

JOHNSON COUNTY, KANSAS

OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2002

WITH

INDEPENDENT AUDITORS' REPORT

JOHNSON COUNTY, KANSAS
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JOHNSON COUNTY, KANSAS

OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT

Year Ended December 31, 2002

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A copy of the Johnson County, Kansas Comprehensive Annual Financial Report, year ended December 31, 2002, accompanies this report. The independent auditors' report and the basic financial statements are hereby incorporated by reference.	
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This is a copy of the Company's annual financial statements reproduced from an electronic file. An original copy of this document is available at the Company's office.

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of County Commissioners
Johnson County, Kansas

We have audited the basic financial statements of Johnson County, Kansas, as of and for the year ended December 31, 2002, and have issued our report thereon dated May 23, 2003. We did not audit the financial statements of the Johnson County Park and Recreation District, a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Johnson County Park and Recreation District, is based solely on the report of the other auditors. We conducted our 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.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of Johnson County, Kansas, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Johnson County, Kansas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

May 23, 2003
Wichita, Kansas

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB *CIRCULAR A-133*
AND REPORT ON SUPPLEMENTARY INFORMATION -
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of County Commissioners
Johnson County, Kansas

Compliance

We have audited the compliance of Johnson County, Kansas, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The major federal programs of Johnson County, Kansas, are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the management of Johnson County, Kansas. Our responsibility is to express an opinion on the compliance of Johnson County, Kansas, based on our audit.

Johnson County, Kansas' basic financial statements include the operations of the Johnson County Park and Recreation District, a component unit, which federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2002. Our audit, described below, did not include the operations of the Johnson County Park and Recreation District because the component unit engaged other auditors to perform an audit in accordance with OMB *Circular A-133*.

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 OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB *Circular A-133* 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 compliance of Johnson County, Kansas, 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. Our audit does not provide a legal determination on the compliance of Johnson County, Kansas, with those requirements.

In our opinion, Johnson County, Kansas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

Internal Control Over Compliance

The management of Johnson County, Kansas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the internal control of Johnson County, Kansas, over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB *Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Johnson County, Kansas, as of and for the year ended December 31, 2002, and have issued our report thereon dated May 23, 2003.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB *Circular A-133* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

May 23, 2003
Wichita, Kansas

JOHNSON COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2002

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes X no
- Reportable conditions identified that are not considered to be material weaknesses? yes X none reported
- Noncompliance material to financial statements noted? yes X no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? yes X no
- Reportable conditions identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB *Circular A-133*? yes X no

(Continued)

JOHNSON COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2002
(Continued)

SECTION I – SUMMARY OF AUDITORS’ RESULTS
(Continued)

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
14.218	<i>Community Development Block Grants</i>
14.239	<i>Home Investment Partnership Programs</i>
20.500/20.507	<i>Capital and Operating Assistance Formula Grant</i>
93.044/93.045	<i>Special Programs for the Aging, Title III</i>

Dollar threshold used to distinguish
between type A and type B programs: \$ 497,742

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None in the current year.

Summary Schedule of Prior Audit Findings

Finding 01-1: Juvenile Accountability Incentive Block Grant, *Cash Management*

Finding

The County receives Juvenile Accountability Incentive Block Grant (JAIBG) funds from the State of Kansas on a quarterly basis. JAIBG funds received by the County are passed through several subrecipients. Based on examination of the date of receipt of the funds by the County, and the date the funds were disbursed to the subrecipients, the average time lag was five weeks.

(Continued)

JOHNSON COUNTY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2002
(Continued)

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Corrective Action

The Office of Financial Management reviewed the funds disbursement process and implemented changes as required to be in compliance.

Status

This finding is considered closed at December 31, 2002.

Finding 01-2: Juvenile Accountability Incentive Block Grant, *Subrecipient Monitoring*

Finding

The County receives Juvenile Accountability Incentive Block Grant (JAIBG) funds from the State of Kansas on a quarterly basis. JAIBG funds are passed through to several subrecipients. Currently, the County does not monitor the subrecipients. The County does not perform site visits at the subrecipients, nor do they receive the subrecipients annual Single Audit and/or financial statement audit reports.

Corrective Action

The Office of Financial Management implemented changes as required to be in compliance with subrecipient monitoring.

Status

This finding is considered closed at December 31, 2002.

JOHNSON COUNTY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2002

Note 1. Organization

Johnson County, Kansas (the County) is the recipient of several federal grants. Various County departments administer these grant programs. Grants are accounted for in the General Fund, Special Revenue Funds, and Enterprise Funds of the County department benefiting from the grant.

Note 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Local Government Contributions

Local cost sharing, as defined by the OMB *Circular A-102, Attachment F*, is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4. Weatherization Assistance

Weatherization Assistance for Low Income Persons passed through the Kansas Department of Commerce and Housing is shown in the following schedules, prepared on the cash basis, at December 31, 2002:

(Continued)

JOHNSON COUNTY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2002
(Continued)

Note 4. Weatherization Assistance (Continued)

Department of Energy (DOE) 2001

	Actual Fiscal Year 2001	Actual Fiscal Year 2002	Total	Budget	Favorable/ (Unfavorable) Variance
Revenue:					
Grant	\$ 78,000	\$ 75,542	\$ 153,542	\$ 98,167	\$ 55,375
Expenditures:					
Administration	\$ 7,338	\$ 58	\$ 7,396	\$ 8,753	\$ 1,357
Materials	12,926	13,156	26,082	20,706	(5,376)
Program Support	17,194	33,150	50,344	32,273	(18,071)
Labor	19,647	20,400	40,047	20,706	(19,341)
Training	369	360	729	2,329	1,600
Health and Safety	7,300	8,418	15,718	11,400	(4,318)
Audit	--	--	--	2,000	2,000
Total expenditures	<u>\$ 64,774</u>	<u>\$ 75,542</u>	<u>\$ 140,316</u>	<u>\$ 98,167</u>	<u>\$ (42,149)</u>

Department of Energy (DOE) 2002

	Actual Fiscal Year 2002	Budget
Revenue:		
Grant	<u>\$ 89,611</u>	<u>\$ 137,438</u>
Expenditures:		
Administration	\$ 8,115	\$ 12,444
Materials	8,711	29,446
Program Support	99	35,222
Labor	5,167	29,446
Training	1,496	7,680
Audit	--	2,000
Health and Safety	15,662	21,200
Total expenditures	<u>\$ 39,250</u>	<u>\$ 137,438</u>

(Continued)

JOHNSON COUNTY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2002
(Continued)

Note 4. Weatherization Assistance (Continued)

Low Income Eligible Assistance Program (LIEAP) 2001

	Actual Fiscal Year 2001	Actual Fiscal Year 2002	Total	Budget	Favorable/ (Unfavorable) Variance
Revenue:					
Grant	<u>\$ 39,400</u>	<u>\$ 48,809</u>	<u>\$ 88,209</u>	<u>\$ 106,041</u>	<u>\$ (17,832)</u>
Expenditures:					
Administration	\$ 3,881	\$ --	\$ 3,881	\$ 5,507	\$ 1,626
Materials	7,476	11,494	18,970	24,066	5,096
Program Support	9,369	8,691	18,060	35,002	16,942
Labor	13,484	18,316	31,800	24,066	(7,734)
Health and Safety	7,356	10,308	17,664	17,400	(264)
Total expenditures	<u>\$ 41,566</u>	<u>\$ 48,809</u>	<u>\$ 90,375</u>	<u>\$ 106,041</u>	<u>\$ 15,666</u>

Low Income Eligible Assistance Program (LIEAP) 2002

	Actual Fiscal Year 2002	Budget
Revenue:		
Grant	<u>\$ 70,542</u>	<u>\$ 109,134</u>
Expenditures:		
Administration	\$ 5,661	\$ 5,661
Materials	7,721	26,494
Program Support	18,928	31,985
Labor	8,821	26,494
Health and Safety	10,122	18,500
Total expenditures	<u>\$ 51,253</u>	<u>\$ 109,134</u>

Note 5. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the County's grant programs for economy, efficiency and program results, which may result in disallowed costs to the County. However, management does not believe such audits would result in any disallowed costs that would be material to the County's financial position at December 31, 2002.