FLINT HILLS METROPOLITAN PLANNING ORGANIZATION

Report on Applying Agreed-upon Procedures

For the Year Ended December 31, 2023

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

To the Board of Directors
Flint Hills Metropolitan Planning Organization
Fort Riley, Kansas

We have performed the procedures enumerated below on the accounting records of **Flint Hills Metropolitan Planning Organization** for the year ended December 31, 2023. **Flint Hills Metropolitan Planning Organization's** management is responsible for the accounting records.

Flint Hills Metropolitan Planning Organization 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 receipt book to the bookkeeping 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. The following exception was found:

- Per review of the 5 expenditure selections paid for by credit card, debit or check for the year ended December 31, 2023, all selections were lacking formal approval for payment by an individual other than the individual paying the disbursement and reconciling the bank statement.

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

Jared Tremblay and Abigail Danner each have their own credit card under the Organization's name. Monthly, the credit card statements are sent to the bookkeeper who inputs all transactions into QuickBooks before the statements are paid via QuickBooks automatic payment. No prior approval is required but the credit cards have a limit of $2,000 which is under the board's approval threshold. Every receipt is kept and reported to KDOT quarterly for verification and reimbursement.

No exceptions were found.

Procedure 4 – Year End Cash
We tied the Organization's total cash per books at year end to source documents. Also, we reviewed the bank reconciliation for the last month of the year. We ensured that bank reconciliations were being approved and completed in a timely manner. No exceptions were found.

Procedure 5 – Payroll
We reviewed payroll for two months to determine that proper deductions and employer contributions were being remitted. No exceptions were found.

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 as of the end of the year. The following variances were found:

- Per review of the December 31, 2023 credit card activity, the outstanding liability balance at December 31 should have been $360.86. The credit card liability balance per the balance sheet at December 31, 2023 was ($1,007.00). The credit card liability balance was understated by $1,367.86 at December 31, 2023.
- Per review of the December 31, 2023 payroll liability balance, the outstanding liability balance should have been $3,012.35 at December 31. The payroll liability balance per the balance sheet was $42,408.98, which caused the payroll liability balance to be overstated by $39,396.63 at December 31, 2023.

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:

- Per review of the unadjusted balance sheet as of December 31, 2023, payroll liabilities increased by $36,638.33 or 634.91%. This increase was due to the employer portion of health insurance and retirement being incorrectly coded to the payroll liabilities account and not to an expense account. The variance was also due to the closing out of old, incorrect payroll liability balances relating to a prior employee from prior years to the retained earnings equity account.
- Per review of the unadjusted profit and loss statement for the year ended December 31, 2023, total other income increased by $3,187.99 or 286.19%. This increase was due to higher interest rates being paid by financial institutions on idle funds.

Procedure 8 – Other Procedures
We performed other procedures as listed in the schedule of agreed-upon procedures. The following exceptions were found:

- Per review of the board meeting minutes, previous month's expenditures were not reported in the minutes being approved by the Board.
- Per review of the board meeting minutes, no evidence of signature by appropriate official was noted.
- The Organization determined that it is not required to have a surety (fidelity) bond and, as such, has not obtained a surety (fidelity) bond coverage for employees.

Procedure 9 – Compliance Checklist
We reviewed the general and entity specific compliance checklists. No exceptions were found.

We were engaged by **Flint Hills Metropolitan Planning Organization** 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 **Flint Hills Metropolitan Planning Organization** 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 **Flint Hills Metropolitan Planning Organization** 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.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Manhattan, Kansas

August 29, 2024