SHIPLEY CPA, LLC
Audit, Assurance, & Consulting Services

Russell Shipley CPA, CFE, CGFM, CGMA
Principal & Managing Director
(785) 760-4898
Russell@ShipleyCPA.com

PO Box 751193
Topeka, KS 66675

ShipleyCPA.com

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Board of Directors of
K-State Research & Extension – Leavenworth County

I have performed the procedures enumerated below, which were agreed to by the Board of Directors (the specified parties), solely to assist K-State Research & Extension – Leavenworth County (the Organization) in meeting the reporting requirements of the Kansas Municipal Accounting and Audit Guide (KMAAG) and the State of Kansas of the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis for the year ended December 31, 2023. The Organization'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 Organization. Consequently, I 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 Organization'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. **Enhanced Procedure**. In addition, to the testing discussed above, confirm bank balances and ensure that bank reconciliations are being approved and completed in a timely manner.
    - Ending cash balance per books did not agree to subsidiary ledgers.
    - Cash reported per the bank reconciliations and statements was $156,495 and cash reported on the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis was $142,258.

2) Reconcile the year-end cash balance as shown on the Statement of Cash Receipts and Cash Disbursements to: 1) demand deposits at the Organization's official depository, 2) time deposits at the Organization's official depository, 3) investments in U.S. Treasury bills; and other cash/investment accounts.
    - Ending cash balance per books did not agree to subsidiary ledgers.
    - Cash reported per the bank reconciliations and statements was $156,495 and cash reported on the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis was $142,258. The difference appears to be checks written in December 2023 that are not on the December bank reconciliation.

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. **Enhanced Procedure**. Confirm the pledged securities as of December 31 and determine they are adequately secured.
    - 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 Organization's official depository.
    - No exceptions were found as a result of applying the procedure.

5) For a minimum of two months trace any interest income from the bank statement to the Organization's cash receipts records. **Enhanced Procedure**. Expand this testing to tie out total interest income per bank confirmations to the Organization's general ledger.
    - No exceptions were found as a result of applying the procedure.

6) For a minimum of two separate 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 statement to determine if receipts are deposited intact and on a timely basis. **Enhanced Procedure**. This test will be performed for a minimum of four months. In addition to the two months discussed above, this procedure will also be performed for the first and last month of the fiscal year.
    - No exceptions were found as a result of applying the 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. **Enhanced Procedure**. This test will be performed for approximately fifteen percent of the nonpayroll cash disbursements.
    - No exceptions were found as a result of applying the procedure.

8) For a minimum of one month compare the disbursements as recorded in the check register to an entry in the official minutes that approve the disbursements. **Enhanced Procedure.** Perform this testing for a minimum of two months.
    - No exceptions were found as a result of applying the 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 purchase orders and contracts. Evidence of accounts payable would include unpaid invoices and receiving reports. **Enhanced Procedure.** In addition to the testing discussed above, review the approved expenditures per the minutes and expand the search to the first two months of the new year.
    - Accrued payroll and payroll liabilities is understated due to payroll and payroll liabilities not being recorded each pay period against the liability but the expense amounts once paid are applied against the liability.

10) Review the credit card policy and internal controls of the Organization. For a minimum of two months, review the Organization'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 Organization's credit cards are only in the name of the Organization.
    - No exceptions were found as a result of applying the procedure.
    - Credit card policy is attached and appears to being followed.

11) Review payroll for a minimum of one month to determine that proper deductions and employer contributions are being remitted. **Enhanced Procedure**. Expand testing to two months. In addition, 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 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.
    - 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.
    - The change in encumbrances and accounts payable exceeded 25%. This was due to payroll and payroll liabilities not being recorded each pay period against the liability but the expense amounts once paid are applied against the liability.

14) For a minimum of two months, review the Organization'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. **Enhanced Procedure**. Perform this testing for a minimum of three months.
    - No exceptions were found as a result of applying the 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.
    - The minutes reviewed were not signed by the chairperson of the board of directors.

16) Review the Organization's surety (fidelity) bonds to determine that all employees and officers entrusted with funds or property are covered by such a bond.
    - The Organization does have a surety (fidelity) bond on its Treasurer in place, but it does not cover any other officer or employee.

17) Review the general and entity specific compliance checklists.
    - Reviewed the KMAAG general checklist with the Organization.

I was engaged by the Organization to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was 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 Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the Organization and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

This report is intended solely for the information and use of the Organization and is not intended to be and should not be used by anyone other than those specified parties.

Shipley CPA, LLC

Shipley CPA, LLC
Topeka, Kansas
July 22, 2024