

CITY OF ST. JOSEPH, MISSOURI

**SINGLE AUDIT REPORT
(OMB Circular A-133)**

FOR THE YEAR ENDED JUNE 30, 2012

**City of St. Joseph, Missouri
Single Audit Report
(OMB Circular A-133)
For the Year Ended June 30, 2012**

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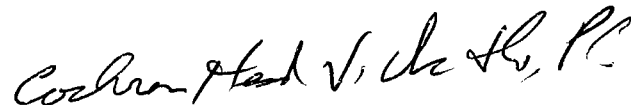
CHV**COCHRAN HEAD VICK & CO., P.C.****& Co***Certified Public Accountants***Independent Auditor's Report on Schedule
of Expenditures of Federal Awards**

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To the Honorable Mayor and City Council
City of St. Joseph, Missouri

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 of St. Joseph, Missouri (the City) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. 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 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.

December 14, 2012

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ADDITIONAL INFORMATION

City of St. Joseph, Missouri
Schedule of Expenditures of Federal Awards
For The Year Ending June 30, 2012

Grantor Agency	Federal CFDA Number	Grant Program Number	Current Year Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Agriculture:				
Passed Through Missouri Department of Health and Senior Services:				
2010 Special Supplemental Nutrition Program for Women, Infants and Children	10.557	ERS04510225	\$ 139,447	\$ -
2011 Special Supplemental Nutrition Program for Women, Infants and Children	10.557	ERS04511225	311,274	-
Total U.S. Department of Agriculture			<u>450,721</u>	<u>-</u>
U.S. Department of Defense				
Passed Through Missouri Air National Guard:				
Military Construction Cooperative Agreement	12.401	W912NS-09-2-2101	3,304,538	-
Military Construction Cooperative Agreement	12.401	W912NS-09-2-2102	378,341	-
Total U.S. Department Defense			<u>3,682,879</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
CDBG Entitlement Grants Cluster:				
2009 CDBG Entitlement Grant	14.218	B-09-MC-29-0004	341,649	68,376
2010 CDBG Entitlement Grant	14.218	B-10-MC-29-0004	1,246,996	303,762
ARRA - Community Development Block Grant - Recovery	14.253	B-09-MY-29-0004	150,000	150,000
Home Investment Partnerships Program:				
2008 Home Investment Partnerships Program	14.239	M-08-MC-29-0208	211,010	211,010
2009 Home Investment Partnerships Program	14.239	M-09-MC-29-0208	428,745	428,745
2010 Home Investment Partnerships Program	14.239	M-10-MC-29-0208	33,243	29,334
2011 Home Investment Partnerships Program	14.239	M-11-MC-29-0208	171,324	127,786
Direct Programs				
Supportive Housing Assistance - HMIS	14.235	MO0039B7P031003	19,711	-
Supportive Housing Assistance - HMIS	14.235	MO0039B7P031104	21,179	-
HERA - Neighborhood Stabilization Program	14.228	2008-DN-16	450,511	428,803
ARRA - Homeless Prevention and Rapid Re-Housing	14.257	S-09-MY-29-0004	209,224	209,224
Passed Through Missouri Department of Social Services:				
State Emergency Shelter: 2009 State Emergency Shelter	14.231	ERO-1640859	142,167	142,167
Total U.S. Department of Housing and Urban Development			<u>3,425,759</u>	<u>2,099,207</u>
U.S. Department of Justice:				
Bullet Proof Vest Partnership Grant	16.607	NA	2,540	-
COPS Technology Grant	16.710	2009-CK-WX-0308	220,365	-
Passed Through Missouri Department of Public Safety:				
Enforcing Underage Drinking Laws	16.727	Various	19,683	-
Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0059	33,207	3,000
Total U.S. Department of Justice			<u>275,795</u>	<u>3,000</u>

City of St. Joseph, Missouri
Schedule of Expenditures of Federal Awards
For The Year Ending June 30, 2012

Grantor Agency	Federal CFDA Number	Grant Program Number	Current Year Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Labor:				
Passed through NW WIB, NW Regional Council of Governments Missouri Disaster Recovery Jobs Program	17.277	EM-22623-12-60-A-29	33,261	-
Total Department of Labor			<u>33,261</u>	<u>-</u>
U.S. Department of Transportation:				
Federal Aviation Administration:				
Passed through Missouri Department of Transportation:				
Airport Improvement Program	20.106	AIRE 056-12A	2,135,384	-
Federal Highway Administration:				
Highway Planning and Construction	20.205	Various	351,555	-
UPWP Public Law (PL)	20.505	MO-81-0010	140,820	-
Federal Transit Authority:				
Federal Transit Administration Grant (Operations)	20.507	MO-90-X720.02	1,175,036	-
Federal Transit Administration Grant (Operations)	20.507	MO-95-0007-00	12,880	-
ARRA - Federal Transit Grant	20.507	MO-96-X003-00	109,215	-
Federal Transit Grant (JARC)	20.516	MO-37-X034	399,152	-
Department of Public Safety:				
Passed Through Missouri Division of Highway Safety:				
Missouri Highway Safety Project	20.601	Various	32,377	-
Passed Through National Highway Traffic Safety Administration:				
Child Passenger Safety Incentive Program	20.613	SAF008	741	-
Total U.S. Department of Transportation			<u>4,357,160</u>	<u>-</u>
U.S. Department of Energy:				
Passed Through National Energy Technology Laboratory ARRA-Energy Efficiency & Conservation Block Grant	81.128	DE-SC0002503	116,241	-
Total Department of Energy			<u>116,241</u>	<u>-</u>
U.S. Department of Health and Human Services:				
Passed Through National Assoc of County & City Health Officials				
Medical Reserve Corps	93.008	MRC-12-2394	283	-
Passed Through Substance Abuse/ Mental Health Services:				
2009 St. Joseph Youth Alliance Grant	93.243	SJP2009COMP	19,871	-
Passed Through Missouri Department of Health and Senior Services:				
Regional Health Emergency Planning & Preparedness	93.069	AOC010380117	25,556	-
Public Health Emergency Preparedness'	93.069	AOC10380253	63,926	-
Tuberculosis Control Program	93.116	DH120008002	10,000	-
Childhood Lead Poisoning Prevention	93.197	DH100001004	2,508	-
Healthy Homes Lead Poisoning Prevention	93.197	DH120011004	8,610	-
Mosquito Surveillance	93.283	DH120001006	2,579	-
Comprehensive Tobacco Control Program	93.283	C310191002	47,662	-
Child Care Health Consultation	93.575	Various	5,719	-
ARRA - Childcare Asthma Quality Improvement	93.713	DH110001003	3,810	-
HIV Case Management	93.917	AOC09380040	92,000	-
HIV Case Management	93.917	AOC12380228	24,539	-
HIV Prevention	93.940	AOC11380092	69,595	-
Maternal & Child Health Services	93.994	AOC08380319	9,414	-
Maternal & Child Health Services	93.994	AOC12380087	28,150	-
Total U.S. Department of Health and Human Services			<u>414,222</u>	<u>-</u>
U.S. Department of Homeland Security:				
Passed Through State Emergency Management Agency :				
Disaster Grants - Public Assistance	97.036	Various	1,267,044	-
Emergency Management Grant	97.042	EMW-2011-EP-00004-S01	23,890	-
Emergency Management Grant	97.042	EMW-2012-EP-00018-S01	24,481	-
Passed Through Missouri Office of Homeland Security :				
Citizen Corp Program (CCP)	97.053	EMW-2011-SS-00003	2,999	-
Homeland Security Response Team Grant	97.067	Various	48,008	-
Missouri Homeland Security	97.073	2009-SS-T9-0062	8,058	-
Total U.S. Department of Homeland Security			<u>1,374,480</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 14,130,518</u>	<u>\$ 2,102,207</u>

See the Notes to the Schedule of Expenditures of Federal Awards

City of St. Joseph, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Note 1. Organization

The City of St. Joseph, Missouri (the City), is the recipient of several federal awards. All federal expenditures from awards received directly from federal agencies as well as those awards that are passed through other government agencies are included on the Schedule of Expenditures of Federal Awards.

Note 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 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 financial statements.

Note 3. Local Government Contributions

Local cost sharing, as defined by the Office of Management and Budget 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. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that 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 June 30, 2012.

Note 5. Federal Loans Outstanding

The City administers two revolving loan programs with federal funds. These programs, along with their respective outstanding balances at June 30, 2012, are as follows:

CFDA Number	Program	Loans Outstanding at June 30, 2012
14.218	Community Development Block Grant	\$ 1,363,367
14.239	HOME Investment Partnerships Program	1,940,843
	Total	\$ 3,304,210

**City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012**

Section 1 - Summary of Auditor's Results

Financial Statements:

Type Audit Report Issued on the Basic Financial Statements of Auditee
Unqualified

Internal Control over Financial Reporting
No significant deficiencies reported. Material weakness identified.

See finding 2012-01

General Compliance
The audit did not disclose any instances of noncompliance which would be material to the basic financial statements.

Federal Awards:

Internal Control over Major Programs
Significant deficiencies reported. No material weaknesses identified.

Type Audit Report Issued on Compliance for Major Programs
Unqualified

Audit Findings

2012-02	ARRA - Homeless Prevention and Rapid Re-Housing Program (HPRP), CFDA #14.257, Reporting
2012-03	Community Development Block Grant (CDBG), CFDA #14.218/14.253, Subrecipient Monitoring

Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
12.401	National Guard Military Operations and Maintenance Projects
14.218/14.253	Community Development Block Grant Cluster/ ARRA
14.239	Home Investment Partnerships Program
14.257	Homelessness Prevention and Rapid Re-Housing Program ARRA
20.106	Airport Improvement Program
97.036	Disaster Grants – Public Assistance

Dollar Threshold Used to Distinguish Between Type A and Type B Program
\$423,916

Auditee Qualified as a Low-risk Auditee
No

City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2012

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

2012-01 Financial Reporting

Condition

Our audit procedures identified adjustments that were required to properly report certain transactions of the City in accordance with generally accepted accounting principles. These adjustments were not initially identified by the City's internal controls over financial reporting.

Criteria

Internal controls should be in place to ensure year-end balances and external financial reporting conforms to generally accepted accounting principles.

Cause

Year-end procedures were not sufficient to identify the adjustments noted above in a timely manner.

Effect

Potential exists for material misstatements to the financial statements.

Recommendation

We recommend that management review year-end closing procedures to ensure that transactions are properly reported in accordance with generally accepted accounting principles. In addition, due to the complexities of financial reporting, we recommend that management continue exploring various alternatives for improving the controls over financial reporting including the use of governmental accounting standards, reference guides and continuing education and training courses.

Management's Response/Corrective Action Plan

The Accounting Staff will review and update where necessary year-end closing procedures to ensure that transactions are recorded properly and in a timely basis. Additionally, Administrative Services staff will emphasize continued participation in update seminars provided by agencies including Government Finance Officers Association and will continue to subscribe to publications related to financial reporting.

City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2012

Section 2 – Financial Statement Findings

Summary Schedule of Prior Audit Findings

2011-01 Financial Reporting – Capital Assets

Condition

Our audit procedures identified certain material adjustments that were required to properly report the City's business-type capital assets.

These adjustments include the following:

- An adjustment was made to capitalize certain project design costs as a capital asset.
- An adjustment was made to reduce capitalized interest.

Recommendation

We recommended that finance personnel and public works personnel review and coordinate the nature of and any changes to projects to assist in identifying the proper accounting and reporting treatment. In addition, due to the complexities of accounting for capital assets, we recommended that management explore various alternatives to improving the controls over capital assets financial reporting including the use of governmental accounting standards and reference guides.

Current Status

No similar adjustments related to capital assets were noted. However, adjustments were identified in the current year as reported under 2012-01 Financial Reporting.

Section 3 – Federal Award Findings and Questioned Costs

Federal Award Findings Required to be Reported in Accordance with OMB Circular A-133

2012-02 ARRA - Homeless Prevention and Rapid Re-Housing Program (HPRP), CFDA #14.257, Reporting

Condition

During our testing we noted that the City had incurred grant expenditures during the 2nd quarter of 2012 which were not included with the cumulative expenditures reported in the June 30, 2012 Section 1512 ARRA Report for the HPRP program. The errors in reporting did not result in questioned costs.

Criteria

Section 1512 ARRA Reporting requires key data element amounts to be reported cumulatively for each quarterly report.

Cause

The City does not have adequate procedures to review and monitor reporting requirements as required.

Effect

The City was noncompliant with the requirements of reporting as it relates to ARRA funding.

**City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2012**

Section 3 – Federal Award Findings and Questioned Costs

Questioned Costs

\$-0-

Recommendation

We recommend that procedures be implemented to review and monitor the City's reporting requirements for all grants. The City may be able to benefit from creation of a central grant coordinator position who, among other things, could review reporting requirements and reports filed to ensure they are timely and accurate.

Management's Response/Corrective Action Plan

The City acknowledges the error in the quarterly reporting on the federal Section 1512 ARRA website. This has been corrected with the total amount of funding drawn down as a cumulative total showing all HPRP funds have been depleted as of June 30, 2012. Additionally, City staff will review any future reports to ensure accuracy before they are submitted to the website.

Auditee Contact:

Clint Thompson
Planning & Community Development Director
(816) 271-4827

Anticipated Completion Date: September 30, 2012

2012-03 Community Development Block Grant (CDBG), CFDA #14.218, Subrecipient Monitoring

Condition

During our testing, we noted two instances where the City did not follow up with subrecipients in order to ensure corrective action was taken on reported audit findings.

Criteria

The City is required to monitor subrecipients and ensure the required audits are completed. Management should also issue decisions and ensure corrective action is taken for each audit finding noted.

Cause

The City does not have adequate procedures to review, monitor, and follow up on audit reports received from subrecipients.

Effect

The subrecipient audit findings could impact the City's grant compliance.

Questioned Costs

\$-0-

Recommendation

We recommend that the City develop formal procedures to ensure that subrecipient audit reports are received and reviewed in a timely manner and follow up on corrective actions taken for each audit finding.

City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2012

Section 3 – Federal Award Findings and Questioned Costs

Management's Response

Community Development staff conducts annual onsite monitoring visits to subrecipients using HUD monitoring checklists. As part of the monitoring process, those subrecipients who are required to have an annual financial audit and single audit completed are also required, according to their contracts, to submit a copy of the audits to the City. A review of the audit and single audit reports including findings and corrective action by City staff will be added to those checklists.

Auditee Contact: Clint Thompson
Planning & Community Development Director
(816) 271-4827

Anticipated Completion Date: June 30, 2013

Summary Schedule of Prior Audit Findings

2011-02 ARRA - Homeless Prevention and Rapid Re-Housing Program (HPRP), CFDA #14.257, Reporting

Condition

During our testing we noted that the City had incorrectly reported key data elements on the Section 1512 ARRA Reports for the HPRP program. The errors in reporting did not result in questioned costs.

Recommendation

We recommended that procedures be implemented to review and monitor the City's reporting requirements for all grants. The City may be able to benefit from creation of a central grant coordinator position who, among other things, could review reporting requirements and reports filed to ensure they are timely and accurate.

Current Status

Similar Section 1512 ARRA reporting issues identified and reported as finding 2012-02 in the current year.

COMPLIANCE REPORTS



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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**

To the Honorable Mayor and City Council
City of St. Joseph, Missouri

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 of St. Joseph, Missouri (the City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 14, 2012. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-01 to be a material weakness.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's 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*.

We noted certain other matters that we reported to management of the City, in a separate letter dated December 14, 2012.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, others within the entity, 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.

December 14, 2012

Carlson Head V. de Ho, PC.



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Certified Public Accountants

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Independent Auditor's Report on Compliance with Requirements that Could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Honorable Mayor and City Council
City of St. Joseph, Missouri

Compliance

We have audited the City of St. Joseph, Missouri's (the City) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

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In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-02 and 2012-03.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-02 and 2012-03. 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.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the City Council, others within the entity, 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.

December 14, 2012

Cochran Head V. Charles, P.C.