Ellis Recreation Commission

Agreed-Upon Procedures Report

For the year ended
June 30, 2025

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Ellis Recreation Commission
1204 Washington St
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We appreciate the opportunity to provide the following services to the Ellis Recreation Commission.

We have performed the procedures agreed to by the Ellis Recreation Commission, as enumerated below, on the financial records of Ellis Recreation Commission for the year ended June 30, 2025. Ellis Recreation Commission is the responsible party for the financial records and the procedures performed were those referred to in our engagement letter dated January 15, 2025. The specified parties for this engagement include the Ellis Recreation Commission and the State of Kansas, as required by the KMAAG.

Ellis Recreation Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of completing the required Kansas Municipal Audit and Accounting Guide Agreed Upon Procedures as summarized in the attached Appendix K, for the year ended June 30, 2025. 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 were performed solely to assist the Ellis Recreation Commission in meeting the Kansas Municipal Audit and Accounting Guide (KMAAG) requirements.

For the purposes of this engagement, the following definitions will apply (in accordance with 12 CFR Appendix A to Part 715 - Supervisory Committee Audit - Minimum Procedures):

Confirm or confirmation refers to a written verification with a third-party (person or organization) pertaining to an account balance or condition. Examples of confirmation letters are bank/corporate credit union account confirmation, investment account confirmation, borrowing or line of credit confirmation, attorney letter confirmation, and member share/loan account confirmation.

Materiality refers to a statement, fact or item, which, giving full consideration to the surrounding circumstances as they exist at the time, it is of such a nature that its disclosure, or the method of treating it, would be likely to influence or to make a difference in the judgment and conduct of a reasonable person. Materiality should take into account ending balances as well as the volume of transactions in an account.

Review refers to the examination of Board minutes, policies and procedures, and a review of a sample portion of activities, rather than all of the activities.

Test refers to procedures applied to the individual items that compose an account balance or class of transactions. The tests involve confirmation, inspection, or observation procedures to provide evidence about the recorded amount.

The procedures performed and the associated findings are as follows:

Procedure 1: Tie the municipality's total cash per books at year end to source documents.

Procedures for this area consisted of agreeing bank balances from the reconciliation reports to the bank statements and then to the commission's general ledger.

Findings: Four of the seven cash accounts listed on the balance sheet agreed with their corresponding bank reconciliations and bank statements.

The petty cash fund is not a bank account so there was no bank statement or reconciliation to agree with.

The general fund had a discrepancy of $906.42 from the commission's bank amount listed on the balance sheet to the cleared balance on the bank reconciliation report. This discrepancy is from paycheck #13416 that was dated 7/2/25 but cleared the 6/30/25 bank statement.

The employee benefit fund had a discrepancy of $6,130.52 from the commission's bank amount listed on the balance sheet to the cleared balance on the bank reconciliation report. This discrepancy is from a deposit that was dated 7/1/25 on the bank reconciliation but is dated 6/30/25 on the commission's general ledger.

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 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.

Procedures for this area consisted of agreeing cash balances from the Summary Statement of Receipts, Expenditures and Unencumbered Cash to the balance sheet as of 6/30/25.

Findings: There were no irregularities found. The ending cash balance on the Summary Statement of Receipts, Expenditures and Unencumbered Cash agreed to the ending cash balance on the 6/30/25 balance sheet.

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.

Procedures for this area consisted of adding the ending cleared balances of all bank accounts and confirming they totaled less than the FDIC insurance threshold.

Findings: There were no irregularities found. The Recreation Commission's total bank balance after adding up all bank accounts was $160,960. All were covered by federal depository insurance.

Procedure 4: Compare the name of the depository institution to an entry in the official minutes that designates the institution as Municipality's official depository.

Procedures for this area consisted of reviewing the June 2025 and July 2024 meeting minutes.

Findings: There was no mention of the name of the depository institutions to an entry in the official minutes that designates the institution as the Municipality's official depository in the June 2025 meeting minutes, but the financial institutions were mentioned in the July 2024 meeting minutes.

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

Procedures for this area consisted of tracing interest income from two randomly selected bank statements to the interest income recorded in the municipality's books.

Findings: There were no irregularities found.

Procedure 6: For a minimum of two 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 statements to determine if receipts are deposited intact and on a timely basis.

Procedures for this area consisted of selecting two months and tracing at least 75% of those months' receipts from the receipt book to the bookkeeping records and then tracing to the bank statements.

Findings: There were no irregularities found. Over 75% of the deposits were properly recorded and were deposited intact and on a timely basis.

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.

Procedures for this area consisted of calculating the ten percent threshold for the non-payroll disbursements. This was done by subtracting the payroll expenses figure from the total expenses figure. This figure was then multiplied by 10%. Once the threshold was calculated, disbursements were randomly selected and traced from the bookkeeping records to the related invoice and bank statement.

Findings: There were no irregularities found. All disbursements selected were traced from bookkeeping records to the related invoice and bank statement.

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

Procedures for this area consisted of tracing a board-approved disbursement in meeting minutes to the check register.

Findings: There were no irregularities found.

Procedure 9: Examine evidence of encumbrances and accounts payable and determine if they have been properly stated in the financial statements as of the end of year.

Procedures for this area consisted of tracing unpaid invoices and a payroll summary to the liability accounts on the balance sheet.

Findings: There were no irregularities found.

Procedure 10: For a minimum of two months, review the municipality's credit card transactions to determine if approvals, expenditure procedures, and proper classification of expenditures were followed.

Procedures for this area consisted of reviewing the credit card policy and internal controls of the municipality.

Findings: There were no irregularities found. The Ellis Recreation Commission's credit card procedures require employees to inform the Superintendent before making approved purchases, follow set spending limits, and provide receipts for all transactions. Unapproved or undocumented charges must be reimbursed, and repeated violations can result in loss of card privileges. Cards must be used only for authorized expenses, kept secure, and returned when employment or role changes occur. All credit cards are issued under the name Ellis Recreation Commission.

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

Procedures for this area consisted of recalculating payroll liabilities and comparing to payments remitted on the bank statement.

Findings: There were no irregularities found.

Procedure 12: Review payroll records for each employee to determine if a deduction for KPERS was made.

Procedures for this area consisted of reviewing the payroll summary for June 2025 and confirming that deductions were made for KPERS for applicable employees.

Findings: There were no irregularities found.

Procedure 13: Compare the following items in the current 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.

Procedures for this area consisted of reviewing comparative financial statements for the current and prior years and identifying variances of greater than 25%.

Findings: Total cash disbursements, encumbrances and accounts payable, and ending unencumbered cash balance were under the 25% threshold. Total cash receipts had a variance of 26.9%. The reason for this increase appears to be from an increase in USD388 appropriations and a grant from the Community Foundation of Ellis to fund the pickleball court.

Procedure 14: For a minimum of two months, review the Municipality'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.

Procedures for this area consisted of calculating ending unencumbered cash balance for two months from figures on the balance sheet.

Findings: No irregularities found.

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.

Procedures for this area consisted of reviewing the official minutes for two separate months and confirming that a board member signed.

Findings: No irregularities found.

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

Procedures for this area consisted of reviewing the municipality's Linebacker Public Officials and Employment Practices Liability Coverage form.

Findings: No irregularities found. All employees and officers entrusted with funds or property are covered.

Procedure 17: Review the general and entity specific compliance checklists.

Procedures for this area consisted of reviewing the general and entity specific compliance checklists and noting any items that needed to be followed up.

Findings: All items marked as 'Yes' or 'N/A' except for item 24, "Elected officers, appointed public officers, and certain employees have filed written reports disclosing substantial interests." The commission does not currently have a formal Statement of Substantial Interest policy or written substantial interest disclosure form for officers or employees. Conflicts of interest are addressed as they arise, but there is not an annual or onboarding written disclosure process in place.

We were engaged by the Ellis Recreation Commission 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 examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial 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 the Ellis Recreation Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Management's Responsibility
Management of the Ellis Recreation Commission is responsible for the financial records of the Commission and for the subject matter to which the agreed-upon procedures were applied. Management is also responsible for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial information, as well as for ensuring that the financial information is accurate, complete, and presented in accordance with applicable regulatory requirements. Additionally, management is responsible for determining that the procedures performed are appropriate for the intended purpose of the engagement.

This report is intended solely for the information and use of the Ellis Recreation Commission, and is not intended to be, and should not be, used by anyone other than these specified parties.

Jeff Pinkney CPA, Inc.

Jeff Pinkney CPA, Inc.
Hays, Kansas
November 18, 2025