PAYNE TOWNSHIP
WICHITA, KANSAS

AGREED-UPON PROCEDURES REPORT

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Independent Accountant's Report
On Applying Agreed-Upon Procedures

May 24, 2024

Board of Payne Township
Dwight Henry
12010 E 69th St. N.
Wichita, KS 67226

We have performed the procedures enumerated below on Payne Township's compliance with the internal policies and procedures and laws and regulations as required by Kansas State statutes, relating to its fiscal operations managed by the Board of Payne Township for the year ended December 31, 2023 (subject matter). The Kansas Municipal Audit and Accounting Guide (KSA 75-1122) requires agreed upon procedures to be performed on municipalities with receipts/bonds in excess of $275,000, but not more than $500,000. The Board of Payne Township is responsible for the above identified subject matter.

Payne Township has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose which is to show compliance with the internal policies and procedures and laws and regulations as required by Kansas State statutes, relating to its fiscal operations. 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.

Our procedures and associated findings are as follows:

- **Procedure one:** Tie the municipality's total cash per books at year-end to source documents. This should include a review of the bank reconciliation for the last month of the year.
  - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure two:** Assess whether the year-end cash balance as shown on the Statement of Cash Receipts and Cash Disbursements agrees to: 1) demand deposits at the Municipality's official depository, 2) time deposits at the Municipality's official depository, 3) investments in U.S. Treasury bills; and other cash/investment accounts.
  - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure three:** Obtain the last bank statement of the year and compare total deposits in excess of FDIC insurance to the listing of securities pledged to secure the excess deposits, as evidenced by joint custody receipts.
  - **Findings:** No exceptions were found as a result of applying the procedure.
- **Procedure four:** Obtain last bank statement of the year, compare the name of the depository institution to an entry in the official minutes that designates the institution as the Municipality's official depository.
  - **Findings:** No exceptions were found as a result of applying the procedure

- **Procedure five:** For a minimum of two months (to be selected by certified public accountant) obtain the bank statement and trace any interest income on the bank statement to the municipality's cash receipts records.

    - **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure six:** For a minimum of two separate months (to be selected by the certified public accountant), trace non-mail cash receipts from the receipt book to the bookkeeping records to assess whether the receipts were properly recorded. Also, for the same two months, trace bookkeeping entries for cash receipts to the bank statement to assess whether receipts are deposited intact and on a timely basis.

    - **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure seven:** For approximately ten percent of the non-payroll cash disbursements (to be selected by the certified public accountant), select and agree disbursements from the bookkeeping records to the related invoice, bank statement, and canceled check.

    - **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure eight:** For a minimum of one month (to be selected by the certified public accountant) agree all of the disbursements as recorded in the check register to an entry in the official minutes that approve the disbursements.

    - **Findings:** During our testing we noted that the amount of expenditures approved did not match the amount of actual expenditures for the money. However, the amount approved was more than the actual paid.

- **Procedure nine:** Obtain a listing of encumbrances and accounts payable and determine if encumbrances and accounts payable have been recorded based on the supporting documentation in the financial statements as of the end of the year. Supporting documentation for encumbrances would include unpaid purchase orders and contracts. Supporting documentation for accounts payable would include unpaid invoices and receiving reports.

    - **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure ten:** Obtain and view the credit card policy and internal controls of the municipality. For a minimum of two months (to be selected by the certified public accountant), obtain and view supporting documentation for the municipality's credit card transactions to determine if approvals, expenditure procedures, and proper classification of expenditures were followed. In the agreed upon procedure report, document the credit card policy, if the credit card policy and internal controls are being followed, and if the municipality's credit cards are only in the name of the municipality.

    - **Findings:** During our testing it was noted that one transaction was over $500 that did not have board approval prior to purchase. The transaction was for the annual Quickbooks fee.

- **Procedure eleven:** Obtain and view the payroll registers and remittances for a minimum of one month (to be selected by certified public accountant) to determine that proper withholdings and employer contributions are being remitted.

    - **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure twelve:** For the last month of the year obtain and view the supporting payroll records for each employee to determine if a deduction for KPERS (Kansas Public Employees Retirement System) was made.

    - **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure thirteen:** Obtain the financial statement for 2023 and 2022. Compare the following items in the 2023 financial statement to the same items in the 2022 financial statement to determine if there is a variance of

more than 25 percent per fund: 1) total cash receipts, 2) total cash disbursements, 3) encumbrances and accounts payable, and 4) ending unencumbered cash balance. For variances larger than 25 percent, assess the variance, then document and report on the assessment of the variance.

- **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure fourteen:** For a minimum of two months (to be selected by the certified public accountant), view the Municipality's month-end statement of cash receipts and cash disbursements to assess whether the ending unencumbered cash balance is greater than or equal to zero.

    - **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure fifteen:** For a minimum of two months (to be selected by the certified public accountant), obtain and view the official minutes to assess whether the minutes have been signed by the chairperson of the governing body.

    - **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure sixteen:** Obtain a list of all employees and officers entrusted with Municipality funds or property. Obtain and view the Municipality's surety (fidelity) bonds to determine that all employees and officers entrusted with funds or property are covered by such a bond.

    - **Findings:** No exceptions were found as a result of applying the procedure.

- **Procedure seventeen:** Obtain and view the General and Entity Specific Checklists.

    - **Findings:** No exceptions were found as a result of applying the procedure.

We were engaged by Payne Township to perform this agreed-upon procedures engagement and we conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's compliance with the internal policies and procedures and laws and regulations as required by Kansas State statutes, relating to its fiscal operations managed by the Board of Payne Township for the year ended December 31, 2023. 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 Payne Township 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 Payne Township, State of Kansas, Board and Management and is not intended to be and should not be used by anyone other than the specified parties.

Loyd Group, LLC

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Galva, Kansas
May 24, 2024