CITY OF SYLVAN GROVE, KANSAS

Report on Applying Agreed-upon Procedures

For the Year Ended December 31, 2023

ADAMS BROWN
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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the City Council
City of Sylvan Grove, Kansas
Sylvan Grove, Kansas

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

City of Sylvan Grove, 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 four separate months, we traced 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, 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 fifteen 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 – Encumbrances and Accounts Payable
We examined evidence of encumbrances and accounts payable to determine if they were properly stated in the financial statement as of the end of the year. The following exception was found:

- A total of $7,839 was not included as accounts payable on the financial statement as of the end of the year.

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. We confirmed bank balances and ensured that bank reconciliations were being approved and completed in a timely manner. The following exceptions were found:

- The petty cash account is not currently reconciled in QuickBooks. The ending balance at year end in the checkbook did not match the ending balance at year end in the accounting records. The petty cash account should be reconciled monthly.

- The December 2023 bank reconciliation for the main checking account was not performed until June 2024. Bank reconciliations should be performed on a timely basis.

- The bank reconciliation for the main checking account includes old outstanding checks dating back to 2021. These should be reviewed and turned over as unclaimed property if the requirements are met.

Procedure 5 – Payroll
We reviewed payroll for two months to determine that proper deductions and employer contributions were made. We traced the year end payroll reports to the payroll register and general ledger to ensure proper reporting and remittance of payroll withholdings. The following exception was found:

- Payroll withholdings in QuickBooks do not reflect the elections made by the employees on the W-4 and K-4 forms. The data in QuickBooks should be reviewed to ensure it matches the elections made.

Procedure 6 – Credit Cards
For two months, we reviewed the District's credit card transactions to determine if approvals, expenditure procedures, and proper classification of expenditures were followed. The District's credit card procedures are as follows:

> Credit card receipts are turned into the city clerk. The city clerk then compares the receipts to the credit card statements to ensure all purchases are for approved expenses and all purchases have a matching receipt. The City's procedures and internal controls are being followed. The credit cards are in the name of the City only.

No exceptions were found.

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:

- Encumbrances in the General Fund decreased by 26% ($3,748) due to more being encumbered for audit services in the prior year.

- Ending unencumbered cash in the General Fund decreased by 104% ($18,853) due to a decrease in revenues and increase in expenditures.

- Library Fund receipts and expenditures both increased by 30% ($2,359) due to an increase in tax levies distributed to the Library.

- Total cash disbursements in the Employee Benefits Fund decreased by 32% ($12,466) due to a decrease in insurance premiums.

- Ending unencumbered cash in the Employee Benefits Fund increased 244% ($15,564) due to the decrease in expenditures noted above.

- Encumbrances in the Employee Benefits Fund increased 8,019% ($1,363) due to more being encumbered for December payroll in the current year.

- Total cash disbursements in the Special Liability Insurance Fund decreased by 100% ($1,846) due to the liability insurance premium being paid out of the General Fund in the current year.

- Ending encumbered cash in the Special Liability Insurance Fund increased by 131% ($1,804) due to the decrease in expenditures noted above.

- Total cash disbursements in the Special Highway Fund decreased by 85% ($15,788) due to a transmission repair in the prior year.

- Ending unencumbered cash in the Special Highway Fund increased by 509,100% ($5,091) due to the decrease in expenditures noted above.

- Encumbrances in the Special Highway Fund increased by 131% ($272) due to an encumbrance for gravel in the current year.

- Total cash receipts in the Special Parks Fund increased by 58% ($3,156) due to receiving a grant from Greater Salina Community Foundation in the current year.

- Total cash disbursements in the Water Fund decreased by 27% ($28,035) due to a decrease in repairs and a decrease in salaries in the current year.

- Ending unencumbered cash in the Water Fund increased by 25% ($26,217) due to changes noted above for expenditures.

- Encumbrances in the Water Fund decreased by 57% ($1,655) due to a propane encumbrance in the prior year and more supplies included in payables in the prior year.

- Total cash disbursements in the Sewer Fund decreased by 34% ($18,740) due to sewer repairs in the prior year and a decrease in salaries in the current year.

- Encumbrances in the Sewer Fund increased by 15,560% ($8,247) due to sewer maintenance liabilities in the current year.

- Ending unencumbered cash in the Solid Waste Fund increased by 42% ($1,404) due to an increase in revenues and decrease in expenditures in the current year.

Procedure 8 – Other Procedures
We performed other procedures as listed in the schedule of agreed-upon procedures. No exceptions found.

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

- The General Fund was over budget, which is in violation of K.S.A. 79-2935.

- The General Fund had negative unencumbered cash at year-end, which is in violation of K.S.A. 10-1113.

- The City did not pass a resolution to approve a GAAP waiver for 2023, which is in violation of K.S.A. 75-1120a(c)(1).

We were engaged by **City of Sylvan Grove, 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 Sylvan Grove, 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 Sylvan Grove, 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.

AdamsBrown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

December 9, 2024