



RURAL WATER DISTRICT NO. 2
DOUGLAS COUNTY, KANSAS

AGREED-UPON PROCEDURES
TOGETHER WITH INDEPENDENT ACCOUNTANT'S
REPORT

DECEMBER 31, 2021



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Rural Water District No. 2, Douglas County, Kansas

We have performed the procedures enumerated below on the financial records of Rural Water District No. 2, Douglas County, Kansas (the District) as of and for the year ended December 31, 2021. The District's management is responsible for the financial records of the District.

The District 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 District as of and for the year ended December 31, 2021. 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 many 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:

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.

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

2. Tie 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

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

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.

Finding: Noted full coverage under FDIC at Central Bank of the Midwest and Baldwin State Bank. Noted the District is under secured at Mid America Bank by \$68,752, and University National Bank by \$65,400.

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.

Finding: Noted in the March 26, 2018 minutes, the following banks were approved as authorized depositories for the District's funds: Baldwin State Bank, Mid America Bank, University National Bank and Central Bank of the Midwest.

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

Finding: No exceptions were found as a result of applying the procedure for the months of March and October 2021.

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

Finding: No exceptions were found as a result of applying the procedure for the months of April and August 2021.

7. For approximately ten percent of the non-payroll cash disbursements (to be selected SSC CPAs, P.A, not a District employee), trace disbursements from the bookkeeping records to the: related invoice, bank statement, and canceled check. Also, determine the propriety of the disbursements from the operations fund considering the following:

- The water superintendent shall receive no compensation for services other than payroll but may receive travel expenses.
- Disbursements are not permitted for prizes or as incentives for achievements or attendance at meetings.

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

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

Finding: Noted approval in the minutes of the March 23, 2021 and July 28, 2021 board meetings.

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 the year. Evidence of encumbrances would include unpaid purchase orders and contracts. Evidence of accounts payable would include unpaid invoices and receiving reports.

Finding: Noted a total of \$768 was improperly excluded from accounts payable at year end. No other exceptions were found as a result of applying the procedure.

10. Review the credit card policy and internal controls of the District. For a minimum of two months (to be selected by SSC CPAs, P.A, not a District employee), 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.

Finding: Noted that the District has two VISA credit cards held in the District's name. Cards are in the possession of the assigned individuals to use as needed for District items. Receipts for purchases are submitted to the office and reconciled to the monthly statements when received. Payments are initiated by the credit card vendor each month through the ACH process. The credit card statements and supporting documentation are submitted for review by the board at each monthly meeting. While signing checks, board members initial the credit card statement, indicating their review.

No exceptions were found as a result of applying the procedure for the months of June, July, August and December 2021.

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

Finding: October 2021 was selected for testing and 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.

Finding: The District does not participate in KPERS.

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: Noted no variance larger than 25%.

14. For a minimum of two months (to be selected by SSC CPAs, P.A, not a District employee), 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.

Finding: The months of June 2021 and September 2021 were selected for testing. No negative unencumbered cash balances were noted as a result of applying the procedure.

15. For a minimum of two months (to be selected by SSC CPAs, P.A, not a District employee), review the official minutes to determine that the minutes have been signed by the chairperson of the board of directors.

Finding: Reviewed the March 23, 2021 and July 28, 2021 minutes and noted signature of the Secretary of the Board of Directors.

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.

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

We were engaged by the District 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 District as of and for the year December 31, 2021. 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 District 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 management and Board of Directors of Rural Water District No. 2, Douglas County, Kansas and regulatory authorities, and is not intended to be and should not be used by anyone other than the specified parties.

SSC CPAs, P.A.

SSC CPAs, P.A.

Topeka, Kansas

March 15, 2022



To the Board of Directors
Rural Water District No. 2, Douglas County, Kansas

The accompanying regulatory basis statement of receipts and disbursements of Rural Water District No. 2, Douglas County, Kansas for the year ended December 31, 2021 was not subjected to an audit, review, or compilation engagement by us and we do not express an opinion, a conclusion, nor provide any assurance on it.

SSC CPAs, P.A.

SSC CPAs, P.A.
Topeka, Kansas

March 15, 2022

RURAL WATER DISTRICT NO. 2, DOUGLAS COUNTY, KANSAS
STATEMENT OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the year ended December 31,	2021
Beginning cash balance, January 1	\$ 1,087,324
Receipts	
Water sales	445,069
New construction	14,556
Benefit unit receipts	9,750
Service review	1,125
Lease income	18,000
Other income	550
Insurance dividends	1,228
Interest income	8,510
Total receipts	498,788
Total available cash	1,586,112
Disbursements	
Water purchased	134,915
Water analysis	1,223
Salaries, wages and related taxes	160,110
Repairs and maintenance	127,054
Materials and supplies	6,928
Utilities and telephone	15,166
Truck expense and mileage	7,964
Offices supplies	9,135
Insurance	15,508
Taxes, licenses and fees	597
Continuing education	8
Professional services	22,157
Board expenses	50
Bank charges	6,004
Capital outlay	78,696
Total disbursements	585,515
Ending cash balance, December 31	1,000,597
Less: Encumbrances and	
accounts payable, December 31	17,467
Ending unencumbered cash, December 31	\$ 983,130
Composition of cash:	
Checking	\$ 127,571
Certificates of deposit	873,026
Total cash	\$ 1,000,597

Disclosures required by regulatory accounting principles have been omitted.