

***BUTLER COUNTY, KANSAS***

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2018

WITH

INDEPENDENT AUDITOR'S REPORT



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**YEAR ENDED DECEMBER 31, 2018**

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A copy of the Butler County, Kansas, financial statements, year ended December 31, 2018, accompanies this report. The independent auditor's report and the financial statements are hereby incorporated by reference.	
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Board of County Commissioners  
**Butler County, 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 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Butler County, Kansas (County) as of and for the year ended December 31, 2018, and the related notes to the financial statement, which collectively comprise the County's regulatory basis financial statement, and have issued our report thereon dated May 24, 2019. The County prepared this regulatory basis financial statement to meet the requirements of the State of Kansas 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the County'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County'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 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 County's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

May 24, 2019  
Wichita, Kansas

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

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Board of County Commissioners  
**Butler County, Kansas**

**Report on Compliance for Each Major Federal Program**

We have audited Butler County, Kansas' (County) 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 County's major federal programs for the year ended December 31, 2018. The County'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 County'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 County'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 County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County 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, 2018.

## **Report on Internal Control Over Compliance**

Management of the County 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 County'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 County'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 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 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Butler County, Kansas as of and for the year ended December 31, 2018, and the related notes to the financial statement, which collectively comprise the County's regulatory basis financial statement. We issued our report thereon dated April \_\_, 2019, which contained an unmodified opinion on those financial statements based on the regulatory basis of accounting. The County prepared this regulatory basis financial statement to meet the requirements of the State of Kansas 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. Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the regulatory basis financial statement. 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 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 financial statement.

The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statement or to the regulatory basis financial statement itself, 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 regulatory basis financial statement as a whole.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

May 24, 2019  
Wichita, Kansas

**BUTLER COUNTY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2018

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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FINANCIAL STATEMENTS

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

Type of auditor's report issued on the basis of accounting used by the County: Unmodified – Regulatory Basis

Internal control over financial reporting:

- Material weaknesses identified?      Yes   X   No
- Significant deficiencies identified?      Yes   X   None reported
- Noncompliance material to financial statements noted?      Yes   X   No

FEDERAL AWARDS

Internal control over major federal programs:

- Material weaknesses identified?      Yes   X   No
- Significant deficiencies identified?      Yes   X   None reported

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

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

Identification of major federal programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>	<u>MAJOR PROGRAM OPINION</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Unmodified
94.011	Foster Grandparent Program	Unmodified

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

Auditee qualified as low-risk auditee?      Yes   X   No

**BUTLER COUNTY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
(Continued)

Year Ended December 31, 2018

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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No matters were reported

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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No matters were reported

## BUTLER COUNTY, KANSAS

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2018

#### **Finding 2017-001 Significant Deficiency**

**CFDA #10.557: U.S. Department of Health and Human Services, Passed Through Kansas Department of Health and Environment, WIC Special Supplemental Nutrition Program for Woman, Infants, and Children, All Open Grants**

**Condition:** Lack of segregation of duties as it relates to proper authorization of payroll records for the program coordinator.

**Criteria:** Per 2 CFR 200.430 8(i) standards for documentation of personnel expenses should be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

**Status:** The County Administrator is now reviewing and signing off on grant funded department head timesheets prior to processing by payroll. The department heads in question submit them to the County Administrator, who then reviews, signs, and turns them in to the Payroll Benefits Coordinator, for Payroll processing. Payroll will also review timesheets for grant-funded departments who have undergone a transition in management, to make sure that if needed, those timesheets are submitted to the County Administrator for approval.

#### **Finding 2017-002 Significant Deficiency**

**CFDA #10.557: U.S. Department of Health and Human Services, Passed Through Kansas Department of Health and Environment, WIC Special Supplemental Nutrition Program for Woman, Infants, and Children, All Open Grants**

**Condition:** One employee working for the grant program received a bonus unrelated to the WIC Program and this bonus was submitted for reimbursement on the affidavit.

**Criteria:** Per WIC Policy and Procedure Manual ADM: 02.03.02 #9 and CFR 246.14, OMB Circular A-87-Attachment A, special incentive pay or any other lump or one-time payments are not allowable.

**Status:** Prior to processing any increases for an employee that may result in a one-time bonus (which is how the system processes salary increases for those who are at the top of the their salary range, it moves the amount to a one-time bonus), the Payroll Benefits Coordinator, will notify the HR Director, who will verify that the employee in question is not in a grant-funded position, which prohibits the payment of bonuses with grant funds.

# BUTLER COUNTY, KANSAS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2018

Federal Agency/Program	Federal Agency or Pass-Through Grantor	Federal Agency or Pass-Through Grant Number	CFDA Number	Total Program Expenditures
<b>U.S. Department of Agriculture</b>				
Indirect Programs:				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Kansas Department of Health & Environment	201818W100343	10.557	\$ 195,138
Breast Feeding Peer Counseling	Kansas Department of Health & Environment	201818W500343	10.557	11,614
<i>Total Department of Agriculture</i>				206,752
<b>U.S. Department of Defense</b>				
Indirect Program:				
Flood Control Projects	Kansas Department of Administration		12.106	883
<i>Total Department of Defense</i>				883
<b>U.S. Department of Justice</b>				
Indirect Program:				
Crime Victim Assistance	Governor's Office	18-VOCA-04	16.575	33,887
Direct Programs:				
Bulletproof Vest Partnership Program		2018BUBX18095306	16.607	1,529
<i>Total Department of Justice</i>				35,416
<b>U.S. Department of Transportation</b>				
Indirect Programs:				
Highway Planning and Construction (1)	Kansas Department of Transportation	6173044, 17161064 KS-2017-003-00	20.205	54,598
Federal Transit Formula Grants - Andover (2)	City of Wichita, KS	KS-2018-003-00	20.507	10,294
Formula Grants for Rural Areas	Kansas Department of Transportation	0799-37, 0799-38	20.509	144,623
Bus and Bus Facilities Formula Program (2)	Kansas Department of Transportation	PT-5339-18	20.526	2,650
State and Community Highway Safety (3)	Kansas Department of Transportation	PT-1151-19	20.600	959
<i>Total Department of Transportation</i>				213,124
<b>U.S. Department of Health and Human Services</b>				
Indirect Programs:				
Medical Reserve Corps Small Grant Program	National Assoc. of County & City Health Officials	5MRCSG101005-02	93.008	3,079
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (4)	Central Plains Area Agency on Aging	2018-01-IIIB, 2019-02-01B	93.044	28,600
National Family Caregiver Support, Title III, Part E - Information	Central Plains Area Agency on Aging	IIIE-18-02-1E, IIIE-19-02-1E	93.052	2,943
National Family Caregiver Support, Title III, Part E - Education & Training	Central Plains Area Agency on Aging	IIIE-18-02-1E, IIIE-19-02-1E	93.052	3,144
National Family Caregiver Support, Title III, Part E - Respite	Central Plains Area Agency on Aging	IIIE-18-02-1E, IIIE-19-02-1E	93.052	16,755
Public Health Emergency Preparedness - South Central Metro Group	Kansas Department of Health & Environment	U90TP000523	93.069	1,957
Public Health Emergency Preparedness - Cities Readiness Initiative	Kansas Department of Health & Environment	U90TP000523	93.069	6,301
Public Health Emergency Preparedness - Bioterrorism	Kansas Department of Health & Environment	U90TP000523-05, NU90TP921936-01	93.069	52,011
Family Planning Services	Kansas Department of Health & Environment	FPHPA076219-03	93.217	29,436
Immunization Cooperative Agreements	Kansas Department of Health & Environment	H23IP000748-04	93.268	3,480
Child Care and Development Block Grant (5)	Kansas Department of Health & Environment	MOU-DCF	93.575	20,842
Cancer Prevention and Control Programs	Kansas Department of Health & Environment	NU58DP006273-01	93.898	912
Maternal and Child Health Services Block Grant	Kansas Department of Health & Environment	B04MC30614-01	93.994	12,894
<i>Total Department of Health and Human Services</i>				182,354
<b>Corporation for National and Community Service</b>				
Direct Programs:				
Retired and Senior Volunteer Program		16SR179738, 16SR185698, 17SRWKS001, 17SR190258, 18SR200846, 18SR205458, 18SR210425	94.002	43,814
Foster Grandparent Program (6)		16SF183219, 16SF189488, 16SF194622, 17SF192354, 17SF198894, 18SF210436, 18SF203365	94.011	213,385
<i>Total Corporation for National and Community Service</i>				257,199
<b>Federal Emergency Management Agency</b>				
Indirect Programs:				
Emergency Management Performance Grants	Kansas Adjutant General (Emergency Preparedness)	DHS-18-GPD-042-07-01	97.042	20,208
<i>Total Federal Emergency Management Agency</i>				20,208
<b>Total Expenditures of Federal Awards</b>				<b>\$ 915,936</b>

**Key to Clusters**

- 1 Highway Planning and Construction Cluster - \$54,598
- 2 Federal Transit Cluster - \$12,944
- 3 Highway Safety Cluster - \$959
- 4 Aging Cluster - \$28,600
- 5 CCDF Cluster - \$20,842
- 6 Foster Grandparents/Senior Companion Cluster - \$213,385

The accompanying footnotes are an  
integral part of this schedule

## **BUTLER COUNTY, KANSAS**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended December 31, 2018

#### **NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Butler County, Kansas (County), and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

#### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures in the Schedule are recognized under cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The accompanying Schedule is presented using the following methods:

1. For the County's governmental funds, expenditures of federal funds in the Schedule are reported on the cash basis of accounting under guidelines of KMAAG.

#### **NOTE C – INDIRECT COST RATE**

The County has elected not to use the 10-percent de minimis indirect cost rate allowed under Section 200.414(f) of the Uniform Guidance.

#### **NOTE D – FEDERAL CFDA NUMBERS**

Federal CFDA numbers or other identifying numbers listed on the Schedule were obtained from the respective grant/contract agreement.