

**RENO TOWNSHIP
HUTCHINSON, KANSAS**

AGREED-UPON PROCEDURES REPORT

Independent Accountant's Report
On Applying Agreed-Upon Procedures

December 16, 2020

Board of Reno Township
RJ Wenzel
601 N. Hendricks
Hutchinson, KS 67501

We have performed the procedures enumerated below, which were agreed to by the Board of Reno Township solely to assist you with respect to completing certain required procedures regarding the Township's compliance with its internal policies and procedures and laws and regulations (Kansas State statutes, and as applicable) relating to its fiscal operations managed by the Municipality (subject matter) for the year ended December 31, 2019. The Kansas Municipal Audit and Accounting Guide (KSA 75-1122) requires agreed upon procedures on municipalities with receipts/bonds in excess of \$275,000, but not more than \$500,000. The Board of Reno Township is responsible for the Reno Township, Hutchinson, Kansas. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- **Procedure one:** Tie the municipality's total cash per books at year end to source documents. Obtain and view the bank reconciliation for the last month of the year.

Enhanced Procedure. In addition to the testing discussed above, confirm bank balances as of December 31, 2019, and assess whether bank reconciliations are being approved and completed in a timely manner.

- **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.

Enhanced Procedure. Confirm the pledged securities as of December 31 and assess whether the Township's deposits in excess of FDIC insurance are covered by the pledged securities.

- **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.

Enhanced Procedure. Expand this testing to agree total interest income per year-end bank confirmations to the municipality's general ledger.

- **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.

Enhanced Procedure. This test will be performed for a minimum of four months. In addition to the two months discussed above, procedure 6 will also be performed for the first and last month of the fiscal year.

- **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.

Enhanced Procedure. Procedure 7 will be performed for approximately fifteen percent of the nonpayroll cash disbursements.

- **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.

Enhanced Procedure. Perform procedure 8 for a minimum of two months.

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

- **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.

Enhanced Procedure. In addition to procedure 9 discussed above, obtain and view the approved expenditures per the minutes and expand procedure 9 to the first two months of the new year.

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

- **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.

Enhanced Procedure. Expand procedure 11 to two months. In addition, agree the year end payroll tax reports to the payroll register and general ledger to ensure proper reporting and remittance of payroll withholdings.

- **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 2019 and 2018. Compare the following items in the 2019 financial statement to the same items in the 2018 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), review 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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's operations being appropriately completed for the year ended December 31, 2019. 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.

This report is intended solely for the information and use of the Board and Management of Reno Township, Kansas and is not intended to be and should not be used by anyone other than this specified party.

Swindoll, Janzen, Hawk & Loyd, LLC

Swindoll, Janzen, Hawk & Loyd, LLC
Hutchinson, Kansas