CITY OF ISABEL, KANSAS

Report on Applying Agreed-upon Procedures

For the Year Ended December 31, 2024

ADAMS BROWN
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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the City Council
City of Isabel, Kansas
Isabel, Kansas

We have performed the procedures enumerated below on the accounting records of **City of Isabel, Kansas** for the year ended December 31, 2024. **City of Isabel, Kansas'** management is responsible for the accounting records.

City of Isabel, Kansas has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose as required in accordance with K.S.A. 75-1122. Additionally, the State of Kansas, Division of Accounts and Reports, has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Procedure 1 – Cash Receipts
For two separate months, we traced non-mail cash receipts from the bookkeeping ledger to the budget records to determine if the receipts were properly recorded. Also, for the same two months, we traced bookkeeping entries for cash receipts to the bank statement to determine if receipts were deposited intact and on a timely basis. No exceptions were found.

Procedure 2 – Cash Disbursements
For approximately ten percent of the non-payroll cash disbursements, we traced disbursements from the bookkeeping records to the related invoice, bank statement, and canceled check. No exceptions were found.

Procedure 3 – Credit Cards
For two months, we reviewed the City's credit card transactions to determine if approvals, expenditure procedures, and proper classification of expenditures were followed. The City's credit card procedures are as follows:

- Credit cards may only be used by employees or officials who have been specifically authorized by the Mayor or City Council.
- Use of the City's credit cards is limited to authorized City business only.
- All users must submit original, itemized receipts for all transactions within 3 business days of the purchase.

- Spending limits are assigned based on job responsibilities and may not exceed certain limits as outlined in the Procurement Policy.

- All credit card activity will be reviewed monthly by the Mayor or a designated official.

We reviewed the City's credit card policy to determine if the policy was followed for the two months selected for testing and if the credit cards are only in the name of the City. No exceptions were found.

Procedure 4 – Year End Cash
We tied the City's total cash per books at year end to source documents. Also, we reviewed the bank reconciliation for the last month of the year. No exceptions were found.

Procedure 5 – Payroll
We reviewed payroll for one month to determine that proper deductions and employer contributions were being remitted. The following exception was found:

- Payroll withholding did not agree with Forms W-4 on file for four employees.

Procedure 6 – Encumbrances and Accounts Payable
We examined evidence of encumbrances and accounts payable and determined if they were properly stated in the financial statement. The following exception was found:

- A payment to Kansas Municipal Utilities on January 8, 2025 in the amount of $100.00 for 2025 membership dues was improperly included in accounts payable.

Procedure 7 – Comparison with Prior Year
We compared total cash receipts, total cash disbursements, encumbrances and accounts payable, and ending unencumbered cash balance for the current year with the same financial statement items for the prior year and examined any variances greater than 25%. The following variances were found:

- Encumbrances and accounts payable in the General Fund increased by 100% ($642) as there were no encumbrances or accounts payable as of December 31, 2023.

- Total cash disbursements in the Special Highway Fund decreased by 84% ($1,316) due to a decrease in street repairs.

- Unencumbered cash in the Gas Fund decreased by 48% ($14,623) due to a decrease in customer receipts and an increase in personal services.

- Encumbrances and accounts payable in the Gas Fund increased by 100% ($5,104) as there were no encumbrances or accounts payable as of December 31, 2023.

- Total cash disbursements in the Electric Fund increased by 70% ($47,001) due to an increase in the transfer out to the Water Fund and an increase in repairs expense to replace a transformer and two poles.

- Unencumbered cash in the Electric Fund decreased by 44% ($30,847) due to an increase in the transfer out to the Water Fund and an increase in repairs expense to replace a transformer and two poles.

- Encumbrances and accounts payable in the Electric Fund increased by 100% ($6,193) as there were no encumbrances or accounts payable as of December 31, 2023.

- Total cash receipts in the Water Fund increased by 60% ($12,219) due to an increase in the transfer in from the Electric Fund.

- Unencumbered cash in the Water Fund increased by 49% ($481) due to an increase in the transfer in from the Electric Fund and an increase in water line repairs.

- Encumbrances and accounts payable in the Water Fund increased by 434% ($3,785) due to an encumbrance for water line repairs.

- Total cash disbursements in the Sewer Fund increased by 31% ($2,028) due to an increase in personal services.

- Encumbrances and accounts payable in the Sewer Fund increased by 100% ($775) as there were no encumbrances or accounts payable as of December 31, 2023.

- Total cash disbursements in the Trash Fund increased by 26% ($2,421) due to an increase in personal services.

- Encumbrances and accounts payable in the Trash Fund increased by 100% ($1,039) as there were no encumbrances or accounts payable as of December 31, 2023.

- Total cash receipts in the Park Grant Fund decreased by 100% ($26,651) due to the City receiving the Pathways to a Healthy Kansas Grant plus other donations for park improvements in the prior year.

- Total cash disbursements in the Park Grant Fund decreased by 79% ($18,328) due to a decrease in purchasing park playground equipment and improving existing equipment and amenities at the park.

- Unencumbered cash in the Park Grant Fund decreased by 149% ($4,975) as the City spent the remaining grant funds and donations that were received in 2023.

- Total cash receipts in the KDHE Nitrate Mitigation Fund increased by 100% ($65,100) due to the City receiving grant funds in the current year.

- Unencumbered cash in the KDHE Nitrate Mitigation Fund increased by 100% ($65,100) due to the City receiving grant funds in the current year.

- Total cash receipts for the SRF KDHE Loan Fund decreased by 74% ($38,820) due to a decrease in the loan proceeds from KDHE.

- Total cash disbursements for the SRF KDHE Loan Fund decreased by 68% ($33,770) due to a decrease in the amount spent on the water line replacement project.

- Unencumbered cash in the SRF KDHE Loan Fund decreased by 68% ($2,050) due to the timing of the receipt of the loan proceeds.

Procedure 8 – Other Procedures
We performed other procedures as listed in the schedule of agreed-upon procedures. The City does not

participate in KPERS. No exceptions were found.

Procedure 9 – Compliance Checklist
We reviewed the general and entity specific checklists. The following exception was found:

- The City did not publish the annual 2024 financial statements. This is a violation of K.S.A. 12-1608.

- Unencumbered cash in the Park Grant Fund as of December 31, 2024 was negative $1,628 as the City was waiting on additional donations to be remitted to the City. This is a violation of K.S.A. 10-1113.

We were engaged by **City of Isabel, Kansas** to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to, and did not, conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records. 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.

We are required to be independent of **City of Isabel, Kansas** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of **City of Isabel, Kansas** and the State of Kansas, Division of Accounts and Reports and is not intended to be, and should not be, used by anyone other than those specified parties.

AdamsBrown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Larned, Kansas

August 19, 2025