

THE CITY OF BONNER SPRINGS, KANSAS

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2020

WITH

INDEPENDENT AUDITOR'S REPORT



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Year Ended December 31, 2020

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A copy of The City of Bonner Springs, Kansas's Financial Statements, year ended December 31, 2020, accompanies this report. The independent auditor's report and the basic financial statements are hereby incorporated by reference.	Page
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This is a copy of the City's annual financial statements reproduced from an electronic file. An original copy of this document is available at the City's office.

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*

Mayor and City Council
The City of Bonner Springs, 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, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of Bonner Springs, Kansas (the City) as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 27, 2021

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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. We did identify a deficiency in internal control, described in the accompanying schedule of finding and questioned costs as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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*.

The City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of finding and questioned costs. The City's response was not subject to the auditing 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

September 27, 2021
Overland Park, Kansas

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

Mayor and City Council
The City of Bonner Springs, Kansas

Report on Compliance for the Major Federal Program

We have audited The City of Bonner Springs, Kansas' (the City) 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 City's major federal program for the year ended December 31, 2020. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, 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 the City's major federal program 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 City'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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the City 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 City's internal control over compliance with the types of

requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 City'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 a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 27, 2021, which contained unmodified opinions on those financial statements. 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 27, 2021
Overland Park, KS

THE CITY OF BONNER SPRINGS, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2020

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? X Yes No
- Significant deficiencies identified? Yes X 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? Yes X none reported

Type of auditor's report issued on compliance for major federal programs: See below

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

CFDA NUMBER	NAME OF FEDERAL PROGRAM	OPINION
21.019	COVID-19 - Coronavirus Relief Fund (CARES Act)	Unmodified

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

Auditee qualified as low-risk auditee? Yes X No

THE CITY OF BONNER SPRINGS, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

Year Ended December 31, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2020-001 (Material Weakness):

Condition: We identified material adjustments related to retainage payable and investments held by the housing authority.

Criteria: Management is responsible for designing internal controls that are sufficient to ensure that financial statement balances are appropriately reported.

Context: After reviewing housing authority balances, an adjusting journal entry was required to properly report investment balances which resulted in a prior period adjustment in the amount of \$195,284. Retainage payable was identified during testing in the amount of \$701,671 that had not been recorded.

Cause: Internal controls over the financial reporting process were not sufficient to identify the entries noted above.

Effect: Financial statement balances could be materially misstated.

Recommendations: We recommend that management review and update policies and procedures related to the financial reporting process to ensure that balances are appropriately stated.

Views of Responsible Officials/ Planned Corrective Actions (Unaudited): The City agrees with the auditor's recommendation and we will correct these items going forward. The City will prepare and review a retainage payable schedule in the future. The City has corrected the investment account held for the Housing Authority and will continue to monitor the financial statements for proper presentation.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

THE CITY OF BONNER SPRINGS, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2020

Summary Schedule of Prior Audit Findings

No matters were reported.

CITY OF BONNER SPRINGS, KANSAS

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2020

Federal Grantor/Pass-Through <u>Grantor/Program Title</u>	Federal CFDA <u>Number</u>	Expenditures
<u>U.S. Department of Forest Service</u>		
Volunteer Fire assistance, Cooperative Fire Protection Program	10.664	\$ 2,125
Total U.S. Department of Forest Service		<u>2,125</u>
<u>U.S. Department of Housing and Urban Development</u>		
COVID-19 - Public and Indian Housing	14.850	11,447
Public and Indian Housing	14.850	143,834
Public Housing Capital Fund	14.872	75,614
Total U.S. Department of Housing and Urban Development		<u>230,895</u>
<u>U.S. Department of Transportation</u>		
Passed Through Kansas Department of Transportation		
Formula Grants for Rural Areas - 5311 Transport	20.509	50,495
State and Community Highway Safety - Highway Safety Cluster	20.600	4,344
Total U.S. Department of Transportation		<u>54,839</u>
<u>U.S. Department of the Treasury</u>		
Passed Through the Unified Government		
COVID-19 - Coronavirus Relief Fund	21.019	780,400
Total U.S. Department of the Treasury		<u>780,400</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,068,259</u></u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

THE CITY OF BONNER SPRINGS, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2020

Note 1. Organization

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Bonner Springs, Kansas (the City) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2. Basis of Presentation

The Schedule includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information presented in the Schedule is in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the 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 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.

Note 4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2020.

Note 5. Indirect Cost Rate

The City has elected not to use the 10-percent de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.