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***CITY OF OLATHE, KANSAS***  
*UNIFORM GUIDANCE*  
*SINGLE AUDIT REPORT*  
*DECEMBER 31, 2015*

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**Independent Auditors' 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***

The Honorable Mayor and Members  
of the City Council  
City of Olathe, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Audit Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the City of Olathe, Kansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Olathe, Kansas' basic financial statements, and have issued our report thereon dated June 9, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Olathe, Kansas' 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 of Olathe, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Olathe, Kansas' 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of 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 over financial reporting 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 of Olathe, Kansas' financial statements are free of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RubinBrown LLP*

June 9, 2016



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## **Independent Auditors' 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**

The Honorable Mayor and Members  
of the City Council  
City of Olathe, Kansas

### **Report On Compliance For Each Major Federal Program**

We have audited the City of Olathe, Kansas' 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 of Olathe, Kansas' major federal programs for the year ended December 31, 2015. The City of Olathe, Kansas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Olathe, Kansas' 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 of Olathe, Kansas' 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 of Olathe, Kansas' compliance.

### ***Opinion On Each Major Federal Program***

In our opinion, the City of Olathe, Kansas, 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, 2015.

### **Report On Internal Control Over Compliance**

Management of the City of Olathe, Kansas, 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 of Olathe, Kansas' 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 of Olathe, Kansas' 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Honorable Mayor and Members  
of the City Council  
City of Olathe, Kansas

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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 City of Olathe, Kansas, as of and for the year ended December 31, 2015, and have issued our report thereon dated June 9, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. 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 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 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 financial statements or to the 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 financial statements as a whole.

*RubinBrown LLP*

June 9, 2016

**CITY OF OLATHE, KANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2015**

<b>Program</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department Of Housing And Urban Development:</b>			
<b>Direct Funding</b>			
Fair Housing Assistance Program	14.401		\$ 49,243
Public And Indian Housing	14.850		233,289
Section 8 Housing Choice Vouchers	14.871		3,218,673
Public Housing Capital Fund	14.872		57,236
<b>Passed Through Johnson County, Kansas</b>			
Community Development Block Grant	14.218	2012 / 2013 / 2014 / 2015	374,095
HOME Investment Partnerships Program	14.239	2013 / 2014 / 2015	<u>100,740</u>
<b>Total U.S. Department Of Housing And Urban Development</b>			<u>4,033,276</u>
<b>U.S. Department of Transportation:</b>			
<b>Passed Through Kansas Department Of Transportation (K-DOT)</b>			
Highway Planning And Construction	20.205	N-0569-01	1,234,246
Highway Planning And Construction	20.205	N-0595-01	456,960
State And Community Highway Safety	20.600	OP 1039-09	30,376
State And Community Highway Safety	20.600	AL 9917-09	8,040
<b>Passed Through Kansas City Area Transportation Authority (KCATA)</b>			
Job Access Reverse Commute	20.516	MO-37-X036	28,820
New Freedom	20.521	MO-57-X004	<u>178,223</u>
<b>Total U.S. Department Of Transportation</b>			<u>1,936,665</u>
<b>U.S. Department Of Justice:</b>			
Bulletproof Vest Program	16.607		20,074
<b>Passed Through Johnson County, Kansas -</b>			
Byrne Memorial Justice Assistance Grant	16.738	2012DJB3294	20,779
Byrne Memorial Justice Assistance Grant	16.738	2014DJBX0907	24,194
Byrne Memorial Justice Assistance Grant	16.738	2015DJBX0394	<u>20,050</u>
<b>Total U.S. Department Of Justice</b>			<u>85,097</u>

**CITY OF OLATHE, KANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
For The Year Ended December 31, 2015**

<b>Program</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures</b>
<b>Office Of National Drug Control Policy</b>			
<b>Passed Through Kansas Bureau Of Investigation</b>			
High Intensity Drug Trafficking Area	95.001	G14MW0003A	\$ 54,845
High Intensity Drug Trafficking Area	95.001	G15MW0003A	<u>50,659</u>
<b>Total Office Of National Drug Control Policy</b>			<u>105,504</u>
<b>U.S. Department Of Health And Human Services</b>			
<b>Passed Through Kansas Department Of Aging &amp; Disability Services</b>			
Communities That Care	93.276	K-SPF2016CTC	<u>3,374</u>
<b>U.S. Department Of Homeland Security</b>			
<b>Passed Through Mid-America Regional Council (MARC)</b>			
Urban Area Security Initiative	97.067	08-73050	41,646
Urban Area Security Initiative	97.067	PO-003272	<u>37,187</u>
<b>Total U.S. Department Of Homeland Security</b>			<u>78,833</u>
<b>Total Expenditures Of Federal Awards</b>			<u><u>\$ 6,242,749</u></u>

# CITY OF OLATHE, KANSAS

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS December 31, 2015

### 1. **Organization**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Olathe, Kansas (the City), for the year ended December 31, 2015. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

### 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 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### 3. **Local Government Contributions**

Local cost sharing, as defined by the Title 2 CFR 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.

### 4. **Additional Audits**

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency program, results which 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, 2015.

**CITY OF OLATHE, KANSAS**

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Notes To Schedule Of Expenditures Of Federal Awards (*Continued*)

**5. Loans Outstanding**

The City had the following loan balances outstanding at December 31, 2015. New loans made during the year are included in the federal expenditures presented in the schedule.

<b>Program Title</b>	<b>CFDA Number</b>	<b>Amount Outstanding</b>
Community Development Block Grant	14.218	\$ 1,699,274
HOME Investment Partnerships Program	14.239	<u>1,974,789</u>
		<u>\$ 3,674,063</u>

**CITY OF OLATHE, KANSAS**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended December 31, 2015**

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**Section I - Summary Of Auditors' Results**

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**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes   x   no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_ yes   x   none reported

Noncompliance material to financial statements noted? \_\_\_ yes   x   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ yes   x   no
- Significant deficiency(ies) identified? \_\_\_ yes   x   none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? \_\_\_ yes   x   no

Identification of major programs:

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<b>CFDA Number</b>	<b>Name Of Federal Program Or Cluster</b>
14.871	Section 8 Housing Choice Vouchers
14.218	Community Development Block Grant

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

Auditee qualified as low-risk auditee?   x   yes \_\_\_ no

**CITY OF OLATHE, KANSAS**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)***  
**For The Year Ended December 31, 2015**

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**Section II - Financial Statement Findings**

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None

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**Section III - Federal Award Findings And Questioned Costs**

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None

# CITY OF OLATHE, KANSAS

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For The Year Ended December 31, 2015

<b>Finding No.</b>	<b>CFDA No.</b>	<b>Program</b>	<b>Description</b>	<b>Current Year Status</b>
2014-001	14.218	Community Development Block Grant	The City did not properly report on the SEFA the expenditures from awards made from recycling the repayments of previous loans. The City only included on the SEFA loan awards made from new federal funds in a given year for the program.	Resolved.