW CITY MUNICIPAL AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND BALANCE - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

Garbage Revenues	\$	94,462
Gas Revenues		167,990
Garbage/Gas Expenses		<u>(152,200)</u>
Garbage & Gas Operating Income		110,252
Water Revenues		212,495
Sewer Revenues		65,075
Water/Sewer Expenses		<u>(171,836)</u>
Water & Sewer Operating Income		105,734
Parks Revenues		38,500
Parks Expenses		<u>(28,638)</u>
Parks Operating Income		9,862
Total Operating Income		<u>225,847</u>
Administration Revenues		42,368
Administration Expenses		<u>(114,015)</u>
Administration & Other Income/Expense		(71,646)
<b>Change in Fund Balance</b>		<u>154,201</u>
Beginning Budgetary Fund Balance		<u>570,171</u>
<b>Ending Budgetary Fund Balance</b>	<b>\$</b>	<u><u>724,372</u></u>