CITY OF EMPORIA, KANSAS

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

City of Emporia, Kansas
Single Audit Report

For the Year Ended December 31, 2023

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HOOD AND ASSOCIATES CPAs, PC

Independent Auditor's Report on Schedule of Expenditures of Federal Awards

To the Honorable Mayor and
Commissioners
City of Emporia, Kansas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Emporia, Kansas (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We did not audit the financial statements of the discretely presented component unit, which represent 1.42 percent, 1.24 percent, and 1.92 percent, respectively of the assets, net position, and revenues of the City. Those 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 discretely presented component unit, is based solely on the report of the other auditors. We issued our report thereon dated June 25, 2024 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.

Hood and Associates CPAS PC

Kansas City, Missouri
June 25, 2024

City of Emporia, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Current Year Expenditures
U.S. Department of Housing and Urban Development			
Passed through Kansas Housing Resources Corp.			
Emergency Shelter Grant	14.231	ESG-FFY2022	$ 36,637
Passed through Kansas Department of Commerce			
Passed through Kansas Department of Commerce			
Community Development Block Grant (CDBG)	14.228	22-CR-004	175,833
Community Development Block Grant (CDBG)	14.228	22-PF-006	748,000
			923,833
Total U.S. Department of Housing and Urban Development			960,470
U.S. Department of Treasury			
Federal Seizure and Forfeiture	21.016		55,497
Coronavirus State and Local Fiscal Recovery Funds	21.027		2,735,413
Passed through Kansas Department of Commerce			
Coronavirus State and Local Fiscal Recovery Funds	21.027		13,852
			2,749,265
Total U.S. Department of Treasury			2,804,762
U.S. Department of Transportation			
Federal Aviation Administration			
Airport Improvement Grant	20.106	3-20-0020-015-2021	17,749
Passed through Kansas Department of Transportation			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	PT-1104-22	1,081
Total U.S. Department of Transportation			18,830
U.S. Environmental Protection Agency			
Passed through the Kansas Department of Health and Environment			
Clean Water State Revolving Fund (CWSRF) Cluster:			
Capitalization Grants for Clean Water State Revolving Funds	66.458	C20 2002 01	1,225,409
Total Environmental Protection Agency			1,225,409
U.S. Department of Homeland Security			
Passed through the Kansas Department of Emergency Preparedness			
FEMA - Sewer Line Repair Project	97.036	DR 4449 150384 PW 827	1,289,901
FEMA - Management costs	97.036	702345	164,451
			1,454,352
FEMA - Fanestil demolition	97.047	EMK-2020-PC-0001	1,796,295
Total U.S. Department of Homeland Security			3,250,647
Total Expenditures of Federal Awards			$ 8,260,118

See accompanying notes to the schedule of expenditures of federal awards.

ADDITIONAL INFORMATION

City of Emporia, Kansas
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Note 1. Organization

The City of Emporia, Kansas, (the City) is the recipient of several federal awards. The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the City for the year ended December 31, 2023. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.
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Note 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* 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 Title 2 CFR Part 200, Subpart D, 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 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, 2023.

Note 5. Indirect Cost Rate

The City does not allocate indirect costs, and therefore has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 6. Outstanding Loans

As of December 31, 2023, the City has outstanding loan balances of $25,375,530 under the Kansas Water Pollution Control Revolving Loan Fund and $3,555,686 under the Kansas Public Water Supply Loan Fund.

City of Emporia, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section 1 - Summary of Auditor's Results

Financial Statements:

Type Audit Report Issued on the Basic Financial Statements of Auditee
Unmodified

Internal Control Over Financial Reporting
No significant deficiencies reported. Material weaknesses identified.
See finding 2023-001

General Compliance
The audit did not disclose any instances of noncompliance, which would be material to the basic financial statements.

Federal Awards:

Internal Control Over Major Program
No significant deficiencies reported, no material weaknesses identified.

Type Audit Report Issued on Compliance for Major Program
Unmodified

Audit Findings
The audit disclosed no findings that are required to be reported under the Uniform Guidance.

Major Programs

CFDA Number	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
66.458	Clean Water State Revolving Fund (CWSRF) Cluster
97.047	Pre-Disaster Mitigation Grant

Dollar Threshold Used to Distinguish Between Type A and Type B Program
$750,000

Auditee Qualified as a Low-risk Auditee
Yes

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

001 Financial Reporting

Criteria
An effective internal control system over financial reporting should be in place to ensure year-end balances and external financial reporting conforms to generally accepted accounting principles.

Condition
Our audit procedures identified adjustments that were required to properly report certain transactions of the City in accordance with generally accepted accounting principles. These adjustments were not initially identified by the City's internal controls over financial reporting.

Cause
Year-end procedures were not sufficient to identify the adjustments noted above in a timely manner.

Effect
Potential exists for material misstatements to the financial statements.

Recommendation
We recommend that management review year-end closing procedures to ensure that transactions are properly recorded and approved in accordance with generally accepted accounting principles.

Management's Response/Corrective Action
See Corrective Action Plan – page 6

Summary Schedule of Prior Audit Findings

None

Section 3 – Federal Award Findings and Questioned Costs

Federal Award Findings Required to be Reported in Accordance with the Uniform Guidance

None

Summary Schedule of Prior Audit Findings

None

Corrective Action Plan
Year Ended December 31, 2023

2023-001 Financial Reporting

Criteria
An effective internal control system over financial reporting should be in place to ensure year-end balances and external financial reporting conforms to generally accepted accounting principles.

Condition
Our audit procedures identified adjustments that were required to properly report certain transactions of the City in accordance with generally accepted accounting principles. These adjustments were not initially identified by the City's internal controls over financial reporting.

Cause
Year-end procedures were not sufficient to identify the adjustments noted above in a timely manner.

Effect
Potential exists for material misstatements to the financial statements.

Recommendation
We recommend that management review year-end closing procedures to ensure that transactions are properly recorded and approved in accordance with generally accepted accounting principles.

Corrective Action Plan

Management will review and revise year end closing procedures including developing a year end closing checklist and closing process ensure that all transactions have been accounted for, are recorded in the proper period, and the financial statements and supporting schedules are fairly stated in all material respects.

Personnel responsible For Corrective Action:
Janet Harrouff, City Treasurer, (620) 343-4286

Anticipated Completion Date:
December 31, 2024

COMPLIANCE REPORTS

HOOD AND ASSOCIATES CPAs, PC

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
Commissioners
City of Emporia, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Emporia, Kansas (the City), as of and for the year ended December 31, 2023, 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 25, 2024. Our report includes a reference to other auditors who audited the financial statements of the Emporia Public Library, a discretely presented component unit, as described in our report on the City's financial statements. The financial statements of the Emporia Public Library were not audited in accordance with *Government Auditing Standards*.

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 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 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 were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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 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*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

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 City'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.

Hood and Associates CPAs, PC

Kansas City, Missouri
June 25, 2024

Independent Auditor's Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Mayor and
Commissioners,
City of Emporia, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Emporia, 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 the City's major federal program for the year ended December 31, 2023. 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.

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 each its major federal program for the year ended December 31, 2023.

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 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 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 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 generally accepted 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 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 generally accepted auditing standards, *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.

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 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 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.

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.

Hood and Associates CPAS PC

Kansas City, Missouri
June 25, 2024