SSC CPAs, P.A.

LAKEWOOD HILLS IMPROVEMENT DISTRICT

AGREED-UPON PROCEDURES
TOGETHER WITH INDEPENDENT ACCOUNTANT'S REPORT

YEAR ENDED DECEMBER 31, 2022

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Lakewood Hills Improvement District

We have performed the procedures enumerated below on the financial records of Lakewood Hills Improvement District (the District) as of and for the year ended December 31, 2022. The District's management is responsible for the financial records of the District.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of compliance with the requirements of the *Kansas Municipal Audit and Accounting Guide,* as specified in K.S.A. 75-1122, on the financial records of the District as of and for the year ended December 31, 2022. 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 finding are as follows:

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: SSC notes that the book balance of cash does not agree to the bank reconciliations.

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) investments in U.S. Treasury bills; and other cash/investment accounts.

   Finding: The District was not able to provide a statement of cash receipts and disbursements to perform this 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 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 District's official depository.

   Finding: SSC noted that in reviewing the board minutes, there is no mention of an official depository for the District.

5. For a minimum of two months (to be selected by SSC CPAs, P.A.) trace any interest income from the bank statement to the District's cash receipts records.

   Finding: SSC noted that the interest income from the money market account is not recorded.

6. For a minimum of two separate months (to be selected by SSC CPAs, P.A), 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: No exceptions were found as a result of applying the procedure.

7. For approximately ten percent of the non-payroll cash disbursements (to be selected SSC CPAs, P.A.), trace disbursements from the bookkeeping records to the: related invoice, bank statement, and canceled check.

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

8. For a minimum of one month (to be selected by SSC CPAs, P.A.) compare the disbursements as recorded in the check register to an entry in the official minutes that approve the disbursements.

   Finding: The May 2022 disbursements were approved in the June and July 2022 board minutes.

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 the year. Evidence of encumbrances would include unpaid purchase orders and contracts. Evidence of accounts payable would include unpaid invoices and receiving reports.

   Finding: SSC noted that $6,267 was not included in encumbrances and accounts payable at 12/31/2022.

10. Review the credit card policy and internal controls of the District. For a minimum of two months (to be selected by SSC CPAs, P.A), 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 was able to provide credit card limits but does not have a regulated credit card policy. The credit cards are in the name of the District.

11. Review payroll for a minimum of one month (to be selected by SSC CPAs, P.A.) to determine that proper deductions and employer contributions are being made.

    Finding: July 2022 was selected for testing and 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.

    Finding: It was noted that the District does not participate in KPERS.

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% 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.

    Finding: The District was not able to provide a current or prior year financial statement per fund to perform this procedure.

14. For a minimum of two months (to be selected by SSC CPAs, P.A.), 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 was not able to provide a month-end statement of cash receipts and cash disbursements to perform this procedure.

15. For a minimum of two months (to be selected by SSC CPAs, P.A.), review the official minutes to determine that the minutes have been signed by the chairperson of the board of directors.

    Finding: Reviewed the June 7, 2022 and October 4, 2022 minutes and noted initials by the President.

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.

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

17. Review the general and entity specific compliance checklists.

    Finding: SSC noted that expenditures were not available to be reviewed by fund. As a result, SSC could not review the following steps in the Appendix A1, Kansas Regulatory Compliance Checklist:
    - Adherence to cash basis law in step 12
    - Each fund's indebtedness in step 14
    - Maintenance of records to show the amount of money in each fund in step 15
    - Maintenance of records to show the budget balance in each fund available for appropriation in step 28
    - Control of expenditures so that indebtedness is created in excess of budgeted limits in step 30

We were engaged by the District 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 are 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 of the District as of and for the year ended December 31, 2022. 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 District 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 management of the Lakewood Hills Improvement District and is not intended to be and should not be used by anyone other than these specified parties.

SSC CPAs, P.A.

SSC CPAs, P.A.
Topeka, Kansas

December 22, 2023