CITY OF BAZINE, KANSAS

Report on Applying Agreed-upon Procedures

For the Year Ended December 31, 2023

ADAMS BROWN
Strategic Allies and CPAs
adamsbrowncpa.com

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the City Council
City of Bazine, Kansas
Bazine, Kansas

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

City of Bazine, 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 utility billing records to determine if the receipts were properly recorded. Also, for the same two months, we traced bookkeeping entries for all 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 exception was found:

- The City does not have a credit card policy.

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:

- Payroll withholding did not agree with current Kansas withholding tables based on Forms K-4 on file for three employees.

- Payroll withholding did not agree with current Federal withholding tables based on Forms W-4 on file for two employees.

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

- A payment to VISA on January 10, 2024 in the amount of $203.78 for December 2023 charges was not included in accounts payable.

- A payment to DC&B Supply on January 10, 2024 in the amount of $488.82 for an invoice dated December 21, 2023 was not included in accounts payable.

- A payment to Evangeline Specialties, Inc. on January 10, 2024 in the amount of $559.68 for an invoice dated December 15, 2023 was not included in accounts payable.

- A payment to Kansas One-Call System, Inc. on January 10, 2024 in the amount of $7.20 for invoices dated August 31, 2023 and December 31, 2023 was not included in accounts payable.

- A payment to the Kansas Department of Revenue on January 10, 2024 in the amount of $131.24 for the water protection and clean drinking water fees for the fourth quarter of 2023 was not included in accounts payable.

- A payment to Mitch's Trash Service on January 10, 2024 in the amount of $2,716.25 for an invoice dated December 31, 2023 was not included in accounts payable.

- A payment to Nathan's Under the Hood on January 10, 2024 in the amount of $28.95 for an invoice dated December 4, 2023 was not included in accounts payable.

- A payment to Ness City Farm and Feed on January 10, 2024 in the amount of $121.10 for an invoice dated December 21, 2023 was not included in accounts payable.

- A payment to Professional Fire Equipment LLC on January 10, 2024 in the amount of $20.00 for an invoice dated December 28, 2023 was not included in accounts payable.

- A payment to Quill on January 10, 2024 in the amount of $112.72 for an invoice dated December 14, 2023 was not included in accounts payable.

- A payment to Rues Law Office on January 10, 2024 in the amount of $90.00 for December 2023 services was not included in accounts payable.

- A payment to WaterWise Enterprises on January 10, 2024 in the amount of $1,648.50 for an invoice dated December 18, 2023 was not included in accounts payable.

- A payment to Lane Scott Electric Cooperative on January 10, 2024 in the amount of $1,367.23 for December 2023 usage was not included in accounts payable.

- A payment to Atmos Energy on January 10, 2024 in the amount of $359.78 for December 2023 usage was not included in accounts payable.

- A payment to Bazine Coop on January 10, 2024 in the amount of $332.47 for December 2023 usage was not included in accounts payable.

- A payment to Sloan Engineering and Consulting on January 10, 2024 in the amount of $9,247.00 for 2023 services was not included in accounts payable.

- A payment to the Kansas Department of Revenue on January 25, 2024 in the amount of $101.03 for 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:

- Unencumbered cash in the General Fund increased by 32% ($23,482) due to an increase in property taxes collected and a decrease in expenditures for repairs and maintenance.

- Total cash disbursements in the Special Highway Fund increased by 194% ($6,977) due to an increase in street repairs and a land survey.

- Unencumbered cash in the Special Highway Fund decreased by 41% ($3,095) due to an increase in expenditures for street repairs and a land survey.

- Total cash disbursements in the Water Fund increased by 61% ($45,046) due to an increase in repairs and maintenance.

- Unencumbered cash in the Water Fund decreased by 61% ($41,594) due to an increase in expenditures for repairs and maintenance.

- Unencumbered cash in the Bond and Interest Fund increased by 403% ($2,496) due to an increase in property taxes collected.

- Total cash receipts in the ARPA Grant Fund decreased by 100% ($22,281) as the City did not receive grant funding in 2023.

- Total cash receipts in the Special Highway Improvement Fund increased by 200% ($10,000) due to an increase in the transfer in from the General Fund.

- Total cash disbursements in the Special Highway Improvement Fund increased by 65% ($12,674) due to an increase in street improvements.

- Unencumbered cash in the Special Highway Improvement Fund decreased by 33% ($17,246) due to an increase in street improvements.

Procedure 8 – Other Procedures
We performed other procedures as listed in the schedule of agreed-upon procedures. The City does not participate in KPERS. The following exception was found:

- Total deposits at December 31, 2023 exceeded FDIC coverage by $9,839.30. Securities were not pledged to secure the excess deposits.

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

- Interest was not paid or credited on utility deposits. This is a violation of K.S.A. 12-822.

- Total deposits at Farmers Bank and Trust on December 31, 2023 were not adequately secured. This is a violation of K.S.A 9-1402.

- The City does not have a custodial agreement in place with Farmers Bank and Trust. This is a violation of K.S.A. 9-1405.

We were engaged by **City of Bazine, 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 Bazine, 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 Bazine, 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

December 11, 2024