

CITY OF OVERLAND PARK, KS

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2022

WITH

INDEPENDENT AUDITOR'S REPORT

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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*

To the Honorable Mayor and
Members of the City Council
City of Overland Park, Kansas

We have audited, in accordance with 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 City of Overland Park, Kansas (City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2023. The financial statements of the Overland Park Development Corporation and the Overland Park Convention Center, which is included in the Transient Guest Tax Fund, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Overland Park Development Corporation and the Overland Park Convention Center.

Report on 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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*.

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

Overland Park, KS
June 27, 2023

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

To the Honorable Mayor and
Members of the City Council
City of Overland Park, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The City of Overland Park, Kansas's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance

with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other 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 City as of and for the year ended December 31, 2022, and have issued our report thereon dated June 27, 2023 which contained unmodified opinions on those financial statements. Our audit was performed 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

Overland Park, KS
August 1, 2023

CITY OF OVERLAND PARK, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): X Yes None Reported

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

| <u>ASSISTANCE LISTING NUMBER</u> | <u>NAME OF FEDERAL PROGRAM</u> | <u>OPINION</u> |
|----------------------------------|---|----------------|
| 21.019 | COVID-19 - Coronavirus Relief Fund | Unmodified |
| 20.205 | Highway Planning and Construction | Unmodified |
| 14.218 | Community Development Block Grants/Entitlement Grants | Unmodified |

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

Auditee qualified as low-risk auditee? X Yes No

CITY OF OVERLAND PARK, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended December 31, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

None were reported.

CITY OF OVERLAND PARK, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended December 31, 2022

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2022-001 (Significant Deficiency) – Reporting (Repeat Finding)

AL# 14.218: CDBG - Entitlement Grants Cluster, U.S. Department of Housing and Urban Development, all open grants and years

Condition: There were three instances where Federal Funding Accountability and Transparency Act (FFATA) reporting was not completed timely.

Criteria: 2 CFR Appendix A to Part 170 a.2.ii. states that subaward information is to be reported no later than the end of the month following the month in which the obligation was made.

Questioned Costs: None

Context: Out of three subaward/contracts tested, three were not submitted timely to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). See table below:

| Transactions Tested | Subaward not reported | Report not timely | Subaward amount incorrect | Subaward missing key elements |
|-------------------------------------|-----------------------|-------------------|---------------------------|-------------------------------|
| 3 | - | 3 | - | - |
| Dollar Amount of Tested Transaction | Subaward not reported | Report not timely | Subaward amount incorrect | Subaward missing key elements |
| \$ 232,441 | \$ - | \$232,441 | \$ - | \$ - |

The sample size was determined based upon the guidelines provided by the AICPA which is not a statistically valid sample.

Cause: New subaward/contracts were not being tracked for FFATA reporting in a timely manner.

Effect: Not tracking new subaward/contracts may cause untimely filling to the FSRS or missing subaward/contracts not being reported at all.

Recommendation: We recommend the City implement a process to track new subaward/contracts and reporting requirements for submission to the FSRS.

Views of Responsible officials (Unaudited): Staff requested access to the FFATA documents through the General Services Administration's Federal Service Desk, which would have been submitted by a former staff member. The General Services Administration was not willing to release the information to current staff and staff were not able to find the files internally or determine if they were submitted. In addition, staff administering the program continue to train together to allow for redundancy in instances where staff capacity is limited. Staff submitted FFATA documentation; however, it was beyond the timeline outlined in the regulation.

CITY OF OVERLAND PARK, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2022

Finding 2021-001 (Significant Deficiency):

Condition: There were three instances where Federal Funding Accountability and Transparency Act (FFATA) reporting was not completed timely and reported incorrect information.

Recommendations: We recommend the City implement a process to track new subaward/contracts and reporting requirements for submission to the FSRS. We also recommend the City implement a process to review the information prior to submission and verify the reports are submitted timely.

Status: Comment repeated in current year as 2022-001 for submitting reports timely. The condition of reporting incorrect information was resolved. Staff have updated procedures to review information prior to submission.

CITY OF OVERLAND PARK, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022

| Federal Grantor/Pass-Through Entity/Program Title | Assistance Listing Number | Cluster | Grant Number or Pass-Through Entity Identifying Number | Expenditures | Subrecipient Amounts |
|---|---------------------------------|---------|---|----------------------------|--------------------------|
| U.S. Department of Housing and Urban Development | | | | | |
| Direct Programs | | | | | |
| Community Development Block Grant/Entitlement Grant | 14.218 | 1 | B-19-MC-20-0002 | \$ 5,260 | \$ 5,260 |
| Community Development Block Grant/Entitlement Grant | 14.218 | 1 | B-20-MC-20-0002 | 198,804 | 198,804 |
| COVID-19 - Community Development Block Grant/Entitlement Grant | 14.218 | 1 | B-20-MW-20-0002 | 143,864 | 143,864 |
| Community Development Block Grant/Entitlement Grant | 14.218 | 1 | B-21-MC-20-0002 | 172,487 | 172,487 |
| Community Development Block Grant/Entitlement Grant | 14.218 | 1 | B-22-MC-20-0002 | <u>105,345</u> | <u>105,345</u> |
| Total CDBG - Entitlement Grants | | | | <u>625,760</u> | <u>625,760</u> |
| Total U.S. Department of Housing and Urban Development | | | | <u>625,760</u> | <u>625,760</u> |
| U.S. Department of Justice | | | | | |
| Direct Programs | | | | | |
| Crime Victim Assistance/Discretionary Grants | 16.582 | | 2019-V3-GX-0135 | 84,460 | - |
| Bulletproof Vest Partnership Program | 16.607 | | 2021-BUBX21025967 | 19,784 | - |
| Pass-Through Bureau of Justice Assistance | | | | | |
| Public Safety Partnership and Community Policing Grants | 16.710 | | 15JCOPS-21-GG-02307-SPPS | 86,711 | - |
| Pass-Through Johnson County | | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | 2020-DJ-BX-0543 | 17,019 | - |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | O-BJA-2021-135004 | <u>39,347</u> | <u>-</u> |
| Total JAG Program | | | | <u>56,366</u> | <u>-</u> |
| Pass-Through Johnson County | | | | | |
| Equitable Sharing Program | 16.922 | | MEP-M-14-D31-P | <u>52,797</u> | <u>-</u> |
| Total U.S. Department of Justice | | | | <u>300,118</u> | <u>-</u> |
| U.S. Department of Transportation | | | | | |
| Pass-Through Kansas Department of Transportation | | | | | |
| Highway Planning and Construction - 91st St Intermodal Trail | 20.205 | 2 | N-0702-01 | 475,000 | - |
| Highway Planning and Construction - 2021 Flashing Yellow Arrow Conversion | 20.205 | 2 | N-06998-01 | 31,579 | - |
| Highway Planning and Construction - Switzer: 159th to 167th St | 20.205 | 2 | N-0712-01 | 800,061 | - |
| Highway Planning and Construction - Quivira: 159th to 179th | 20.205 | 2 | N-0659-01 | <u>47,125</u> | <u>-</u> |
| Total Highway Planning and Construction | | | | <u>1,353,765</u> | <u>-</u> |
| Pass-Through Kansas Department of Transportation | | | | | |
| State and Community Highway Safety - 2022 Teen Angel | 20.600 | 3 | YA-1140-22 | 6,146 | - |
| State and Community Highway Safety - 2022 Kansas Step Grant | 20.600 | 3 | SP-1300-22 | <u>2,504</u> | <u>-</u> |
| Total State and Community Highway Safety | | | | <u>8,650</u> | <u>-</u> |
| Pass-Through Kansas Department of Transportation | | | | | |
| National Priority Safety Programs - 2022 KDOT Impaired Driving (IDDP) | 20.616 | 3 | AL-9090-22/SP-4740-22 | <u>1,452</u> | <u>-</u> |
| Total U.S. Department of Transportation | | | | <u>1,363,867</u> | <u>-</u> |
| U.S. Department of Treasury | | | | | |
| Direct Program | | | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | | N/A | <u>3,799,120</u> | <u>-</u> |
| Total U.S. Department of Treasury | | | | <u>3,799,120</u> | <u>-</u> |
| U.S. Department of Homeland Security | | | | | |
| Direct Program | | | | | |
| COVID-19 - Assistance to Firefighters Grant | 97.044 | | EMW-2020-FG-00663 | <u>20,240</u> | <u>-</u> |
| Total U.S. Department of Homeland Security | | | | <u>20,240</u> | <u>-</u> |
| Total Federal Assistance | | | | <u>\$ 6,109,105</u> | <u>\$ 625,760</u> |
| Clusters: | | | | | |
| 1 - CDBG - Entitlement Grants Cluster | | | | \$ 625,760 | |
| 2 - Highway Planning and Construction Cluster | | | | \$ 1,353,765 | |
| 3 - Highway Safety Cluster | | | | \$ 10,102 | |

CITY OF OVERLAND PARK, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2022

Note 1. Organization

The City of Overland Park, KS (City) is the recipient of several federal grants. All federal awards received are included on the Schedule of Expenditures of Federal Awards.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2022. 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* (Uniform Guidance). Because the Schedule presents only a selected portion 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 3. Summary of Significant Accounting Policies

Expenditures reported on the accompanying Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. 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 of Expenditures of Federal Awards.

Note 5. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy, efficiency, and program results, which 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, 2022.