CITY OF ISABEL, KANSAS

Report on Applying Agreed-upon Procedures

For the Year Ended December 31, 2023

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the City Council
City of Isabel, Kansas
Isabel, Kansas

We have performed the procedures enumerated below on the accounting records of **City of Isabel, Kansas** for the year ended December 31, 2023. **City of Isabel, Kansas'** management is responsible for the accounting records.

City of Isabel, Kansas has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose as required in accordance with K.S.A. 75-1122. Additionally, the State of Kansas, Division of Accounts and Reports, has agreed to and acknowledged that the procedures performed are appropriate for its purposes. 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:

Procedure 1 – Cash Receipts
For two separate months, we traced non-mail cash receipts from the bookkeeping ledger to the budget records to determine if the receipts were properly recorded. Also, for the same two months, we traced bookkeeping entries for cash receipts to the bank statement to determine if receipts were deposited intact and on a timely basis. No exceptions were found.

Procedure 2 – Cash Disbursements
For approximately ten percent of the non-payroll cash disbursements, we traced disbursements from the bookkeeping records to the related invoice, bank statement, and canceled check. No exceptions were found.

Procedure 3 – Credit Cards
For two months, we reviewed the City's credit card transactions to determine if approvals, expenditure procedures, and proper classification of expenditures were followed. The following exceptions were found:

- The City does not have a credit card policy.
- A charge to Orschelns on the credit card on May 2, 2023 in the amount of $8.16 did not have a receipt attached to the statement.

Procedure 4 – Year End Cash
We tied the City's total cash per books at year end to source documents. Also, we reviewed the bank reconciliation for the last month of the year. No exceptions were found.

Procedure 5 – Payroll
We reviewed payroll for one month to determine that proper deductions and employer contributions were being remitted. The following exceptions were found:

- Form W-4 was not on file for four employees.
- Form W-4 was not completed in its entirety for two employees.
- Payroll withholding did not agree with Forms W-4 on file for eight employees.

Procedure 6 – Encumbrances and Accounts Payable
We examined evidence of encumbrances and accounts payable and determined if they were properly stated in the financial statement. The following exceptions were found:

- A payment to City of Isabel on January 4, 2024 in the amount of $492.10 for December 2023 utilities was not included in accounts payable.
- A payment to Farmers Cooperative on January 4, 2024 in the amount of $101.01 for an invoice dated December 31, 2023 was not included in accounts payable.
- A payment to First Wireless on January 4, 2024 in the amount of $318.88 for an invoice dated December 7, 2023 was not included in accounts payable.
- A payment to Rangeman on January 23, 2024 in the amount of $11.67 for an invoice dated December 10, 2023 was not included in accounts payable.
- A payment to KDHE on January 23, 2024 in the amount of $257.00 for various charges dated December 2023 was not included in accounts payable.
- A payment to Southern Pioneer Electric Co. on January 23, 2024 in the amount of $3,947.74 for December 2023 usage was not included in accounts payable.
- A payment to Kansas Gas Service on January 23, 2024 in the amount of $1,348.08 for December 2023 usage was not included in accounts payable.
- A payment to Constellation on January 23, 2024 in the amount of $2,154.92 for December 2023 usage was not included in accounts payable.
- A payment to the Kansas Department of Labor on January 24, 2024 in the amount of $13.37 for unemployment for the fourth quarter of 2023 was not included in accounts payable.
- A payment to the Kansas Department of Revenue on January 24, 2024 in the amount of $35.20 for the water protection fee for the fourth quarter of 2023 was not included in accounts payable.
- A payment to the U.S. Treasury on January 24, 2024 in the amount of $3,955.61 for payroll taxes for the fourth quarter of 2023 was not included in accounts payable.
- A payment to VISA on January 25, 2024 in the amount of $84.04 for December 2023 charges was not included in accounts payable.

- A payment to the Kansas Department of Revenue on January 31, 2024 in the amount of $467.87 for the December 2023 sales tax was not included in accounts payable.

Procedure 7 – Comparison with Prior Year
We compared total cash receipts, total cash disbursements, encumbrances and accounts payable, and ending unencumbered cash balance for the current year with the same financial statement items for the prior year and examined any variances greater than 25%. The following variances were found:

- Total cash disbursements in the Gas Fund decreased by 41% ($37,715) due to a decrease in gas purchases from the supplier. The City paid for the February 2021 gas usage in January 2022.

- Total cash disbursements in the Electric Fund decreased by 36% ($38,562) due to a decrease in the transfer out to the Water Fund.

- Total cash receipts in the Water Fund decreased by 45% ($16,669) due to a decrease in the transfer in from the Electric Fund.

- Unencumbered cash in the Water Fund decreased by 93% ($13,099) due to no transfer in from the Electric Fund.

- Encumbrances and accounts payable in the Water Fund increased by 100% ($872) as there were no encumbrances or accounts payable for the prior year.

- Total cash receipts in the Trash Fund increased by 31% ($2,766) due to a $5 per month increase in fees starting in February 2023.

- Unencumbered cash in the Trash Fund increased by 79% ($2,610) due to a $5 per month increase in fees starting in February 2023.

- Total cash receipts in the Park Grant Fund increased by 100% ($26,651) due to the City receiving a Pathways to a Healthy Kansas Grant in 2023 plus other donations for park improvements.

- Total cash disbursements in the Park Grant Fund increased by 100% ($23,304) due to the City purchasing park playground equipment and improving existing equipment and amenities at the park.

- Unencumbered cash in the Park Grant Fund increased by 100% ($3,347) as not all of the grant funds and donations received were spent in 2023.

- Total cash receipts for the Barber County ARPA Grant Fund increased by 100% ($70,000) due to the City receiving an allocation of ARPA funds from Barber County.

- Total cash disbursements for the Barber County ARPA Grant Fund increased by 100% ($70,000) due to the City using the grant funds for the water line replacement project.

- Total cash receipts for the ARPA Grant Fund decreased by 100% ($6,181) as the City did not receive funding in 2023.
- Total cash disbursements for the ARPA Grant Fund increased by 100% ($12,361) due to the City using the grant funds to make improvements to the city park.

- Unencumbered cash in the ARPA Grant Fund decreased by 100% ($12,361) due to the City spending the grant funds in 2023.

- Total cash receipts for the SRF KDHE Loan Fund increased by 100% ($52,344) due to the City receiving loan proceeds from KDHE.

- Total cash disbursements for the SRF KDHE Loan Fund increased by 100% (49,344) due to the City starting the water line replacement project.

- Unencumbered cash in the SRF KDHE Loan Fund increased by 100% ($3,000) due to the City not spending all loan proceeds.

Procedure 8 – Other Procedures
We performed other procedures as listed in the schedule of agreed-upon procedures. The City does not participate in KPERS. No exceptions were found.

Procedure 9 – Compliance Checklist
We reviewed the general and entity specific checklists. The following exception was found:

- The City did not publish the annual 2023 financial statements. This is a violation of K.S.A. 12-1608.

We were engaged by **City of Isabel, Kansas** 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 audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting 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 **City of Isabel, Kansas** 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 **City of Isabel, Kansas** and the State of Kansas, Division of Accounts and Reports and is not intended to be, and should not be, used by anyone other than those specified parties.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Larned, Kansas

November 22, 2024