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
Delaware Watershed Joint District No. 10

I have performed the procedures enumerated below, which were agreed to by the Board of Directors (the specified parties), solely to assist Delaware Watershed Joint District No. 10 (the District) in meeting the reporting requirements on the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis for the year ended December 31, 2022. The District'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 District. 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 District'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.
    - Ending cash balance per books did not agree to subsidiary ledgers.
    - Cash reported per the bank reconciliations and statements was $863,117 and cash reported on the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis was $861,336.

2) Reconcile the year-end cash balance as shown on the Statement of Cash Receipts and Cash Disbursements to: 1) demand deposits at the District's official depository, 2) time deposits at the District'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 $863,117 and cash reported on the Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis was $861,336.

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.
    - Cash in excess of FDIC insurance was secured by pledged securities at December 31, 2022.

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 District'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 District's cash receipts records.
    - 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.
    - 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.
    - 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.
    - 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.
    - Accrued payroll and payroll liabilities is overstated due to payroll and payroll liabilities being recorded each pay period but the balances are not always reversed back out when clearing.

10) Review the credit card policy and internal controls of the District. For a minimum of two months, review the District'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 District's credit cards are only in the name of the District.
    - No exceptions were found as a result of applying the procedure.

11) Review payroll for a minimum of one month to determine that proper deductions and employer contributions are being remitted.
    - 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.
    - No exceptions were found as a result of applying the procedure.

14) For a minimum of two months, review the District'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 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.
    - No exceptions were found as a result of applying the procedure.

16) Review the District's surety (fidelity) bonds to determine that all employees and officers entrusted with funds or property are covered by such a bond.
    - The District does not have a surety (fidelity) bond on its employees or officers.

I was engaged by the District 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 District 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 District 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
October 23, 2023