

**COFFEY COUNTY
TRANSPORTATION**

Burlington, Kansas

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2021

COFFEY COUNTY TRANSPORTATION
Burlington, Kansas

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Coffey County Transportation
Burlington, Kansas

Adverse and Unmodified Opinion

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Coffey County Transportation as of and for the year ended December 31, 2021 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse and Unmodified Opinion" section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Coffey County Transportation as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Coffey County Transportation as of December 31, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Basis for Adverse and Unmodified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the Kansas Municipal Audit and Accounting Guide, and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Municipality, and to meet our other ethical responsibilities, in accordance with the 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 adverse and unmodified audit opinion.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by Coffey County Transportation on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible

for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, 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 amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedule 1 as listed in the table of contents) is presented for analysis and is not a required part of the basic financial statement, however is required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statement. 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 statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Coffey County Transportation as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated August 19, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/oar/municipalservices>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2021 (Schedule 1 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2022 on our consideration of the Coffey County Transportation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coffey County Transportation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coffey County Transportation's internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

September 15, 2022
Chanute, Kansas

COFFEY COUNTY TRANSPORTATION
Burlington, Kansas
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2021

Funds	Beginning Unencumbered		Receipts	Expenditures	Ending Unencumbered		Add Encumbrances and Accounts Payable	Cash Balances December 31, 2021		
	Cash Balance	Cash Balance			Cash Balance	Cash Balance				
General	\$	299,540.65	\$	1,182,180.33	\$	1,115,376.88	\$	137,188.56	\$	503,532.66
Total Reporting Entity	\$	299,540.65	\$	1,182,180.33	\$	1,115,376.88	\$	137,188.56	\$	503,532.66
Composition of Cash										
Petty Cash..... \$ 100.00										
Operating Account..... 196,207.99										
Money Market..... 307,224.67										
Total Cash \$ 503,532.66										

The notes to the financial statement are
an integral part of this statement.

COFFEY COUNTY TRANSPORTATION

Burlington, Kansas

Notes to Financial Statement
For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the Coffey County Transportation, Burlington, Kansas, have been prepared in order to show compliance with the cash basis laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Organization's accounting policies follow. Note 1 describes how the Organization's accounting policies differ from generally accepted accounting policies.

Financial Reporting Entity

The Coffey County Transportation (Organization) is a municipality of the State of Kansas organized under K.S.A. 12-1219, with an elected four-member Board of Directors. The Organization is a related municipal entity of Coffey County, Kansas.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the Organization exercises oversight responsibility on financial interdependency, selection of governing Organization, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the Organization. Related municipal entities are not required to be included in the Organization's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, there were not such related municipal entities.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the Coffey County Transportation, for the year of 2021:

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Basis of Presentation – Regulatory Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than revenues. In the financial statement and budget schedule comparisons presented in this report, reimbursements and refunds are recorded as revenues. The reimbursements are recorded as receipts when received by the Organization treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Budgetary Information

The Organization is not subject to the Kansas budget laws as they are not the primary taxing Organization for the Organization. Coffey County, Kansas holds the taxing Organization for the Organization. The Organization adopts an annual budget for the General Fund for managerial purposes. The budget comparison on Schedule 1 reflects this internal managerial budget.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 has been prepared in order to show compliance with the cash basis laws of Kansas. As shown in Statement 1, the Organization was in compliance with the cash basis laws of Kansas.

3. DEPOSITS AND INVESTMENTS

K.S.A 9-1401 establishes the depositories which may be used by the Organization. The statute requires banks eligible to hold the Organization's funds have a main branch or branch bank in the county in which the Organization is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Organization has no other policies that would further limit interest rate risk.

K.S.A 12-1675 limits the Organization's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Organization has no investment policy that would further limit its investment choices.

Concentration of credit risk: State statutes place no limit on the amount the Organization may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

3. DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. State statutes require the Organization's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2021.

At year-end, the Organization's carrying amount of deposits was \$503,432.66 and the bank balance was \$503,043.16. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000.00 was covered by FDIC insurance and \$253,043.16 was covered with securities pledged.

4. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The Organization manages these risks of loss through the purchase of various insurance policies.

5. RESTRICTED ASSETS

KDOT Vehicles

Certain vehicles were purchased through a matching grant from the Kansas Department of Transportation. Title does not pass to the Organization. If the Organization disposes of these vehicles, 70% - 80% of the proceeds go back to the State and 20% - 30% remains in the Organization, unless the vehicles are five years old or have 100,000 miles usage. The Organization had three vehicles that were considered restricted at year end.

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences:

Regular employees earn and accumulate vacation based on years of service. Earned vacation ranges from 0.02-0.04 hours per hour worked, increasing after one year of service, for each eligible employee.

Employees may carry over vacation time from one calendar year to the next but shall not carry over more than 200 hours to any subsequent calendar year, depending on years of service.

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

Compensated Absences (Continued):

The Organization accrues a liability for compensated absences which meet the following criteria:

1. The Organization's obligation relating to employees rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the Organization has estimated a liability for paid time off pay, which has been earned, but not taken by Organization employees of \$20,027.64.

7. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Transportation Authority’s financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Transportation Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022. Our results of operations for full year 2022 may be materially adversely affected.

8. SUBSEQUENT EVENTS

The Organization evaluated events and transactions occurring subsequent to December 31, 2021. During this period, there were no subsequent events requiring recognition in the financial statement.

SUPPLEMENTARY INFORMATION

COFFEY COUNTY TRANSPORTATION

Burlington, Kansas

GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts For the Year Ended December 31, 2020)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Coffey County Appropriation	\$ 220,000.00	\$ 272,782.40	\$ 237,000.00	\$ 35,782.40
Intergovernmental				
Federal Grant - KDOT	122,447.79	343,214.63	-	343,214.63
KDOT/CTD5 Subsidy	424,442.41	517,847.35	480,000.00	37,847.35
Kancare Medicaid	7,863.80	9,946.00	-	9,946.00
Charges for Services				
Operating Receipts	24,522.75	27,989.20	50,000.00	(22,010.80)
Use of Money and Property				
Sale of Equipment	12,400.00	-	-	-
Donations	-	5,000.00	-	5,000.00
Reimbursed Expense	-	5,316.93	-	5,316.93
Interest Income	943.77	83.82	400.00	(316.18)
Total Receipts	812,620.52	1,182,180.33	\$ 767,400.00	\$ 414,780.33
Expenditures				
Culture and Recreation				
Personal Services	341,165.35	375,754.59	\$ 407,000.00	\$ (31,245.41)
Contractual Services	101,540.44	52,375.58	107,950.00	(55,574.42)
Commodities	64,557.07	75,623.36	100,000.00	(24,376.64)
Capital Outlay	172,109.69	611,623.35	145,000.00	466,623.35
Total Expenditures	679,372.55	1,115,376.88	\$ 759,950.00	\$ 355,426.88
Receipts Over(Under) Expenditures	133,247.97	66,803.45		
Unencumbered Cash, Beginning	166,292.68	299,540.65		
Unencumbered Cash, Ending	\$ 299,540.65	\$ 366,344.10		

COFFEY COUNTY TRANSPORTATION
 Burlington, Kansas
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2021

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	MAJOR PROGRAMS	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	FEDERAL RECEIPTS	FEDERAL DISBURSEMENTS/ EXPENDITURES
U.S. Department of Transportation						
Passed through the Secretary of Transportation of the						
State of Kansas						
Formula Grant for Rural Area - Operating Grants 5311 - COVID-19		20.509	PT-1105-21	\$ -	\$ 431,305.14	\$ 423,217.88
Formula Grant for Rural Area - Administration 5311 - COVID-19		20.509	PT-1105-22	-	86,542.21	87,783.96
			TOTAL 20.509	-	517,847.35	511,001.84
Federal Transit Cluster						
Bus and Bus Facilities Formula & Discretionary Programs		20.526	PT-5339-19	-	343,214.63	460,513.17
			Total Federal Transit Cluster	-	343,214.63	460,513.17
Total U.S. Department of Transportation				-	861,061.98	971,515.01
TOTAL EXPENDITURES OF FEDERAL AWARDS						
				\$ -	\$ 861,061.98	\$ 971,515.01

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coffey County Transportation and is presented on the cash basis of accounting modified for encumbrances. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the regulatory basis financial statement.

Note 2: INDIRECT COST RATE

Coffey County Transportation did not elect to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**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 Directors
Coffey County Transportation
Burlington, 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 statement of Coffey County Transportation, as of and for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise Coffey County Transportation's basic financial statement, and have issued our report thereon dated September 15, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Coffey County Transportation'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Coffey County Transportation's internal control. Accordingly, we do not express an opinion on the effectiveness of Coffey County Transportation'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 Municipality's financial statement 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coffey County Transportation's financial statement is 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 statement. 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 Municipality'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 Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Jarred, Gilmore & Phillips, PA".

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
September 15, 2022

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Coffey County Transportation
Burlington, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coffey County Transportation's 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 Coffey County Transportation's major federal programs for the year ended December 31, 2021. The Coffey County Transportation'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, Coffey County Transportation, 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 major federal programs for the year ended December 31, 2021.

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; 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). 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 Coffey County Transportation 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 Coffey County Transportation'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 Coffey County Transportation's federal programs.

Auditor's Responsibilities 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 Coffey County Transportation'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 generally accept auditing standards, *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 judgement made by a reasonable user of the report on compliance about Coffey County Transportation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 Coffey County Transportation'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 Coffey County Transportation'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 Coffey County Transportation'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 our audit.

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

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.

Purpose of this Report

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.

A handwritten signature in cursive script that reads "Jarred, Gilmore & Phillips, PA".

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
September 15, 2022

COFFEY COUNTY TRANSPORTATION

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statement:

The auditor's report expresses an adverse opinion on the basic financial statement of Coffey County Transportation on the Generally Accepted Accounting Principles (GAAP) basis of accounting and an unmodified opinion on the regulatory basis of accounting

Internal Control over Financial Reporting:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiencies identified?	_____ Yes	<u> X </u> None reported
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i> ?	_____ Yes	<u> X </u> No

Federal Awards:

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	<u> X </u> No	
Significant deficiencies identified?	_____ Yes	<u> X </u> None reported	

The auditor's report on compliance for the major federal award programs for Coffey County Transportation expresses an unmodified opinion.

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

Identification of major programs:

U.S. DEPARTMENT OF TRANSPORTATION

Bus and Bus Facilities Formula &
Discretionary Programs

CFDA 20.526

The threshold for distinguishing Types A and B programs was \$750,000.00.

Auditee qualified as a low risk auditee? _____ Yes X No

II. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

COFFEY COUNTY TRANSPORTATION

Summary Schedule of Prior Audit Findings
December 31, 2021

NONE