CITY OF SYLVAN GROVE, KANSAS

Report on Applying Agreed-upon Procedures

For the Year Ended December 31, 2025

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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, 2025. **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 two 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 two 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 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 – 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 exceptions were found:

- During testing, we noted that the 2024 liabilities were still included in the outstanding accounts payable balance in QuickBooks when they had actually been paid during 2025. This resulted in an overstatement of liabilities and expenditures.

- During testing, we noted a total of $140,500 of encumbrances not included in 2025 expenditures, which resulted in an understatement of liabilities and expenditures for 2025.

Procedure 4 – Year End Cash
We tied the City's total cash per books at year end to source documents. Also, we examined the bank reconciliation for the last month of the year to ensure it was reconciled. The following exception was found:

- The petty cash account is not currently being reconciled. The petty cash account should be reconciled monthly.

Procedure 5 – Payroll
We examined payroll for one month to determine that deductions agree with employee elections and that payroll withholdings and taxes are accurately remitted. The following exceptions were found:

- One employee's W-4 and K-4 forms were missing miscellaneous information. All payroll forms should be completed in their entirety.

- One employee's federal withholding elections in QuickBooks did not agree to the W-4. As a result, inaccurate federal income tax was withheld from employee wages during the pay period tested.

- The KPERS deduction currently in QuickBooks is set up as a 401(k) deduction, which reduces Federal and State wages. However, KPERS should only reduce Federal wages. The KPERS deduction should be reviewed and edited to only reduce Federal wages.

Procedure 6 – Credit Cards
For two months, we verified that all credit cards are issued solely in the City's name and that credit card transactions comply with internal policies, including proper authorization and accurate expenditure classification. 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 in the prior year and examined any variances greater than 25% per fund. The following variances were found:

- Receipts in the Employee Benefits Fund decreased by 34% ($12,513) due to receiving less taxes from the county in the current year.

- Encumbrances in the Employee Benefits Fund increased by 217% ($1,464) due to federal withholdings being included in encumbrances in the current year.

- Receipts in the Special Liability Insurance Fund decreased by 87% ($2,448) due to receiving less taxes from the county in the current year.

- Expenditures in the Special Liability Insurance Fund increased by 100% ($2,396) due to insurance payments made out of this fund that were previously paid out of General Fund.

- Ending unencumbered cash in the Special Liability Insurance Fund decreased by 34% ($2,024) due to expenditures exceeding receipts in the current year.

- Expenditures in the Special Highway Fund increased by 159% ($3,741) due to increased street repair expenditures in the current year.

- Receipts in the Special Parks Fund increased 43% ($1,517) due to increased grants received in the current year.

- Ending unencumbered cash in the Special Parks Fund decreased 33% ($2,072) due to expenditures exceeding receipts in the current year.

- Ending unencumbered cash in the Water Fund increased 27% ($38,117) due to receipts exceeding expenditures in the current year.

- Total expenditures in the Sewer Fund decreased by 60% ($29,314) due to less sewer repairs and less allocated salaries in the current year.

- Ending unencumbered cash in the Sewer Fund increased 32% ($31,575) due to receipts exceeding expenditures in the current year.

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

Procedure 9 – Compliance Checklist
We reviewed the general and entity specific compliance checklists. The following exception was found:

- During testing, we noted that receipts and expenditures reported in various funds in the annual report did not agree to the City's accounting records. Additionally, the receipts, expenditures, and beginning balances did not mathematically calculate to the ending balances presented in the report. As a result, the annual report did not accurately reflect the City's financial activity for the year.

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.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

September 1, 2026