SHIPLEY CPA, LLC
Audit, Assurance, & Consulting Services

Russell Shipley CPA, CFE, CGFM, CGMA
Principal & Managing Director
(785) 760-4898
Russell@ShipleyCPA.com

PO Box 751193
Topeka, KS 66675

ShipleyCPA.com

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Board of Directors of
K-State Research & Extension – Leavenworth County

I have performed the procedures enumerated below, which were agreed to by the Board of Directors (the specified parties), solely to assist K-State Research & Extension – Leavenworth County (the Organization) in meeting the reporting requirements of the Kansas Municipal Accounting and Audit Guide (KMAAG) and the State of Kansas of the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis for the year ended December 31, 2025. The Organization's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose and is responsible for the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis. The sufficiency of these procedures is solely the responsibility of the Organization. Consequently, I 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. 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:

1) Tie the Organization'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.
    - Ending cash balance per books did not agree to subsidiary ledgers.
    - Cash reported per the bank reconciliations and statements was $175,851 and cash reported on the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis was $163,613.

2) Reconcile the year-end cash balance as shown on the Statement of Cash Receipts and Cash Disbursements to: 1) demand deposits at the Organization's official depository, 2) time deposits at the Organization's official depository, 3) investments in U.S. Treasury bills; and other cash/investment accounts.
    - Ending cash balance per books did not agree to subsidiary ledgers.
    - Cash reported per the bank reconciliations and statements was $175,851 and cash reported on the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis was $163,613. The difference appears to be checks written in December 2025 that are not on the December bank reconciliation.

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.
    - No exceptions were found as a result of applying the 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 Organization's official depository.
    - No exceptions were found as a result of applying the procedure.

5) For a minimum of two months trace any interest income from the bank statement to the Organization's cash receipts records.
    - No exceptions were found as a result of applying the 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.
    - No exceptions were found as a result of applying the 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.
    - No exceptions were found as a result of applying the 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.
    - No exceptions were found as a result of applying the procedure.

9) Examine evidence of encumbrances and accounts payable and determine if they have been properly stated in the financial statement 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.
    - Accrued payroll and payroll liabilities is understated due to payroll and payroll liabilities not being recorded each pay period against the liability but the expense amounts once paid are applied against the liability.

10) Review the credit card policy and internal controls of the Organization. For a minimum of two months, review the Organization'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 Organization's credit cards are only in the name of the Organization.
    - No exceptions were found as a result of applying the procedure.
    - Credit card policy is attached and appears to being followed.

11) Review payroll for a minimum of one month to determine that proper deductions and employer contributions are being remitted.
    - No exceptions were found as a result of applying the 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.
    - No exceptions were found as a result of applying the procedure.

13) Compare the following items in the current year's financial statement to the same items in the prior year financial statement to determine if there is a variance of more than 25% 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 on the reason.
    - The change in encumbrances and accounts payable exceeded 25%. This was due to payroll and payroll liabilities not being recorded each pay period against the liability but the expense amounts once paid are applied against the liability.

14) For a minimum of two months, review the Organization'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.
    - No exceptions were found as a result of applying the 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 of directors.
    - No exceptions were found as a result of applying the procedure.

16) Review the Organization's surety (fidelity) bonds to determine that all employees and officers entrusted with funds or property are covered by such a bond.
    - The Organization does have a surety (fidelity) bond on its Treasurer in place, but it does not cover any other officer or employee.

17) Review the general and entity specific compliance checklists.
    - Reviewed the KMAAG general checklist with the Organization.

I was engaged by the Organization to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was 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 Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the Organization and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

This report is intended solely for the information and use of the Organization and is not intended to be and should not be used by anyone other than those specified parties.

Shipley CPA, LLC

Shipley CPA, LLC
Topeka, Kansas
January 22, 2026

K-STATE
Research and Extension

Local Ex o U Cr d (Procur me) Card a d D b Card Pol cy

Debit c rds re not llowed for loc l Extension fin nci l tr ns ctions.

Cr d Card :
Extension Councils/Districts m ay use Credit C rds within us ge guidelines set forth in this policy. These guidelines h ve been developed from best pr ctices for credit c rd use developed by the K ns s Legisl tive Division of Post Audit. The purpose of the procurement c rd is to est blish more efficient, cost-effective method of purch sing nd p ying for tr ns ctions within est blished us ge limits. Recommended c rd m aximum spending limits re $5,000 per tr ns ction nd $10,000 monthly. The c rd c n be used for in-store purch ses s well s m ail, phone or f x orders. The procurement c rd c n be used to reduce purch se orders, p yment vouchers, ch rge ccounts nd the use of person l funds reimbursed by p yment vouchers.

1. Credit c rds should only be obt ined through Bo rd uthoriz tion. Any loc l guidelines developed th t re beyond the scope of this policy should be in writing nd re dily v il ble to st ff nd the Bo rd.

2. E ch c rd user should h ve sep r te credit c rd identific tion code or ccount.

3. C rds will be ssigned n expenditure doll r limit pplic ble for 30-d y billing cycle.

4. Origin l receipts MUST be submitted to document e ch purch se. Credit C rd purch ses must be reviewed nd pproved by someone other th n the employee m aking the purch se. All purch ses must be pproved by the County/District Extension Director. Purch ses by the County/District Director must be reviewed in det il by design ted bo rd member.

5. When m aking purch ses, be sure to remind the vendor of the Extension Council's/District's t x exempt st tus.

6. G soline purch ses re llowed for Extension vehicles only. G allons of g s purch sed nd the cost is to be recorded nd vehicle use documented in vehicle mile ge log. G as purch se receipts should be reconciled with the vehicle log by someone other th n employee m aking g s purch ses.

7. Credit c rds m ay be used for employee's business rel ted lodging expense. Employee's me ls, bever ges, or other non-business rel ted expenses ssoci ted with overnight tr vel c nnot be p id with the credit c rd.

8. The c rd c n be used for me ls for extension rel ted events.

9. Un uthorized purch ses will be result in severe consequences. Possible ctions could include ny of the following:
   . Verb l w rning
   b. Loss of Credit C rd privileges for specific period of time or perm anently.
   c. Written w rning dded to the employee's personnel file.
   d. Termin tion of employment nd possible civil nd/or crimin l prosecution for suspected serious infr ction of policy nd viol tion of l w.

10. C rd users should sign st tement s ying they re f mili r with the credit c rd policies. A copy of the policies signed by e ch c rdholder should be kept on file.