

**CITY OF ROZEL, KANSAS**

**AGREED-UPON PROCEDURES**

**For the Year Ended December 31, 2019**

**VONFELDT, BAUER & VONFELDT, CHTD.**

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

City of Rozel, Kansas and Council

We have performed the procedures enumerated below, which were agreed to by the Council (the specified parties), solely to assist the City of Rozel meet the reporting requirements as specified in K.S.A. 75-1122(b) on the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis of the City of Rozel, Kansas for the year ended December 31, 2019. City of Rozel, Kansas's management 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 Council. 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.

The procedures and associated findings are as follows:

- 1) Tie the municipality's total cash per books at year-end to source documents. This will include a review of the bank reconciliation for the last month of the year and confirm bank balances and ensure the bank reconciliations are being approved and completed in a timely manner.

No exceptions were found as a result of applying this procedure.

- 2) Reconcile the year-end cash balance as shown on the Statement of Cash Receipts and 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.

No exceptions were found as a result of applying 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. This will include confirming the pledge securities as of December 31 and determine the municipality is adequately secured.

No exceptions were found as a result of applying this 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 designate the institution as the municipality's official depository.

No exceptions were found as a result of applying this procedure.

- 5) For a minimum of two months (to be selected by the certified public accountant) trace any interest income from the bank statement to the municipality's cash receipt records. Also, tie out total interest income per bank confirmation to the municipality's general ledger.

No exceptions were found as a result of applying this procedure.

- 6) For a minimum of two separate months (to be selected by the certified public accountant) and the first and last month of the fiscal year, 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 four 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 this procedure.

- 7) For approximately fifteen percent of the non-payroll cash disbursements (to be selected by the certified public accountant), trace disbursements from the bookkeeping records to the related invoice, bank statement, and canceled check.

No exceptions were found as a result of applying this procedure.

- 8) For a minimum of two months (to be selected by the certified public accountant) 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 this 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 purchasing orders and contracts. Evidence of accounts payable would include unpaid invoices and receiving reports. Also, review the approved expenditures per the minutes and search documents above for the first two months of the new fiscal year.

No exceptions were found as a result of applying this procedure.

- 10) Review the credit card policy and internal controls of the municipality. For a minimum of two months (to be selected by the certified public accountant) review the municipality's credit card transactions to determine if approvals, expenditure procedures, and proper classification of expenditures were followed. In the agreed upon procedures report, describe the credit card procedures, if the credit card procedures and internal controls are being followed, and if the municipality's credit cards are only in the name of the municipality.

Credit Card Policy: Mayor is issued a credit card in the name of the City of Rozel. All purchases require approval by the Mayor and/or Council. All purchases must be supported by a receipt and/or other supporting documentation and given to the Clerk which is reconciled to the monthly credit card statement. Employee notes on the receipt and/or other supporting documentation, or communicates to the Clerk, what the purchase is for so it can be recorded to the proper fund and account. After all charges have been accounted for the Clerk prepares a check, made payable to the credit card company, which is reviewed and approved by the Council at their monthly meeting prior to being sent by mail unless payment needs to be remitted earlier to avoid late fees.

No exceptions were found as a result of applying this procedure. Credit card procedures and internal controls are being followed and credit card is in the name of the municipality.

- 11) Review payroll for a minimum of two months (to be selected by the certified public accountant) to determine that proper deductions and employer contributions are being remitted. Also, trace the year end payroll reports to the payroll register and general ledger to ensure proper reporting and remittance of payroll withholdings.

No exceptions were found as a result of applying this 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.

It was determined City of Rozel did not participate in KPERS as of and for the year ended December 31, 2019.

- 13) Compare the following items in the current year 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.

Variances larger than 25% were examined and the reasons provided appear reasonable.

- 14) For a minimum of three months (to be selected by the certified public accountant), 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.

No exceptions were found as a result of applying this procedure.

- 15) For a minimum of two months (to be selected by the certified public accountant), review the official minutes to determine that the minutes have been signed by the chairperson of the council.

No exceptions were found as a result of applying this 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.

No exceptions were found as a result of applying this procedure.

- 17) Review the general and entity specific compliance checklists.

No exceptions were found as a result of applying this procedure.

- 18) Review the debt issued in the municipality's name to determine if required payments were made in accordance with the debt agreement. This would include a review of the municipality's water fund to determine current rates being charged for water service are generating the revenue necessary to meet the water fund's operating cost and debt requirements.

No exceptions were found as a result of applying this procedure except the following. Current year operating cost (including the transfer to the water debt service fund) exceeded receipts by \$277.71 for the year ended December 31, 2019. Ending unencumbered cash balance as of December 31, 2019 was \$39,382.93 which is greater than a one year cash reserve based off expenditures charged to the water fund during the year ended December 31, 2019.

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 examination or review, 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, 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 Council and regulatory authorities and is not intended to be and should not be used by anyone other than those specified parties.

*VonFeldt, Bauer & VonFeldt, Chtd.*

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Certified Public Accountants

Larned, Kansas

March 2, 2020