



**CITY OF HARVEYVILLE, KANSAS**

AGREED-UPON PROCEDURES  
TOGETHER WITH INDEPENDENT ACCOUNTANT'S  
REPORT

**YEARS ENDED DECEMBER 31, 2021 AND 2020**



## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council  
City of Harveyville, Kansas

We have performed the procedures enumerated below on the financial records of City of Harveyville, Kansas (the City) as of and for the years ended December 31, 2021 and 2020. The City's management is responsible for the financial records of the City.

The City 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 City as of and for the years ended December 31, 2021 and 2020. 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 City's total cash per books at year end, for 2021 and 2020, to source documents. This should include a review of the bank reconciliation for the last month of the year.

**Finding:** The December 2020 Treasurer's Report shows a deposit in transit of \$268.34 that had cleared on the bank statement. The difference was resolved in January 2021. No other exceptions were found as a result of applying the procedure.

2. Reconcile the 2021 and 2020 year-end cash balance as shown on the Summary Statement of Receipts, Expenditures and Unencumbered Cash to: 1) demand deposits at the City's official depository, 2) time deposits at the City's official depository, 3) investments in U.S. Treasury bills; and other cash/investment accounts.

**Finding:** The December 2020 Treasurer's Report shows a deposit in transit of \$268.34 that had cleared on the bank statement. The difference was resolved in January 2021. No other exceptions were found as a result of applying the procedure.

3. Using the last bank statement of 2021 and 2020, 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 2021 and 2020, compare the name of the depository institution to an entry in the official minutes that designates the institution as the City's official depository.

**Finding:** The depository institution was not mentioned in the board minutes.

5. For a minimum of two months during 2021 and two months during 2020 (to be selected by SSC CPAs, P.A., not a City employee) trace any interest income from the bank statement to the City's cash receipts records.

**Finding:** While reviewing the months of February and June of 2021, and May and October of 2020, no exceptions were found as a result of applying the procedure.

6. For a minimum of two separate months during 2021 and two months during 2020 (to be selected by SSC CPAs, P.A., not a City employee), 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 during 2021 and 2020, trace bookkeeping entries for cash receipts to the bank statement to determine if receipts are deposited intact and on a timely basis.

**Finding:** The City does not use a receipt book separate from the bookkeeping records. No other exceptions were noted as a result of applying this procedure.

7. For approximately ten percent of the non-payroll cash disbursements during 2021 and 2020 (to be selected by SSC CPAs, P.A., not a City employee), trace disbursements from the bookkeeping records to the: related invoice, bank statement, and canceled check.

**Finding 2020:** Out of the 30 selected disbursements from 2020, 2 did not have an invoice as they were for bank fees and 1 did not have an invoice as it was a refund of water deposit. No other exceptions noted while applying the procedure.

**Finding 2021:** Out of the 33 selected disbursements from 2021, 3 did not have an invoice, 2 of which were for bank fees. No other exceptions noted while applying the procedure.

8. For a minimum of one month during 2021 and one month during 2020 (to be selected by SSC CPAs, P.A., not a City employee) compare the disbursements as recorded in the check register to an entry in the official minutes that approve the disbursements.

**Finding:** No exceptions were noted 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 statements as of the end of 2021 and 2020. Evidence of encumbrances would include unpaid purchase orders and contracts. Evidence of accounts payable would include unpaid invoices and receiving reports.

**Finding:** \$20,795.77 in encumbrances and accounts payable were improperly excluded from the financial statement at the end of 2021, and \$23,756.66 in encumbrances and accounts payable were improperly excluded from the financial statement as the end of 2020.

10. Review the credit card policy and internal controls of the City. For a minimum of two months during 2021 and two months during 2020 (to be selected by SSC CPAs, P.A., not a City employee), review the City'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 City's credit cards are only in the name of the City.

**Finding:** The City does not utilize credit cards. The City issued bank cards, each with a \$1,000 limit, to the City Clerk and the Superintendent. Each employee keeps custody of their own debit card and the city clerk's card is locked in a file cabinet. If the item being purchased is outside of standard items, the purchase must be approved by the council. All receipts are submitted to the city clerk who turns in a purchase order to the Treasurer. Debit card transactions were included in the ACH cash disbursements tested at Procedure 7. Out of the 20 ACH transactions tested, 3 did not have an approval signature on the purchase order or invoice.

11. Review payroll for a minimum of one month during 2021 and one month during 2020 (to be selected by SSC CPAs, P.A., not a City employee) to determine that proper deductions and employer contributions are being remitted.

**Finding:** Selected August 2021 and 2020 for payroll testing. No exceptions were found as a result of applying the procedure.

12. For the last month of the 2021 and the last month of 2020 review the payroll records for each employee to determine if a deduction for KPERS (Kansas Public Employees Retirement System) was made.

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

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.

**Finding 2020:** SSC noted the following funds had variances of 25% from the prior year and examined the variance to document the reason:

General Fund's unencumbered cash increased due to an increase in total cash receipts from receiving ARPA funds. The total cash disbursements also increased due to spending the ARPA funds.

Solid Waste Fund's total unencumbered cash balance decreased from the increase in cash disbursements. Cash disbursements increased due to transferring funds to special equipment to start saving for equipment purchases.

Special Highway Fund's total unencumbered cash balance increased due to the decrease in total cash disbursements. Cash disbursements decreased as there were no major projects in 2020.

Special Equipment's cash receipts increased due to transferring money from the other funds into the special equipment fund to start saving for equipment purchases.

SSC also noted the cash disbursements for the Gas, Sewer, Special Highway, and Special Equipment funds all fluctuated from prior year primarily due to allocating payroll to each fund based on the time spent rather than dividing it equally to each fund as was done in the past.

**Finding 2021:** SSC noted the following funds had variances of 25% from the prior year and examined the variance to document the reason:

General Fund's unencumbered cash increased due to a decrease in total cash disbursements. The decrease in total disbursements is due to spending most of the ARPA funds in 2020, resulting in less funds to be spent in 2021. The remaining ARPA funds still allowed them to spend less of the cash receipts from customers that were received in 2021.

Gas Fund's total cash disbursements increased due to Eskridge increasing the price of gas in 2021.

Solid Waste's total cash disbursements decreased from prior year due to the large transfer to Special Equipment in 2020 that did not occur in 2021.

Special Highway Fund's total unencumbered cash balance increased due to the decrease in total cash disbursements. Cash disbursements decreased as there were no major projects in 2021.

Special Equipment Fund's total unencumbered cash increased due to transferring funds from the other funds to cover equipment purchases. Total cash disbursements increased due to purchasing a truck and mower.

14. For a minimum of two months during 2021 and two months during 2020 (to be selected by SSC CPAs, P.A., not a City employee), review the City'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 months of November and December of 2021, and April and December of 2020, were selected for testing. No negative cash balances were noted as a result of applying the procedure.

15. For a minimum of two months during 2021 and two months during 2020 (to be selected by SSC CPAs, P.A., not a City employee), review the official minutes to determine that the minutes have been signed by the Mayor of the City.

**Finding:** The months of May and October 2021, and July and September 2020, were selected for testing. May and October 2021 were signed by the Mayor. July and September 2020 were not signed by the Mayor.

16. Review the City'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:** The designation of depositories was not included in the board minutes. No other exceptions were found as a result of applying the procedure.

We were engaged by the City 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 City as of and for the years ended December 31, 2021 and 2020. 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 City 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 Mayor, City Council, and management of the City of Harveyville, Kansas, 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

August 1, 2022