

AUDITOR'S COMMENTS TO MANAGEMENT

Board of Atchison County Commissioners
Atchison, Kansas

In planning and performing our audit of the financial statements of the County for the year ended December 31, 2022, we considered the County's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report, dated June 28, 2023, on the financial statements of the County.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various County personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are as follows:

1. During the audit, we tested 25 credit card transactions for compliance with the County's credit card usage policies. We noted four instances in which sales tax was paid. We recommend the County follow its policies for proper credit card usage.
2. During the audit, we noted bank reconciliations were not completed timely throughout the year. We also noted that bank reconciliations are not reviewed and approved by a qualified person independent of the reconciliation process. We recommend that all bank reconciliations be completed within 30 days of the end of the month being reconciled and be reviewed and approved by a qualified person independent of the reconciliation process.
3. During the audit, we noted two bank accounts with the names of former employees listed as authorized signers. We also noted that there was not an authorized signer on three bank accounts who were still affiliated with the County as of December 31, 2022. We recommend a new signature card be prepared for these accounts.
4. During the audit, we noted the County has outstanding checks that were issued between 2014 and 2020. Per K.S.A. 58-3934 and K.S.A. 10-816, outstanding payroll checks that are one year or older should be remitted to the Kansas State Treasurer Office's Unclaimed Property Division. Outstanding accounts payable checks two years or older should be canceled and restored to the fund originally charged. We recommend the County follow these statutes regarding outstanding checks.

5. During the audit, we noted the County utilizes "peak periods" to secure its increased bank deposits from property tax payments received shortly before and after year-end. Securities required under peak period agreements may be reduced up to 50% of the amount on deposit during the peak period. This means if the banking institution were to close its doors during a peak period, only up to 50% of the County's deposits could be recovered. We recommend the County discuss with the local bank alternative methods to fully secure bank deposits at all times, which includes standard pledged securities or short-term letters of credit.

This report is intended for the use of the Board of County Commissioners and other members of management of Atchison County, Kansas and should not be used by anyone other than these specified parties.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

June 28, 2023

AUDITOR'S COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
AT THE CONCLUSION OF THE AUDIT

Board of County Commissioners
Atchison County, Kansas

We have audited the financial statements of Atchison County, Kansas for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. The County adopted the new finance lease policy as required by the *Kansas Municipal Audit and Accounting Guide*. No other new accounting policies were adopted and the application of other existing policies was not changed during the year ended December 31, 2022. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 28, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Atchison County, Kansas's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We were engaged to report on regulatory required supplementary information which accompanies the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting policies used by the County as described in Note 1 to the financial statements, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction of Use

This information is intended solely for the use of the Board of County Commissioners and management of Atchison County, Kansas and is not intended to be, and should not be, used by anyone other than these specified parties.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

June 28, 2023