Flint Hills Area Transportation Agency Board

Financial Statements
As of June 30, 2024
and For the Year Then Ended

With Report by Independent Auditor

SHIPLEY
CPA, LLC
Audit, Assurance, & Consulting Services

Table of Contents

	Page
Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 6
Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 – 13
Single Audit Section	
Schedule of Expenditures of Federal Awards	14
Notes to the Schedule of Expenditures of Federal Awards	15
Schedule of Findings and Questioned Costs	16
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with *Government Auditing Standards*	17 – 18
Independent Auditor's Report on Compliance for Each Major Program And on Internal Control Over Compliance Required by the Uniform Guidance	19 – 21

SHIPLEY CPA, LLC
Audit, Assurance, & Consulting Services

Russell Shipley CPA, CFE, CGFM, CGMA
Principal & Managing Director
(785) 760-4898
Russell@ShipleyCPA.com

PO Box 751193
Topeka, KS 66675

ShipleyCPA.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Flint Hills Area Transportation Agency Board
Manhattan, Kansas

Opinion

I have audited the accompanying financial statements of the business-type activities of the Flint Hills Area Transportation Agency Board (the Board), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Board, as of June 30, 2024, and the respective changes in financial position, and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit 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, well as the *Kansas Municipal Audit and Accounting Guide*. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Board and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board'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.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

SHIPLEY CPA, LLC
Audit, Assurance, & Consulting Services

Russell Shipley CPA, CFE, CGFM, CGMA
Principal & Managing Director
(785) 760-4898
Russell@ShipleyCPA.com

PO Box 751193
Topeka, KS 66675

ShipleyCPA.com

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 statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 Board'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 statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SHIPLEY CPA, LLC
Audit, Assurance, & Consulting Services

Russell Shipley CPA, CFE, CGFM, CGMA
Principal & Managing Director
(785) 760-4898
Russell@ShipleyCPA.com

PO Box 751193
Topeka, KS 66675

ShipleyCPA.com

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 basic 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 my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated February 6, 2025, on my consideration of the Board's internal control over financial reporting and on my 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 my 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 Board'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 Board's internal control over financial reporting and compliance.

Shipley CPA, LLC

Shipley CPA, LLC
Topeka, Kansas
February 6, 2025

Flint Hills Area Transportation Agency Board
Management's Discussion and Analysis

The discussion and analysis of Flint Hills Area Transportation Agency Board's (the Board) financial performance provides an overview of the Board's financial activities for the year ended June 30, 2024. Please read in conjunction with the Board's financial statements which begin after this section.

Introduction

The Board was formed by Internal Local Agreement between (1) City of Manhattan, Kansas; (2) Riley County, Kansas; (3) Pottawatomie County, Kansas; and (4) Kansas State University pursuant to K.S.A 12-2901. The Board was formed to engage in cooperative efforts to provide a cost-effective, public transit system and to enable the Board to be a Direct Recipient of Section 5307 Urban Formula Funds for the Manhattan Urbanized Area (MUA) which is eligible for funding assistance for transit services provided within the MUA or that start or end in the MUA.

The purpose of the Board is to provide reliable public transportation services in the City of Manhattan and the surrounding areas, including Riley County and Pottawatomie County. Expenses include bus operations (fuel, insurance, maintenance); transit operations (dispatch, scheduling, and bus operators); and administrative functions. The transit services are funded by Federal funds and matching funds from the State of Kansas, and other local funding sources.

Current Year Results

Flint Hills Area Transportation Agency Board (Agency) was formed in 2019 through an interlocal agreement between local governments of the City of Manhattan, Riley County, Pottawatomie County and Kansas State University for the purpose of planning, managing, and operating public transportation system as the Direct Recipient of Section 5307 Urban Formula Funds for the Manhattan Urbanized Area. The Agency is established pursuant K.S.A. 12-901 and meets the definition found at K.S.A 75-117 of a municipality and therefore a governmental body for purposes of Federal Transit Law (defined generally as 49 U.S.C. 4301 et seg.

As the Agency came out of the COVID-19 Pandemic (which hit the nation in February 2020), overall reduction of ridership in FY 2020 and 2021, by 18% and 56%, respectively. The ridership did rebound in fiscal year 22 and 2023 by 46% and 18%, respectively (of pre COVID ridership). According to 2024 Rural Transit Fact Book (issued North Dakota State University, using annual data reported by rural transit agencies nationwide, through National Transit Database for year 2022), nationwide transit ridership decreases in 2020 and 2021 by 27%, and 25% respectively, rebounding in 33%. The Agency is inline with the nationwide trends in 2020-2023, however, in 2024 ridership declined due to continued reductions in services caused by 3 major factors: (1) driver shortages; (2) vehicle shortages; and (3) stagnant local funds as match against federal program funds. The driver shortage is not unique to the Agency as it is also a nationwide issue for transit, but also for many businesses across the board who are struggling to fill positions. The Agency is in the midst of a System Wide Transit Study to assist in evaluation of current resources and future resources and improving service delivery within the constraint the business is experiencing. The Agency has been successful in increasing local support and local initiatives and continues to have conversation with community leaders regarding importance of transit as a public service.

Other Financial Matters

Under a shared services and joint operations agreement between Flint Hills Area Transportation Agency, Inc. (FHATA Inc.) and Flint Hills Transportation Agency Board (FHATA Board), FHATA, Inc. is the acting fiscal agent for the FHATA Board.

Discussion of Basic Financial Statements

The Board's only fund is the proprietary enterprise fund, which is shown in this report. The financial statements provide detailed information which shows how money flows in and out of this fund and the balance left available for spending. This information helps to determine whether or not more or fewer financial resources can be spent in the near future to finance the Board's activities.

The statements of net position reflect assets owned and liabilities owed at June 30, 2024. The difference between total assets and total liabilities is referred to as net position.

The statements of revenues, expenses, and change in net position reflect operating revenues, operating and maintenance expenses, interest income, interest expense and all other changes to net position for the years ended June 30, 2024.

The statements of cash flows reflect cash provided by or used in operating activities, capital, and related financing activities, and investing activities for the year ended June 30, 2024. The statements also disclose cash paid for interest for the year then ended.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, customers, management, funding sources and other interested parties with a general overview of the Board's finances. The report is also designed to show the Board's accountability for the money it receives. For additional information about this report:

Anne Smith, Executive Director
5815 Marlatt Avenue
Manhattan, Kansas 66503
(785) 537-6345

Financial Highlights

	June 30, 2024
Assets	
Current assets	$ 638,576
Noncurrent assets	144,786
Total Assets	783,362
Liabilities	
Current liabilities	637,574
Total Liabilities	637,574
Net Position	
Net investment in capital assets	144,786
Unrestricted	1,002
Total Net Position	$ 145,788

	For the Year Ended June 30, 2024
Operating Revenues	
Operating revenues	$ 2,626,144
Operating Expenses	
Contract labor	1,372,699
Office expenses	9,512
Professional fees	18,754
Insurance costs	37,472
Travel and meetings	1,390
Telephone and communications	4,433
Marketing expense	23,050
Information technology	107,895
Other program (non bus)	4,067
Bus operations	422,104
Safety and security	11,761
Facilities/amenities	65,249
Transit planning	4,530
Capital grants - FHATA Inc	543,228
Depreciation	72,303
Total Operating Expenses	2,698,447
Net Operating Loss	(72,303)
Nonoperating Revenues	
Interest income	39
Net Nonoperating Revenues	39

Capital Assets

At the end of 2024, the Board had $144,786 invested in capital assets net of depreciation. Capital assets are more fully described in Note 2.

Vehicles	$	361,715
Accumulated depreciation		(216,929)
Net Capital Assets	$	144,786

Flint Hills Area Transportation Agency Board
Manhattan, Kansas

Statement of Net Position
Proprietary Fund
June 30, 2024

ASSETS	
Current Assets	
Cash and cash equivalents	$ 1,002
Accounts receivable	637,574
Total Current Assets	638,576
Noncurrent Assets	
Capital assets	
Vehicles	361,715
Less accumulated depreciation	(216,929)
Total Noncurrent Assets	144,786
Total Assets	$ 783,362
LIABILITIES	
Accounts payable	$ 637,574
Total Liabilities	637,574
NET POSITION	
Net investment in capital assets	144,786
Unrestricted	1,002
Total Net Position	145,788
Total Liabilities and Net Position	$ 783,362

Flint Hills Area Transportation Agency Board
Manhattan, Kansas

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2024

Operating Revenues		
Grant income	$	1,933,140
Fare income		64,466
Local match		628,538
Total Operating Revenues		2,626,144
Operating Expenses		
Contract labor		1,372,699
Office expenses		9,512
Professional fees		18,754
Insurance costs		37,472
Travel and meetings		1,390
Telephone and communications		4,433
Marketing expense		23,050
Information technology		107,895
Other program (non bus)		4,067
Bus operations		422,104
Safety and security		11,761
Facilities/amenities		65,249
Transit planning		4,530
Capital grants - FHATA Inc		543,228
Depreciation		72,303
Total Operating Expenses		2,698,447
Net Operating Loss		(72,303)
Nonoperating Revenues		
Interest income		39
Net Nonoperating Revenues		39
Change in Net Position		(72,264)
Net Position - Beginning of Year		218,052
Net Position - End of Year	$	145,788

Flint Hills Area Transportation Agency Board
Manhattan, Kansas

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2024

Cash Flows From Operating Activities		
Receipts from customers	$	2,125,752
Payments to suppliers		(2,125,752)
Net Cash from Operating Activities		-
Cash Flows From Investing Activities		
Interest received		39
Net Cash from Investing Activities		39
Net Change in Cash and Cash Equivalents		39
Cash and Cash Equivalents, Beginning of Year		963
Cash and Cash Equivalents, End of Year	$	1,002
Reconciliation of Net Operating Loss to Net Cash from Operating Activities		
Net Operating Loss	$	(72,303)
Adjustments to Reconcile Net Operating Income to Net Cash Used in Operating Activities		
Depreciation		72,303
Changes in assets and liabilities:		
Accounts receivable		(500,392)
Accounts payable		500,392
Net Cash from Operating Activities	$	-

Flint Hills Area Transportation Agency Board
Manhattan, Kansas

Notes to the Financial Statements
June 30, 2024

Note 1 – Summary of Significant Accounting Policies

Nature of Operations

The Flint Hills Area Transportation Agency Board (the Board) was formed in 2019 through an interlocal agreement between local governments of the City of Manhattan, Riley County, Pottawatomie County and Kansas State University for the purpose of planning, managing and operating the public transportation system as the Direct Recipient of Section 5307 Urban Formula Funds for the Manhattan Urbanized Area. The Board was established pursuant K.S.A. 12-901 and meets the definition found at K.S.A 75-117 of a municipality and therefore a governmental body for purposes of Federal Transit Law (defined generally as 49 U.S.C. 4301 *et seg.*

Joint Operations Agreement

In December 2019, the Board entered into a joint operations agreement with the Flint Hills Area Transportation Agency, Inc. The joint operations agreement outlines the duties and responsibilities of each entity in the provision of public transportation services in their service areas. Flint Hills Area Transportation Agency, Inc. is the acting fiscal agent for the Board.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Board's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of the Board are included in the statements of net position. The statements of revenues, expenses and change in net position present increases and decreases in net position. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers all revenues available if they are collected by the end of the year. Expenditures are recorded when the related liability is incurred, except for un-matured interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The accounting records of the Board are maintained on the accrual basis in accordance with accounting principles generally accepted in the United States of America. As a quasi-municipal corporation, the Board applies all statements issued by the Government Accounting Standards Board (GASB). The Board uses a single proprietary enterprise fund to account for and report its financial activities, which is limited to *business-type activities* – i.e., activities that are financed in whole or in part by fees charged to external parties and are operated in a manner similar to private business enterprises where the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Note 1 – Summary of Significant Accounting Policies (continued)

Budget
The Board is not subject to the legal annual operating budget requirements, but is controlled by the use of an internal budget established by the governing body. As the Board is not subject to these requirements, comparison to budget has been waived on the financial statements.

Encumbrances
Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in governmental funds only. Accordingly, the Board does not record encumbrances. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Cash and Cash Equivalents
For the statements of cash flows, cash consists of the Board's checking account.

Deposits and Investments
K.S.A. 9-1401 establishes the depositories which may be used by the Board. The statute requires banks eligible to hold the Board's funds have a main or branch bank in the county in which the Board 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 Board has not further limited its interest rate risk in its investment policy.

K.S.A. 12-1675 limits the Board'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 Board has limited its investment choices in its investment policy to the above and as such all cash is considered liquid and available for purposes of the statement of cash flows.

<u>Custodial Credit Risk – Deposits</u>
Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be returned to it. State statutes require the Board'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, except during designated "peak periods" when required coverage is 50%. The Board did not use "peak periods" during the year ended June 30, 2024.

At June 30, 2024, the Board's carrying amount of deposits and cash on hand was $1,002. The bank balance was held by one bank and was $1,002. The Board's cash funds were fully insured by the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2024.

Note 1 – Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as revenue when received. Management has determined that no allowance is necessary as of June 30, 2024.

Capital Assets

The cost of property and equipment purchases are capitalized at historical cost. The cost of major renewals and betterments that extend the lives of property and equipment are also capitalized. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation are reduced, and any resulting gain or loss is recognized as a change in the net assets in the period of disposal. The cost of maintenance and repairs is expensed as incurred. Capital assets are facilities or equipment with a useful life of at least 1 year. Equipment is considered a capital asset with an acquisition cost of $5,000 or more. Equipment includes rolling stock and all other such property used in the provision of public transit service.

Net Position

In the financial statements, net position is displayed in three components as follows:

- Net investment in capital assets—This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted—This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is generally the Board's policy to use restricted resources first, then unrestricted resources as they are needed.
- Unrestricted—This consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets."

Note 2 – Capital Assets

The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. Depreciation is computed using the straight-line method based on service lives. Depreciation expense for the year ended June 30, 2024 was $72,303. Estimated useful lives for vehicles and related equipment are 5 to 10 years.

Note 2 – Capital Assets (continued)
Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balances 7/1/2023	Increases	Decreases	Ending Balances 6/30/2024
Vehicles	$ 361,715	$ -	$ -	$ 361,715
Accumulated depreciation	144,626	72,303	-	216,929
Capital Assets, Net	$ 217,089	$ (72,303)	$ -	$ 144,786

Note 3 – Concentrations
Grants from various organizations and governmental entities account for approximately 74% of the Board's revenues for the year ended June 30, 2024.

Note 4 – Risk Management
The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters other than those related to comprehensive general liability claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have been no significant reductions in insurance coverage from the previous year.

Note 5 – Commitments and Contingencies

Litigation
The Board has certain contingent liabilities and is a party to various claims and legal actions arising in the ordinary course of business. In the opinion of management and legal counsel, all such matters are adequately covered by insurance or self-insurance reserves, or if not so covered, are without merit or are of such kind, or involve such amounts that unfavorable disposition would not have a material effect on the financial position of the Board.

Grants
Grantor agencies reserve the right to conduct audits of the Board's grant programs for economy and efficiency and program results that may result in disallowed costs to the Board. Management does not believe such audits, if any, would result in any disallowed costs that would be material to the Board's financial position at June 30, 2024.

Note 6 – Subsequent Events
The Board has evaluated subsequent events through the date of the independent auditor's report, the date which the financial statements were available to be issued.

SINGLE AUDIT SECTION

Flint Hills Area Transportation Agency Board
Manhattan, Kansas

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Expenditures
Department of Transportation		
Passed Through Kansas Department of Transportation		
Federal Transit Cluster (20.500,20.507,20.525,20.526)	20.507	$ 1,700,314
Total Department of Transportation		1,700,314
Total Expenditures of Federal Awards		$ 1,700,314

See accompanying independent auditor's report and notes to the schedule of expenditures of federal awards.

Flint Hills Area Transportation Agency Board
Manhattan, Kansas

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal financial assistance programs for the Flint Hills Area Transportation Agency Board (the Board). The reporting Board is defined in Note 1 of the Board's basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the Schedule.

Note 2. Basis of Presentation

The accompanying Schedule is presented on a basis which is the same basis of accounting as the financial statements. The information in the 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 operations of the Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Board.

The Board did not elect to use the 10% de minimis cost rate.

Flint Hills Area Transportation Agency Board
Manhattan, Kansas

Schedule of Findings and Questioned Costs
June 30, 2024

Section I – Summary of Independent Auditor's Results

Financial Statement

Type of auditor's report issued:	**Unmodified**
Internal control over financial reporting:	
Material weakness(es) identified?	**No**
Significant deficiencies identified?	**No**
Noncompliance material to financial statement noted?	**No**

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	**No**
Significant deficiencies identified?	**No**
Type of auditor's report issued on compliance for major programs:	**Unmodified**
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	**No**

Identification of Major Federal Programs:

AL Number	Name of Federal Program or Cluster
20.507	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs:	**$ 750,000**
Auditee qualified as low-risk auditee?	**Yes**

Section II – Financial Statement Audit

None Reported

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

None Noted

SHIPLEY CPA, LLC
Audit, Assurance, & Consulting Services

Russell Shipley CPA, CFE, CGFM, CGMA
Principal & Managing Director
(785) 760-4898
Russell@ShipleyCPA.com

PO Box 751193
Topeka, KS 66675

ShipleyCPA.com

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

To the Executive Board
Flint Hills Area Transportation Agency Board

I 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 Flint Hills Area Transportation Agency Board (the Board), which comprise the statement of financial position as of June 30, 2024, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 6, 2025.

Report on Internal Control over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

SHIPLEY CPA, LLC
Audit, Assurance, & Consulting Services

Russell Shipley CPA, CFE, CGFM, CGMA
Principal & Managing Director
(785) 760-4898
Russell@ShipleyCPA.com

PO Box 751193
Topeka, KS 66675

ShipleyCPA.com

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Shipley CPA, LLC

Shipley CPA, LLC
Topeka, Kansas
February 6, 2025

SHIPLEY CPA, LLC
Audit, Assurance, & Consulting Services

Russell Shipley CPA, CFE, CGFM, CGMA
Principal & Managing Director
(785) 760-4898
Russell@ShipleyCPA.com

PO Box 751193
Topeka, KS 66675

ShipleyCPA.com

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

To the Executive Board
Flint Hills Area Transportation Agency Board

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Flint Hills Area Transportation Agency Board's (the Board) 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 Board's major federal programs for the year ended June 30, 2024. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Board 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 June 30, 2024.

Basis for Opinion on Each Major Federal Program

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Board and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Board'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 Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My 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 Board's compliance based on my audit.

SHIPLEY CPA, LLC
Audit, Assurance, & Consulting Services

Russell Shipley CPA, CFE, CGFM, CGMA
Principal & Managing Director
(785) 760-4898
Russell@ShipleyCPA.com

PO Box 751193
Topeka, KS 66675

ShipleyCPA.com

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 Board'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, I:

- 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 Board's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Board'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 Board's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

SHIPLEY CPA, LLC
Audit, Assurance, & Consulting Services

Russell Shipley CPA, CFE, CGFM, CGMA
Principal & Managing Director
(785) 760-4898
Russell@ShipleyCPA.com

PO Box 751193
Topeka, KS 66675

ShipleyCPA.com

However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My 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 my 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.

Shipley CPA, LLC

Shipley CPA, LLC
Topeka, Kansas
February 6, 2025