

City of Overland Park, Kansas

Compliance Report
Year Ended December 31, 2017

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**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***

RSM US LLP

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Overland Park, 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, each major fund, and the aggregate remaining fund information of the City of Overland Park, Kansas (the City), as of and for the year ended December 31, 2017, 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, 2018. The beginning net position of the governmental activities was restated due to the implementation of GASB Statement No. 75. Our opinion is not modified with respect to this matter. Our report includes a reference to other auditors who have audited the financial statements of the Sheraton Overland Park Hotel and Scoops, Inc. included within the Overland Park Development Corporation major enterprise fund, as described in our report on the City's financial statements. The financial statements of the Overland Park Development Corporation were not audited in accordance with *Government Auditing Standards*.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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*.

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.

RSM US LLP

Kansas City, Missouri
June 25, 2018

**Report on Compliance for Each Major Federal Program,
Report on Internal Control Over Compliance and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

RSM US LLP

Independent Auditor's Report

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

Report on Compliance for the Major Federal Program

We have audited the City of Overland Park, Kansas' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 25, 2018, which contained unmodified opinions on those financial statements. The beginning net position of the governmental activities was restated due to the implementation of GASB Statement No. 75. Our opinion is not modified with respect to this matter. Our audit report includes a reference to other auditors. 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 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 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.

RSM US LLP

Kansas City, Missouri
June 25, 2018

City of Overland Park, Kansas

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients Year Ended December 31, 2017
U.S. Department of Housing and Urban Development:				
Community Development Block Grant (Direct)	14.218	B-15-MC-20-0002	\$ 310,205	\$ 4,865
Community Development Block Grant (Direct)	14.218	B-16-MC-20-0002	833,117	229,605
Community Development Block Grant (Direct)	14.218	B-17-MC-20-0002	102,097	21,992
Total U.S. Department of Housing and Urban Development			1,245,419	256,462
U.S. Department of Justice:				
Passed through Johnson County: FY 2016 Byrne/JAG Grant	16.738	2016-DJ-BX-0394	33,311	-
U.S. Department of Transportation:				
Passed through the Kansas Department of Transportation, Highway Planning and Construction - 159th St Metcalf to Nail	20.205	N-0607-01	784,569	-
Highway Safety Cluster:				
Passed through Kansas Department of Transportation:				
2017 KDOT Sobriety Ck Pt	20.616	AL-9090-17/SP-4704-17	8,345	-
2017 KDOT Nighttime Seatbelt Enforcement	20.616	OP-1471-17/SP-4505-17	5,594	-
2015 Speed Trailer	20.600	SP-0931-18	25,000	-
2017 Kansas Step Grant -2016 Thanksgiving arrive safely	20.600	SP-1300-17	23,408	-
2018 Kansas Step Grant	20.600	SP-1300-18	4,774	-
2017 Teen Angel (EUDL)	20.600	SP-2254-18	10,279	-
Highway Safety Cluster Total			77,400	-
Total U.S. Department of Transportation			861,969	-
U.S. Department of Homeland Security:				
Passed through the Federal Emergency Management Agency, FY2015 Assistance to Firefighters Grant-Fire Prevention & Safety	97.044	EMQ-2015-FP-00318	18,921	-
Passed through Mid-America Regional Council, FY 2017 KS Homeland Security Grant Program (noncash)	97.067	73220	3,889	-
Total U.S. Department of Homeland Security			22,810	-
Total expenditures of federal awards			\$ 2,163,509	\$ 256,462

See notes to schedule of expenditures of federal awards.

City of Overland Park, Kansas

**Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Overland Park, Kansas (City) under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**CITY OF OVERLAND PARK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Financial Statement Findings – Internal Control

2016-001

Audit Finding: Management included nonfederal expenditures in the SEFA for the year ended December 31, 2015.

Corrective Action Taken: Corrected – Management verifies from the Kansas Department of Transportation revenue confirmation that only federal funded programs are included on the schedule of expenditures of federal awards.

Federal Award Findings – Internal Control

2016-002

Audit Finding: Management included nonfederal expenditures in the SEFA for the year ended December 31, 2015.

Corrective Action Taken: Corrected – See response to finding 2016-001 above.

City of Overland Park, Kansas

Schedule of Findings and Questioned Costs Year Ended December 31, 2017

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- | | | |
|---|------------------------------|---|
| ▪ Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| ▪ Significant deficiencies identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |
| ▪ Noncompliance material to financial statements noted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Federal Awards

Internal control over major programs:

- | | | |
|--|------------------------------|---|
| ▪ Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| ▪ Significant deficiencies identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |

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
Section 2 CFR 200 516(a)? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|---|------------------------------|--|

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grant
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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(Continued)

City of Overland Park, Kansas

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2017

II. Financial Statement Findings

A. Internal Control

None reported

B. Compliance Findings

None reported

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

None reported

B. Instances of Noncompliance

None reported

