

SECTION 2 – JOHNSON COUNTY SCOPE OF WORK

I. INTRODUCTION

Johnson County Transit (JCT) is an enterprise fund of Johnson County, Kansas Government. As the KCATA is managing all services and operations for JCT, the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when liabilities are incurred is utilized. The Authority follows accounting principles and financial reporting requirements as established by the Governmental Accounting Standards Board (GASB) as well as pronouncements of the Financial Accounting Standards Board (FASB), to the extent they do not conflict with or contradict GASB pronouncements. The County and Authority's fiscal years ends on December 31st.

JCT operates three methods of service, Ride KC-The JO, RideKC-Access and Ride KC-SWIFT. The Ride KC-The JO service is the main operating division of JCT and accounts for mass transit operations. The annual operating budget for the Metro division is \$7.6 million for 2016. Approximately 65% of this budget is related to transportation contract costs for the transit service provided through contractual agreement. Approximately 18% of the JCT operating budget is fuel costs. RideKC-Access accounts for the activities of the JCT program for the transportation of elderly and disabled Americans. The annual operating budget for 2016 is \$2.5 million. Approximately 85% of this budget is for purchased transportation service through contracts with outside vendors for this program. Approximately 4% of the operating budget is fuel costs. RideKC-SWIFT is used to provide transportation to and from work group homes for developmentally disabled clients of Johnson County's Developmental Supports department. The annual operating budget for this program is \$1.2 million. Approximately 71% of this budget is for purchased transportation service through contracts with outside vendors for this program. Approximately 7% of the operating budget is fuel costs.

A portion of the JCT annual budget is related to capital needs. The total budget amount attributed to capital needs for fiscal year 2016 is approximately \$3.4 million for all services combined.

About 26% of RideKC-The JO operating costs are recovered from Ad Valorem tax support, 19% of the costs are recovered from passenger fares, 2% of the costs recovered from local governments, 14.5% from state government, 38% from federal funding and .5% from miscellaneous sources. Approximately 4% of RideKC-Access operating costs are recovered from passenger fares, 92% from Ad Valorem tax support and 4% federal funding. For RideKC-SWIFT, almost 12% of operating costs are recovered from passenger fares, 86% from Ad Valorem tax support and 2% from federal grants.

At such point when the KCATA will be responsible for the audit of JCT finances and grants, the Authority anticipates entering into a five (5) year agreement with the selected firm. Optional, year to year extensions to the agreement may be exercised. Annual evaluations will be made of service performed.

1. **TERM and RENEWAL OPTIONS:** If it is determined to be in the best interest of The

Authority and funding is available based on proposed prices this work may be awarded for a term of one (1) year with four (4) one-year options. Work in process prior to expiration of the Agreement shall be completed and as construed by KCATA to be within the “contract term”. It is anticipated that the start date of any contract award will be October 2016.

II. REQUIREMENTS

1. Reports Required

- a. A financial audit and combined report is required for the The JO, Access and SWIFT services. A combined report (with combining schedules) is issued. Five (5) paper copies are required along with an electronic copy.
- b. An audit and separate report is required in conformance with the United States Office of Management and Budget (OMB) Circular A-133. Additionally, the audit and report should meet the Government Finance Officers Association (GFOA) requirements for the Certificate of Achievement for Excellence in Financial Reporting (CAFR) Program. Five (5) copies are required along with an electronic copy.
- c. Review of Annual Report.
- d. A separate report containing any management recommendations or comments. Five (5) copies are required along with an electronic copy.
- e. Provide an electronic PDF copy for all required reports.

2. Report Deadlines

- a. All audit adjustments discussed and agreed to with the KCATA for the posting to the general ledger will be due *no later than April 1st*.
- b. No later than March 31st, of each year (or each odd year for bi-annual), the following final report is due to the Authority for the preceding fiscal year.

I. Combined Audit Report

II. Management Letter

III. Single Audit Report (OMB Circular A-133)

The ability of the audit firm to meet these deadlines will be a consideration in the decision whether to retain the firm from year to year.

Copies of the audited financial statements for Johnson County, Kansas as of December 31, 2015 are available upon request. Statements were audited by AGH, and their opinion was unqualified.

4. Description of Accounting Records and Procedures

- a. As KCATA is performing all management and operations functions for JCT services, the KCATA systems and procedures are being adhered to. There is a written KCATA accounting manual that includes procedures on grants, fixed assets, accounts payable and accounts receivable that is being followed for JCT.
- b. The following systems are currently automated: general ledger, accounts receivable, accounts payable, payroll, human resources, inventory, procurement, fixed assets and fare box revenue reports.
- c. A physical inventory of the materials and supplies inventory is taken in the fourth quarter biannually.

5. GFOA Certification

Audit firm will assist KCATA in developing and submitting required information, associated with the audited financial statements, to the Government Finance Officers Association (GFOA) for certification. The 2016 Financial Statement is the initial year of the submittal.

6. Optional Auditing Services

KCATA reserves the right to request additional auditing services when necessary. Johnson County, Kansas Government and KCATA are currently in an agreement whereby KCATA provides management of all Johnson County Transit services and administration which includes maintaining a separate accounting company and related reporting, and grant oversight. Currently, the federal grant reporting responsibilities are shared, but may become the full responsibility of KCATA in future years. KCATA requests optional pricing for a financial audit and compliance audit for the Johnson County, Kansas program.

III. ADDITIONAL INFORMATION

1. Use of Authority Facilities and Personnel

The Authority will provide workspace for the auditor's staff.

The staff of the KCATA will be available to the auditor to answer questions, as well as provide client-prepared supporting schedules, and assist with access to records and documentation. The listing of client-prepared supporting schedules should be provided to KCATA by the first week of the new year.

2. Audit Performance

The successful proposer is required to perform the audit in accordance with generally accepted government auditing standards. Audit staff must meet the continuing professional education requirements outlined in the Yellow Book (Government Auditing Standards) issued by the Government Accountability Office.