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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Directors and Management
Phillips-Rooks County Extension District #5
115 N Walnut
Stockton, Kansas 67669

K-State Research and Extension
Kansas State University
123 Umberger Hall
1612 Claflin Road
Manhattan, Kansas 66506

We have performed the procedures enumerated below on the financial records of Phillips-Rooks County Extension District #5 for the year ended December 31, 2022. The Board of Directors and Management of Phillips-Rooks County Extension District #5 is responsible for the financial records.

Phillips-Rooks County Extension District #5 has agreed to and acknowledged that the procedures are appropriate to meet the intended purpose as set out in the Kansas Municipal Audit and Accounting Guide, Appendix K. Phillips-Rooks County Extension District #5 has agreed to and acknowledged that the procedures are appropriate for their 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: Tie the district'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.

Finding: The CD's at First National Bank & Trust have not been updated for interest earned in the current year and in previous years. No other discrepancies were noted.

Procedure 2: Reconcile the year-end cash balance as shown on the Statement of Cash Receipts and Cash Disbursements to: 1) demand deposits at the district's official depository, 2) time deposits at the district's official depository, 3) investment in U.S. Treasury bills; and other cash/investment accounts.

Finding: The CD's at First National Bank & Trust have not been updated for interest earned in the current year and in previous years. No other discrepancies were noted.

Procedure 3: Using the last bank statement of the year, compare total deposits in excess of FDIC insurance to securities pledged to secure the excess deposits, as evidenced by joint custody receipts.

Finding: No accounts were in excess of FDIC insurance.

Procedure 4: For the 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 district's official depository.

Finding: For the last bank statements of the year, we compared the names of the depository institutions to an entry in the January 4, 2022 official minutes that designates the district's official depositories. No discrepancies were noted.

Procedure 5: For a minimum of two months trace any interest income from the bank statement to the district's cash receipts records.

Finding: No interest income was recorded in the cash receipts records.

Procedure 6: For a minimum of two separate months, trace 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, trace bookkeeping entries for cash receipts to the bank statement to determine if receipts are deposited intact and on a timely basis.

Finding: There are two receipts books, one for Phillipsburg and one for Stockton. Selected January and May as months for testing. There were no receipts for May in either receipt book, so tested June.

28 receipts were reviewed. Stockton receipts #349601, #349608 and #349612 made on 1/11/22, 1/12/22 and 6/27/22 in the amounts of $12, $6 and $249 were not posted to the monthly financials and not deposited to the bank until 1/19/22 and 8/15/22. Phillipsburg receipt #349713 for $6 made on 1/14/22 was not posted to monthly financials and was not deposited into the bank until 1/31/22. Stockton receipts #349602-349607 on 1/12/22 was not posted to the monthly financials until 1/18/22. Phillipsburg receipts #349710, #349711, #349712 made on 1/3/22 and 1/4/22 were not posted to monthly financials or deposited to the bank until 1/7/22. Phillipsburg receipts #349714-349719 made on 1/20/22, 1/26/22 and 11/28/22 were not posted to the monthly financials and not deposited to the bank until 1/31/22. Phillipsburg receipts #349737 and #349738 made on 6/10/22 and 6/13/22 were not posted to the monthly financial statements and not deposited to the bank until 6/24/22.

Deposit on 1/18/22 for $18.00 check had no receipt on record in the receipt book. Deposit on 1/31/22 for $75.00 had no receipt on record in the receipt book. Deposits from Rooks County Appropriation and Phillips County Appropriation on 1/13/22, 1/25/22, 6/6/22, and 6/7/22 had no receipts on record in the receipt book. No other discrepancies were noted.

Procedure 7: For approximately ten percent of the non-payroll cash disbursements, trace disbursements from the bookkeeping records to the: related invoice, bank statement, and canceled check.

Finding: Twenty disbursements were reviewed. One entry dated 3/31/22 for an EFT payment to the IRS in the bookkeeping records actually cleared the bank on 3/9/22. An entry for check number 7972 to Tri Central Office Supply for $58.67 in the bookkeeping records was actually a check to the KSU Communication & Ag Education for $41.20. No supporting documents were provided for a reimbursement for 3 days of meal calculations for Anna Muir. No other discrepancies were noted.

Procedure 8: For a minimum of one month compare the disbursements as recorded in the check register to an entry in the official minutes that approve the disbursements.

Finding: No approval amount was listed in the board minutes.

Procedure 9 – Encumbrances and Accounts Payable: Examine evidence of encumbrances and accounts payable, and determine if they have been properly stated in the financial statements as of the end of the year. Evidence of encumbrances would include unpaid purchase orders and contracts. Evidence of accounts payable would include unpaid invoices and receiving reports.

Finding: Encumbrances and accounts payable are not reflected in the financial statements at end of year but are shown on the compiled Combined Statement of Cash Receipts, Cash Disbursements, and Cash Balance.

Procedure 10: Review the credit card policy and internal controls of the district. For a minimum of two months, review the district's credit card transactions to determine if approvals, expenditure procedures, and proper classification of expenditures were followed. In the agreed upon procedure report, describe the credit card procedure, if the credit card procedures and internal controls are being followed, and if the district's credit cards are only in the name of the district.

Finding: The District follows the Local Extension District credit card policy and debit card policy provided by K-State Research and Extension.

1.Credit cards should be obtained through Board authorization.
No authorization for the three credit accounts was provided.

2. Each card user should have a separate credit card identification code or account.
There is a Phillips 66 and Farmers Union credit card kept in the Stockton office van and a Phillips 66, Farmers Union and Trinity Ag credit card kept in the Phillipsburg office van. No identifiable code on any of the cards.

3. Cards will be assigned an expenditure dollar limit applicable to a 30-day billing cycle.
The Phillips 66 account has a $750 spending limit. Farmers Union and Trinity Ag accounts have no spending limits.

4. Original receipts must be submitted to document each purchase. Credit card purchases must be reviewed and approved by someone other than the person making the purchase. All purchases must be approved by the County Extension Director. Purchases made by the County Director must be reviewed in detail by a designated board member.
Original receipts were noted for all purchases made and these were reviewed by the County Director. Could not ascertain whether County Director purchases were reviewed by a designated board member.

5. Be sure to remind vendors of tax exempt status.
No exceptions noted in months tested.

6. Gasoline purchases allowed for Extension vehicles only. Gallons of gas purchased and cost is to be recorded and vehicle use documented in a vehicle mileage log. Gas purchase receipts should be reconciled with the vehicle log by someone other than employee making gas purchases.
No review noted for purchases made by Anna Muir.

7. Credit cards may be used for employee's business related lodging expense. Employee's meals, beverages, or other non-business related expenses associated with overnight travel cannot be paid with the credit card.
Only noted fuel purchases were being made on credit accounts.

8. The card can be used for meals for extension related events.
No meals noted as only have fuel credit accounts.

9. Card users should sign a statement saying they are familiar with the credit card policies. A copy of the policies signed by each cardholder should be kept on file.
No signed policies on file.

Selected March and November for testing. Tested 6 credit card payments. Tested payment to Phillips 66 made on 3/31/22 check number 7944 for $77.43. Invoice had previous balance of $44.45, late charge of $29.99 and interest charges of $2.99. Previous balance of $44.45 was made up a gas purchase made February 21, 2022. The charge were made by Anna Muir per vehicle log report. Credit card charges should be paid monthly to stay current and avoid interest charges.

Procedure 11: Review payroll for a minimum of one month to determine that proper deductions and employer contributions are being made.

Finding: Two payroll checks were reviewed. Both gross pays are calculated by taking employment agreement hourly wage multiplied by 2080 and divided by 12 to get monthly gross pay. Employment agreement states the employee is to be paid based on hours worked for the month. Gross pay is being paid on a salary basis rather than hourly as stated in the employment agreement.

Kristen Nash worked 48 hours the first week ending in July but was not paid for 8 hours of overtime or did she receive comp time hours in lieu of the overtime worked. For Jennifer Reichard, federal withholding should be around $300 but only $233 was withheld. State withholding should have been around $126 per withholding tables but only $98 was withheld. For Kristin Nash, federal withholding should be around $117 but $221 was withheld. State withholding should have been around $81 per withholding tables but only $72 was withheld. No other discrepancies were noted.

Procedure 12: For the last month of the year review the payroll records for each employee to determine if a deduction for KPERS (Kansas Public Employees Retirement System) was made.

Finding: No discrepancies were noted.

Procedure 13: Compare the following items in the current year financial statements to the same items in the prior year financial statements 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%, examine the variance, then document and report the reason.

General Fund Findings: One of the four items compared had a variance exceeding 25 percent. Outstanding encumbrances and accounts payable increased 57 percent. The current year figure is $8,613 and the prior year figure was $5,489. Prior year figure includes $3,026 in payroll taxes from 2015 and the current year figure includes $6,174 in payroll taxes from 2019.

Procedure 14: For a minimum of two months, review the District's month-end Statement of Cash Receipts and Cash Disbursements to determine that the ending unencumbered cash balance is greater than or equal to zero.

Finding: The District does not maintain accounts payable or encumbrances on its monthly financial statements so we cannot test to see if unencumbered cash is greater than or equal to zero.

Procedure 15: For a minimum of two months, review the official minutes to determine that the minutes have been signed by the chairperson of the Board.

Finding: No discrepancies noted.

Procedure 16: Review the District's surety (fidelity) bonds to determine that all employees and officers entrusted with funds or property are covered by such a bond.

Findings: Bond coverage does not comply with amount approved in board minutes or KSRE handbook. The District has $250,000 in coverage. The board in the January 21, 2021 board minutes approved to obtain coverage of $300,000. The handbook requires coverage of the highest amount of cash in the bank during the year, which was $425,510 on January 25, 2022.

We were engaged by Phillips-Rooks County Extension District #5 to perform this agreed-upon procedures engagement and 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial information. 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 Phillips-Rooks County Extension District #5 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 the Board of Directors and Management of Phillips-Rooks County Extension District #5 and the K-State Research and Extension and is not intended to be and should not be used by anyone other than those specified parties.

Mapes & Miller LLP

Certified Public Accountants
Stockton, Kansas

November 20, 2023

MAPES & MILLER LLP

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Board of Directors and Management
Phillips-Rooks County Extension District #5
115 N Walnut
Stockton, Kansas 67669

Management is responsible for the accompanying Statement of Cash Receipts, Cash Disbursements, and Cash Balance of Phillips-Rooks County Extension District #5 for the year ended December 31, 2022. We have performed a compilation engagement 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 accompanying Statement of Cash Receipts, Cash Disbursements, and Cash Balance, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on the Statement of Cash Receipts, Cash Disbursements, and Cash Balance.

The Statement of Cash Receipts, Cash Disbursements, and Cash Balance is presented in accordance with the requirements of the Phillips-Rooks County Extension District #5, contained in the Kansas Municipal Audit and Accounting Guide, Appendix K, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Board of Supervisors and Management of Phillips-Rooks County Extension District #5 and the K-State Research and Extension and is not intended to be and should not be used by anyone other than these specified parties.

Mapes & Miller LLP

Certified Public Accountants
Stockton, Kansas

November 20, 2023

PHILLIPS-ROOKS COUNTY EXTENSION DISTRICT #5
Statement of Cash Receipts, Cash Disbursements, and Cash Balance
For The Year Ended December 31, 2022

	General Fund
Beginning Cash Balance, January 1	$ 154,273
Cash Receipts:	
Appropriations	335,912
Educational Services	6,063
Other Income	6,320
KSU Salaries Reimbursement	68,296
Interest Income	101
Total Cash Receipts	416,692
Total Available Cash	570,965
Cash Disbursements:	
Print Audit	7,867
Telephone	6,870
Supplies/Postage	2,540
Equipment/Auto Exchange	11,306
Education Program Support/Misc	45,175
Travel	7,043
Subsistence	3,675
Salaries	286,946
Employer Contribution	53,658
Non-Appropriated Funds	6,646
Total Cash Disbursements	431,726
Ending Cash Balance, December 31	139,239
Outstanding Encumbrances and Accounts Payable, December 31	8,613
Ending Unencumbered Cash, December 31	$ 130,626
Composition of Cash:	
Checking Account	$ 113,126
Certificates of Deposit	26,113
Total Cash	$ 139,239

See Accountant's Compilation Report.