



CITY OF HARVEYVILLE, KANSAS

AGREED-UPON PROCEDURES
TOGETHER WITH INDEPENDENT ACCOUNTANT'S
REPORT

YEAR ENDED DECEMBER 31, 2022



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
City of Harveyville, Kansas

We have performed the procedures enumerated below on the financial records of City of Harveyville, Kansas (the City) as of and for the year ended December 31, 2022. The City's management is responsible for the financial records of the City.

The City 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 City as of and for the year ended December 31, 2022. 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 finding are as follows:

1. Tie the City'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.

Enhanced Procedure. In addition, to the testing discussed above, confirm bank balances and ensure that bank reconciliations are being approved and completed in a timely manner.

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

2. Reconcile the year-end cash balance as shown on the Statement of Cash Receipts and Cash Disbursements to: 1) demand deposits at the City's official depository, 2) time deposits at the City'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.

Enhanced Procedure: Confirm the pledged securities as of December 31 and determine they are adequately secured.

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

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 City's official depository.

Finding: It was noted that First National Bank of Harveyville was approved as the official depository at the May 2, 2022 board meeting.

5. For a minimum of two months (to be selected by SSC CPAs, P.A.) trace any interest income from the bank statement to the City's cash receipts records.

Enhanced Procedure. Expand this testing to tie out total interest income per bank confirmations to the City's general ledger.

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

6. For a minimum of two separate months (to be selected by SSC CPAs, P.A), 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.

Enhanced Procedure. This test will be performed for a minimum of four months. In addition to the two months discussed above, this procedure will also be performed for the first and last month of the fiscal year.

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

7. For approximately ten percent of the non-payroll cash disbursements (to be selected SSC CPAs, P.A.), trace disbursements from the bookkeeping records to the: related invoice, bank statement, and canceled check.

Enhanced Procedure. This test will be performed for approximately fifteen percent of the nonpayroll cash disbursements.

Finding: It was noted that there was one transaction still outstanding as of November and 8 transactions missing council member signature approval.

8. For a minimum of one month (to be selected by SSC CPAs, P.A.) compare the disbursements as recorded in the check register to an entry in the official minutes that approve the disbursements.

Enhanced Procedure. Perform this testing for a minimum of two months.

Finding: SSC noted in the February 7, 2022 and November 7, 2022 board minutes that payables were reviewed and approved.

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.

Enhanced Procedure. In addition to the testing discussed above, review the approved expenditures per the minutes and expand the search to the first two months of the new year.

Finding: SSC noted that \$34,612 was not included in encumbrances and accounts payable at 12/31/22.

10. Review the credit card policy and internal controls of the City. For a minimum of two months (to be selected by SSC CPAs, P.A), review the City'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 City's credit cards are only in the name of the City.

Finding: The City does not utilize credit cards, this procedure is not applicable.

11. Review payroll for a minimum of one month (to be selected by SSC CPAs, P.A.) to determine that proper deductions and employer contributions are being made.

Enhanced Procedure. Expand testing to two months. In addition, trace the year end payroll reports to the payroll register and general ledger to ensure proper reporting and remittance of payroll withholdings.

Finding: 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: SSC noted KPERS deductions were made.

13. Compare the following items in the current year financial statements to the same items in the prior year financial statements 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: We noted accounts that had variances of 25% from the prior year and report the following reasons for the variances:

The general fund's unencumbered cash and cash receipts decreased due to the City creating a new fund for ARPA funds instead of putting the ARPA funds into the general fund.

ARPA fund's unencumbered cash and cash receipts increased due to the City creating the new fund for all ARPA funds rather than including them in the general fund.

The solid waste fund's unencumbered cash decreased due to the City having fewer customers in 2022.

The special highway fund's unencumbered cash increased due to the State providing more funds to the City as the amount is set by the State.

The gas fund's cash receipts and cash disbursements increased due to gas rates and prices increasing in 2022.

The special equipment fund's cash receipts decreased due to the City not transferring funds into this fund due to the City not purchasing any equipment in 2022.

The sewer fund's cash disbursements decreased due to the City having significantly less sewer maintenance in 2022.

The special highway fund's cash disbursements increased due to the City performing more street maintenance in 2022.

The special equipment fund's cash disbursements decreased due to the City not purchasing any equipment in 2022.

14. For a minimum of two months (to be selected by SSC CPAs, P.A.), review the City'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.

Enhanced Procedure. Perform this testing for a minimum of three months.

Finding: No negative cash balances were noted as a result of applying the procedures.

15. For a minimum of two months (to be selected by SSC CPAs, P.A.), review the official minutes to determine that the minutes have been signed by the chairperson of the board of directors.

Finding: SSC noted the March 7, 2022 and August 1, 2022 board minutes were signed by the Mayor.

16. Review the City'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.

17. Review the general and entity specific compliance checklists.

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

We were engaged by the City 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 City as of and for the year ended December 31, 2022. 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 City 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 Mayor, City Council, and management of the City of Harveyville, Kansas and is not intended to be and should not be used by anyone other than these specified parties.

SSC CPAs, P.A.

SSC CPAs, P.A.
Topeka, Kansas

December 27, 2023

