

***UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS***

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2017

WITH

INDEPENDENT AUDITOR'S REPORT



UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2017

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**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SINGLE AUDIT REPORT

Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Unified Government of Wyandotte County /
Kansas City, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Unified Government of Wyandotte County / Kansas City, Kansas (Unified Government), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Unified Government's basic financial statements, and have issued our report thereon dated June 18, 2018. Our report includes a reference to other auditors who audited the financial statements of the Board of Public Utilities, as described in our report on the Unified Government's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Unified Government's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified Government's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unified Government's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2017-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unified Government's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Unified Government's Response to Findings

The Unified Government's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Unified Government's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

June 18, 2018
Wichita, Kansas

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
**Unified Government of Wyandotte County /
Kansas City, Kansas**

Report on Compliance for Each Major Federal Program

We have audited the Unified Government of Wyandotte County / Kansas City, Kansas' (Unified Government) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Unified Government's major federal programs for the year ended December 31, 2017. The Unified Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Unified Government's basic financial statements include the operations of the Board of Public Utilities, a major fund, whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2017. Our audit, described below, did not include the operations of the Board of Public Utilities, which engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Unified Government's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Unified Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Unified Government's compliance.

Basis for Qualified Opinion on CFDA No. 11.307

As described in finding 2017-001 in the accompanying schedule of findings and questioned costs, the Unified Government did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2017-002	11.307	Economic Adjustment Assistance (Revolving Loan Fund)	Special Tests and Provisions: Increases to RLF Capital Base and Capital Utilization; Loan Requirements

Compliance with such requirements is necessary in our opinion, for the Unified Government to comply with the requirements applicable to that program.

Qualified Opinion on CFDA No. 11.307

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Unified Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Economic Adjustment Assistance Grant program for the year ended December 31, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Unified Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2017-003 and 2017-004. Our opinion on this major federal program is not modified with respect to this matter.

The Unified Government's response to the noncompliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The Unified Government's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Unified Government is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Unified Government's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the

circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Unified Government's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-003 and 2017-004 that we consider to be significant deficiencies.

The Unified Government's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Unified Government's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Unified Government of Wyandotte County / Kansas City Kansas (Unified Government) as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the Unified Government's basic financial statements. We issued our report thereon dated June 18, 2018, which contained unmodified opinions on those financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 18, 2018. We did not audit the financial statements of the Board of Public Utilities, which is both a major fund and 85 percent, 82 percent, and 87 percent, respectively of the assets, net position, and revenues of the business-type activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Public Utilities, is based on the report of the other auditors.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

September 10, 2018
Wichita, Kansas

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2017

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes X no
- Significant deficiencies identified? X yes _____ none reported
- Noncompliance material to financial statements noted? _____ yes X no

FEDERAL AWARDS

Internal control over major federal programs:

- Material weaknesses identified? _____ yes X no
- Significant deficiencies identified? X yes _____ none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes _____ no

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS (Continued)

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs: See Below

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>	<u>OPINION</u>
10.557	<i>Special Supplemental Nutrition Program for Women, Infants and Children</i>	Unmodified
11.307	<i>Economic Adjustment Assistance (Revolving Loan Fund)</i>	Qualified
14.218	<i>CDBG – Entitlement Grants Cluster</i>	Unmodified
93.778	<i>Medicaid Cluster</i>	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2017-001: Accounting and Financial Reporting (Significant Deficiency):

Condition: The Unified Government's management is responsible for the accuracy, completeness, and fairness of data presented in the Comprehensive Annual Financial Report (CAFR), including all disclosures. Prior to January 2018, the Unified Government had in place an accounting manager and an assistant accounting manager that worked on producing the CAFR and all related year-end reconciliations and calculations needed in support of the year-end adjustments. In January 2018, the accounting manager transitioned to a different department which resulted in a loss of resources and knowledge during the year-end financial reporting process compared to prior years.

As a result, we noted the deficiencies described below that could result in misstatements to the basic financial statements.

- a) A deficiency exists related to the overall preparation of the basic financial statements and related footnotes for the CAFR. Our observation is that the transition of the accounting manager to a new department during the audit process resulted in expected loss of experience and knowledge related to the financial statement preparation. Management, under the interim accounting manager, continued to complete the majority of the reconciliations and calculations needed in support of the year-end adjustments and financial statements; however certain adjusting entries were made during the audit process. Management continued to generate the budgetary fund-level statements and a majority of the footnotes and fund-level statements that are in accordance with generally accepted accounting principles (GAAP) fund-level statements. The primary remaining areas of concern pertain to certain adjusting entries (described more fully in b) below), and the preparation of the government-wide financial statements.
- b) A deficiency exists in controls over procedures used to initiate, authorize, record and process certain journal entries into the general ledger, and record recurring and nonrecurring adjustments to the financial statements as listed below.
 - adjustments were made to correctly record certain year-end receivables and related revenues and deferred inflows
 - adjustments were made to correct the following liability activity:
 - adjust the general ledger to correctly match accrued interest to the correctly calculated supporting schedules provided by management
 - adjust compensated absences liability to properly take into account appropriate caps on potential future pay-outs
 - adjust year-end bond liability balances to take into account repayment of bonds done through escrow activity
 - adjustments for recording certain capital asset activity

Criteria or Specific Requirement: Internal controls should be designed to provide adequate control over the preparation of reliable financial statements.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Cause: Accounting personnel responsible for preparation of the Comprehensive Annual Financial Report are not adequately trained in generally accepted accounting principles issued by the GASB. Additionally, internal resources are not sufficient, and there is a lack of controls for ensuring completion of tasks needed to prepare the financial statements.

Effect: Lack of resources, controls and procedures could result in a material misstatement to the financial statements.

Recommendation: We recommend management:

- a) continue to evaluate and strengthen controls and procedures to capture the information needed to identify, authorize, record and process recurring and nonrecurring journal entries and year-end adjustments to the financial statements.
- b) continue additional training for staff in the preparation of the financial statements, and ensure that key personnel in the accounting area are trained in the requirements of governmental accounting and reporting.

Management Response:

Management is committed to implementing the following corrective action plan to address these identified concerns:

- 1) Improve financial audit support document filing and tracking systems. Use state confirmations, where available, to agree revenue accruals. Develop tools and control formulae to workpapers to identify and eliminate foot errors.
- 2) Tick and tie Cayenta post close balances to validate the anticipated end resulting account balance are as expected.
- 3) Confirm all debt balances with the issuer to assure the Unified Government schedules have an accurate ending balance.
- 4) Gain insight and then control schedules AGH has typically prepared in the past to complement the audit workpapers. This will aid in the record to report cycle thus allowing the Unified Government to complete the year end process timely and accurately.
- 5) Establish controls and processes over the capital asset booking process throughout the year allowing for more timely completion of this work during the year end process. This will be coupled with the launch of the Fixed Asset module in the Cayenta financial system.
- 6) Creation of a self-audit process to review the workpaper products. Implement procedures for staff to follow using trial balance outputs from the Cayenta financial system when reviewing the related workpaper for the audit process.
- 7) Conducting process walk-throughs with the process owners to gain understanding of workflows and uncover opportunities for improvements. Challenge every step, piece of paper, every input and output to eliminate unnecessary work and gain efficiencies.
- 8) Conduct process training after the process walk-throughs evaluating the staff training needs and workflows.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2017

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

- 9) Utilization of best practices to improve accuracy, cycle time, and data quality coupled with performance metrics to insure the best possible outcome during the audit season.
- 10) Ultimate goal: from record to report have a preliminary CAFR report ready for the audit team for the Spring site visit. This complete set of books will allow for errors to be identified and corrected prior to the auditor's site visit.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2017

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2017-002 (Repeat of Finding 2016-001):

CFDA #11.307, Economic Adjustment Assistance (Revolving Loan Fund), U.S. Department of Commerce, Economic Development Administration, Award No. RLF KS-1

Condition: Prior to fiscal 2010, the Revolving Loan Fund (RLF) was administered by a separate nonprofit entity, not the Unified Government. Records received from the nonprofit entity after the Unified Government took over the program were incomplete, with the following impact on the administration of the program by the Unified Government:

- a) The Unified Government did not have 75% of the Revolving Loan Fund (RLF) capital base loaned or committed during 2017. The Unified Government is required to sequester “excess funds” if they fall below the capital utilization standard. For the March 31, 2017 and September 30, 2017 reporting periods, the calculation of “excess funds” was \$336,435 and \$108,172, respectively, above the amount of funds sequestered.

Criteria or Specific Requirements:

13 CFR Section 307.16(c) requires that RLF recipients manage their repayment and lending schedules to provide that at all times at least 75% of the RLF capital base is loaned or committed. If the recipient fails to satisfy the utilization standard for two consecutive reporting periods, the excess funds are required to be sequestered.

Questioned Costs: None noted.

Context/Cause: The Unified Government is in the process of closing the program and returning the federal portion of funds to the federal government as loans are paid off. Consequently, outstanding loans do not total 75% of the revolving loan base.

Effect: The program is not fully utilizing its borrowing base.

Recommendation: We recommend management continue working on the close out of this program with the EDA.

Management Response (Unaudited): The Unified Government successfully contracted with an external consultant to perform agreed-upon procedures pertaining to the Unified Government’s compliance with certain requirements of the program. Management is actively working with the EDA and loan recipients to terminate the program.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2017

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2017-003 (Significant Deficiency):

CFDA #14.218, CDBG Entitlement Grants Cluster, U.S. Department of Housing and Urban Development, Award No. B-16-MC-20-0001, B-15-MC-20-0001 and B-14-MC-20-0001.

Condition: No risk assessment of the subrecipient was performed.

Criteria: Per 2 CFR 200.331(b), a pass through entity is required to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward.

Questioned Costs: None noted.

Context: There were no risk assessments performed on the subrecipients of the grant.

Cause: The program manager and staff were unaware of the requirement.

Effect: Federal funds could be improperly utilized by a subrecipient which does not have an adequate understanding of the requirements or tools to support the program.

Recommendation: We recommend management develop procedures to ensure a documented risk assessment is performed on a potential subrecipient before entering into an agreement to provide federal funds to that entity.

Management Response (Unaudited): The requirement that programs with subrecipients complete a written evaluation of each subrecipient's risk was new and the program was not aware of the requirements. Management is developing procedures to perform a risk assessment on all potential subrecipients before entering into an agreement to provide federal funds to that entity.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2017

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2017-004 (Significant Deficiency):

CFDA #14.218, CDBG Entitlement Grants Cluster, U.S. Department of Housing and Urban Development, Award No. B-16-MC-20-0001, B-15-MC-20-0001 and B-14-MC-20-0001.

Condition: Documentation of the comparison of budgeted distributions of salaries to actual costs based on time activity reports were completed when employees work on multiple activities; however, this data was not utilized to distribute costs to different cost centers. In addition, other employees whose salaries are charged 100% to the CDBG programs cross-train and have some program duties related to other federal HUD grant programs.

Criteria: 2 CFR Part 200.430 (vii) states that where budget estimates or other distribution percentages are determined before services are performed, the government should have a system of internal controls that includes processes to review after-the-fact interim charges made to the federal awards based on budget estimates. All necessary adjustments must be made such that the final amount charged to the federal award is accurate, allowable and properly allocated.

Questioned Costs Questioned costs pertaining to employees who are charged 100% to CDBG but who may incur efforts for programmatic duties related to other federal HUD grant programs are unknown. Total salaries and fringe benefits for the employees for the CDBG program were \$871,447.

Context: 24 CFR 570.206 allows for CDBG funds to be used for HOME program administration costs. Therefore, the condition described above for the CDBG program pertains primarily to non-program administration activities performed by employees, and their corresponding salary expenditures.

Regarding the employees whose salaries are charged 100% to CDBG, but who may incur efforts on other programs, it was noted that, of the total federal funding received directly from HUD, approximately 82% is for CDBG, 8% is for HOME, and 10% for other programs.

Cause: Management is limited by administration caps in other federal awards such as HOME, making salary costs unallowable above the caps.

Effect: Salary expenditures incurred under the program may not be allowed as a cost of the grant without proper documentation.

Recommendation: We recommend management utilize the time study process started in 2009 to track non-program administration activities to assist in performing adjustments of actual costs to budgeted distributions. Additionally, distribution percentages should be revised in a timely manner to reflect changed circumstances with non-program responsibilities.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2017

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Management Response (Unaudited): The Community Development Department staff continues to complete time weekly activity reports. The costs associated with the weekly time and the ability to apply those percentages is limited by federal administration caps. Community Development staff continues efforts to find the best way to allocate staff time. We have evaluated staff projects and work assignments and allocated grant resources in the Cayenta financial system accordingly, to reflect staff time as accurately as possible. In 2017, staff allocation was changed to accurately reflect actual time spent on HOME programs, such as new construction activities (which is not eligible under the CDBG program). In the future, all staff will reflect actual time spent on the HOME program on the weekly time reports; however, due to salary caps, the most direct staff time will be allocated to the program first. We will continue to review the activity reports, but the process described above should minimize the need for adjustments.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2017

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings required to be Reported by the Uniform Guidance

CFDA #11.307, Economic Adjustment Assistance (Revolving Loan Fund), U.S. Department of Commerce, Economic Development Administration (initially reported in 2010)

Finding 2016-001: Prior to fiscal 2010, the Revolving Loan Fund (RLF) was administered by a separate nonprofit entity, not the Unified Government. Records received from the nonprofit entity after the Unified Government took over the program were incomplete, with the following impact on the administration of the program by the Unified Government:

- a) All required standard loan documents were not completed and located in the loan files for loans made prior to 2011.
- b) The Unified Government did not have 75% of the Revolving Loan Fund (RLF) capital base loaned or committed. Excess funds were sequestered in accordance with program requirements.

Corrective Action: The Unified Government RLF program staff continues to update and implement procedures to effectively administer the RLF program, but at this time the Unified Government is not accepting applications and is only servicing loans while working with the EDA to withdraw from the program.

Status: The Unified Government contracted with an external consultant to perform agreed-upon procedures pertaining to the Unified Government's compliance with certain requirements to the program. A final report will soon be submitted to the EDA as the Unified Government is working with the EDA to terminate our involvement in the Revolving Loan Fund. Items a) and b) are in progress. See current year finding 2017-002.

CFDA #93.044, 93.045 and 93.053, Aging Cluster, U.S. Department of Health and Human Services, All open awards, Passed through the Kansas Department of Aging.

Finding 2016-002: No risk assessment of subrecipient was performed.

Corrective Action: The requirement that programs with subrecipient complete a written evaluation of each subrecipient's risk was new in 2016 and the program was not aware of this requirement at the time. An evaluation is now in place and has already been completed for 2017.

Status: Corrected.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2017

<u>Program</u>	<u>CFDA #</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>	<u>Total By Federal Agency</u>	<u>Passed-Through to Subrecipients</u>
U.S. Department of Agriculture:					
Passed Through Kansas Department of Health and Environment:					
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	3KS700703	\$ 998,264		
Passed Through Kansas Department of Education:					
School Breakfast Program	10.553	not available	¹ 13,077		
National School Lunch Program	10.555	not available	¹ 22,185		
<i>Total U.S. Department of Agriculture</i>				\$ 1,033,526	
U.S. Department of Commerce:					
Direct Funding:					
Economic Adjustment Assistance - Revolving Loan Fund Progr	11.307		² 514,313		
<i>Total U.S. Department of Commerce</i>				514,313	
U.S. Department of Housing and Urban Development:					
Direct Funding:					
Community Development Block Grant	14.218		³ 2,129,494		\$ 408,914
Community Development Block Grant - Neighborhood Stabilization Program (NSP3)	14.218		³ 7,016		
Emergency Shelter Grants Program	14.231		152,401		96,798
HOME Investment Partnerships Program	14.239		215,444		37,610
Continuum of Care Program	14.267		101,218		101,218
<i>Total U.S. Department of Housing and Urban Development</i>				2,605,573	
U.S. Department of Justice:					
Direct Funding:					
Bureau of Justice Assistance:					
Edward Byrne Memorial Justice Assistance Grant	16.738		92,303		
Passed Through the Kansas Department of Corrections					
Juvenile Justice and Delinquency Prevention	16.540	DMC-2017-54-01	90,788		
Passed Through the Kansas Governor's Office:					
Crime Victim Assistance	16.575	15-VOCA-54	146,446		
Crime Victim Assistance	16.575	16-VOCA-64	54,818		
Passed Through the Kansas Office of the Attorney General:					
Violence Against Women Formula Grants	16.588	16-VAWA-27	93,621		
Direct Funding:					
Equitable Sharing Program	16.922		222,408		
<i>Total U.S. Department of Justice</i>				700,384	
U.S. Department of Transportation:					
Passed Through the Kansas Department of Transportation:					
Highway Planning and Construction	20.205	HPS-C459(001)	⁴ 131,112		
State and Community Highway Safety	20.600	SA-1908-16	⁵ 34,114		
State and Community Highway Safety	20.600	SA-1908-17	⁵ 8,189		
State and Community Highway Safety	20.600	OP-1011-14 & OP-1011-15	⁵ 44,034		
<i>Total U. S. Department of Transportation</i>				217,449	
U.S. Department of Treasury:					
Direct Funding:					
Equitable Sharing Program	21.000		185,690		
Equitable Sharing Program	21.000		10,374		
<i>Total U. S. Department of Treasury</i>				196,064	
U.S. Environmental Protection Agency:					
Passed Through Kansas Department of Health and Environment:					
Air Pollution Control Program Support	66.001	00796208	157,479		
Air Pollution Control Program Support	66.001	00796209	83,625		
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	XA977348 01	51,410		
<i>Total U.S. Environmental Protection Agency</i>				292,514	
U.S. Department of Health and Human Services:					
Passed Through Kansas Department of Aging:					
<i>Aging Cluster:</i>					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	AAKST3SS	⁶ 309,709		65,707
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	AAKST3CM,AAKST3HD	⁶ 767,549		90,150
Nutrition Services Incentive Program	93.053	AAKSNSIP	⁶ 165,536		148,930
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	AAKST3PH	16,458		
Special Programs for the Aging - Title III, Part E - National Family Caregiver Support	93.052	AAKST3FC	97,148		
State Health Insurance Assistance Program	93.324	90SA0075	3,928		
Developmental Disabilities Basic Support and Advocacy Grants	93.630	CDDO-KDADS-087-2017	65,437		
Developmental Disabilities Basic Support and Advocacy Grants	93.630	CDDO-KDADS-087-2018	77,417		
Social Services Block Grant	93.667	G-1601KSSOSR	197,579		
Medical Assistance Program	93.778	1X0CMS330767	⁹ 306,847		

The accompanying notes are an integral part of this schedule.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2017

<u>Program</u>	<u>CFDA #</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>	<u>Total By Federal Agency</u>	<u>Passed-Through to Subrecipients</u>
Passed Through Kansas Department of Health and Environment:					
Public Health Emergency Preparedness	93.069	U90 TP000523-04	4,278		
Public Health Emergency Preparedness	93.069	U90 TP000523-05	67,092		
Public Health Emergency Preparedness	93.069	U90 TP000523-06	51,071		
Public Health Emergency Preparedness	93.069	1 U90 TP000523-01	33,597		
Affordable Care Act (ACA) Personal Responsibility Education Pr	93.092	1401KSPREP & 1501KSPREP	133,292		
Project Grants and Cooperative Agreements for Tuberculosis Ct	93.116	5U52PS707869-22	25,146		
Family Planning Services	93.217	FPHPA070009-47	160,256		
Family Planning Services	93.217	FPHPA076219-02	193,033		
Childhood Immunization Grant	93.268	H23IP000748-03	36,796		
Childhood Immunization Grant	93.268	H23IP000748-04	14,044		
National State Based Tobacco Control Programs	93.305	U58DP005993-01	18,865		
National State Based Tobacco Control Programs	93.305	5 NU58DP005993-02	9,288		
Affordable Care Act (ACA) Tribal Maternal, Infant, and Early Chi					
Home Visiting Program	93.505	U58DP005993-01	252,522		
Affordable Care Act (ACA) Tribal Maternal, Infant, and Early Chi					
Home Visiting Program	93.505	5 NU58DP005993-02	142,622		
Child Care and Development Block Grant	93.575	not available	63,574		
Preventive Health and Health Services Block Grant funded solely with					
Prevention and Public Health Funds	93.758	2B01OT009021-16	25,614		
Medical Assistance Program	93.778	not available	174,770		
HIV Prevention Activities - Health Department Based	93.940	U62PS003694-04 & 05	419		
Assistance Programs for Chronic Disease Prevention and Contr	93.945	NU58DP004808-04	4,788		
Preventive Health Services - Sexually Transmitted Diseases Co	93.977	H25PS004370-02 & 03 & 04	138,561		
Preventive Health and Health Services Block Grant	93.991	2B01OT009021-16	24,690		
Maternal and Child Health Block Grant	93.994	3616-264329G & H	(7)		
Maternal and Child Health Block Grant	93.994	B04MC26667-01, 28100-01	62,762		
		29344-01			
Maternal and Child Health Block Grant	93.994	B04MC29344-01	10,407		
Passed Through University of Kansas Center for Research:					
Racial and Ethnic Approaches to Community Health REACH	93.738	5 NU58DP05806-03-04	20,000		
<i>Total U.S. Department of Health and Human Services</i>				3,675,088	
Executive Office of the President:					
Passed Through Kansas Bureau of Investigation:					
High Intensity Drug Trafficking Areas Program	95.001	G12MW0003A &	63,007		
<i>Total Executive Office of the President</i>				63,007	
U.S. Department of Homeland Security:					
Passed Through Kansas Division of Emergency Management:					
Emergency Management Performance Grants - 2016	97.042	EMK-2016-EP-00077	830		
Emergency Management Performance Grants - 2017	97.042	EMK-2017-EP-00003	81,422		
<i>Total U.S. Department of Homeland Security</i>				82,252	
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 9,380,170	\$ 949,327

1	Child Nutrition Cluster	\$ 35,262
2	Economic Development Cluster	\$ 514,313
3	CDBG - Entitlement Grants Cluster	\$ 2,136,510
4	Highway Planning and Construction Cluster	\$ 131,112
5	Highway Safety Cluster	\$ 86,337
6	Aging Cluster	\$ 1,242,794
7	Maternal, Infant and Early Childhood Home Visiting Cluster	\$ 395,144
8	CCDF Cluster	\$ 63,574
9	Medicaid Cluster	\$ 481,617

The accompanying notes are an integral part of this schedule.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2017

Note 1. Organization

The Unified Government of Wyandotte County / Kansas City, Kansas is the recipient of several federal grants. Various Unified Government departments administer these grant programs. The grants are accounted for in the General Fund, Special Revenue Funds, and Capital Project Funds.

Note 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Unified Government and is presented on the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Local Government Contributions

Local cost sharing, as defined by 2 CFR Part 200, Section 200.306, is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the Unified Government's grant programs for economy and efficiency and program results which may result in disallowed costs to the Unified Government. However, management does not believe such audits would result in any disallowed costs that would be material to the Unified Government's financial position at December 31, 2017.

Note 5. Scope of Audit Pursuant to The Uniform Guidance

This report does not include the federal financial assistance of the Board of Public Utilities of Kansas City, Kansas. This entity, including the federal financial assistance programs, is audited by other auditors. Copies of financial statements and Single Audit reports can be obtained at the following address:

Board of Public Utilities of Kansas City, Kansas
540 Minnesota Avenue
Kansas City, Kansas 66101

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2017

Note 6. Indirect Cost Rate

The Unified Government of Wyandotte County / Kansas City, Kansas has elected not to use the 10-percent de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

Note 7. Revolving Loan Funds

For the Schedule of Expenditures of Federal Awards, the amount expended for the U.S. Department of Commerce Revolving Loan Fund (RLF) program is determined as follows:

Balance of RLF loans outstanding at December 31, 2017	\$ 401,165
Plus: cash and investment balance in the RLF at December 31, 2017	286,429
Plus: administrative expenses paid out of RLF income during the year ended December 31, 2017	5,928
Plus: unpaid principal of all loans written off during the year ended December 31, 2017	5,938
Subtotal	<u>699,460</u>
Federal share of the RLF	<u>73.53%</u>
	<u>\$ 514,313</u>

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2017

Note 8. Social Services Block Grant Passed Through the Kansas Department for Aging and Disability Services

CDDO-KDADS-17-087

Comparison of Expenditures to Budget
For the Contract Period July 1, 2016 Through June 30, 2017

	<u>Budget</u>	<u>Jul 1, 2016 Through Dec 31, 2016</u>	<u>Jan 1, 2017 Through Jun 30, 2017</u>	<u>Total</u>	<u>Over / (Under) Budget</u>
<u>Revenues</u>					
State Contract	\$ 474,440	\$ 237,220	\$ 237,220	\$ 474,440	\$ -
	<u>\$ 474,440</u>	<u>\$ 237,220</u>	<u>\$ 237,220</u>	<u>\$ 474,440</u>	<u>\$ -</u>
<u>Expenditures</u>					
State Aid	\$ 144,607	\$ 131,311	\$ 13,296	\$ 144,607	\$ -
Administration	329,833	137,644	192,189	329,833	-
	<u>\$ 474,440</u>	<u>\$ 268,955</u>	<u>\$ 205,485</u>	<u>\$ 474,440</u>	<u>\$ -</u>