

**CITY OF ST. JOSEPH, MISSOURI**

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

**FOR THE YEAR ENDED JUNE 30, 2011**

**City of St. Joseph, Missouri  
Single Audit Report  
(OMB Circular A-133)  
For the Year Ended June 30, 2011**

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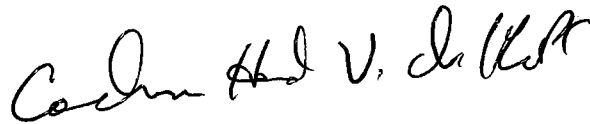
**CHV****COCHRAN HEAD VICK & CO., P.C.****& Co***Certified Public Accountants***Independent Auditor's Report on Schedule  
of Expenditures of Federal Awards**

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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, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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 basic 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

December 23, 2011

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ADDITIONAL INFORMATION

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**City of St. Joseph, Missouri**  
**Schedule of Expenditures of Federal Awards**  
**For The Year Ending June 30, 2011**

Grantor Agency	Federal CFDA Number	Grant Program Number	Current Year Expenditures	Amount Passed Through to Subrecipients
<b>U.S. Department of Agriculture:</b>				
Passed Through Missouri Department of Health and Senior Services:				
2010 Special Supplemental Nutrition Program for Women, Infants and Children	10.557	ERS04510225	\$ 125,982	\$ -
2011 Special Supplemental Nutrition Program for Women, Infants and Children	10.557	ERS04511225	243,278	-
<b>Total U.S. Department of Agriculture</b>			<b>369,260</b>	<b>-</b>
<b>U.S. Department of Defense</b>				
Passed Through Missouri Air National Guard:				
Military Construction Cooperative Agreement	12.401	W912NS-09-2-2101	1,836,809	-
Military Construction Cooperative Agreement	12.401	W912NS-09-2-2102	358,283	-
<b>Total U.S. Department Defense</b>			<b>2,195,092</b>	<b>-</b>
<b>U.S. Department of Housing and Urban Development:</b>				
CDBG Entitlement Grants Cluster:				
2009 CDBG Entitlement Grant	14.218	B-09-MC-29-0004	1,380,361	750,768
2010 CDBG Entitlement Grant	14.218	B-10-MC-29-0004	127,508	-
ARRA - Community Development Block Grant - Recovery	14.253	B-09-MY-29-0004	52,539	52,539
Home Investment Partnerships Program:				
2005 Home Investment Partnerships Program	14.239	M-05-MC-29-0208	60,892	60,892
2006 Home Investment Partnerships Program	14.239	M-06-MC-29-0208	209,546	209,546
2007 Home Investment Partnerships Program	14.239	M-07-MC-29-0208	252,954	252,954
2008 Home Investment Partnerships Program	14.239	M-08-MC-29-0208	162,907	162,907
2009 Home Investment Partnerships Program	14.239	M-09-MC-29-0208	12,958	-
2010 Home Investment Partnerships Program	14.239	M-10-MC-29-0208	249,575	97,108
Passed Through Missouri Department of Social Services:				
State Emergency Shelter: 2009 State Emergency Shelter	14.231	ERO-1640859	75,000	75,000
Supportive Housing Assistance - HMIS	14.235	MO0039B7P030802	18,615	-
Supportive Housing Assistance - HMIS	14.235	MO0039B7P030803	21,223	-
HERA - Neighborhood Stabilization Program	14.228	2008-DN-16	1,830,124	1,577,918
ARRA - Homeless Prevention and Rapid Re-Housing	14.257	S-09-MY-29-0004	231,642	231,642
<b>Total U.S. Department of Housing and Urban Development</b>			<b>4,685,844</b>	<b>3,471,274</b>
<b>U.S. Department of Interior:</b>				
Passed Through Missouri Department of Natural Resources:				
Patee House Museum - Roof Replacement/Rehabilitation	15.904	29-09-21831-011	66,843	-
<b>Total Department of Interior</b>			<b>66,843</b>	<b>-</b>
<b>U.S. Department of Justice:</b>				
Bullet Proof Vest Partnership Grant				
	16.607	NA	2,268	-
COPS Technology Grant				
	16.710	2009-CK-WX-0308	202,328	-
Passed Through Missouri Department of Public Safety:				
Enforcing Underage Drinking Laws	16.727	Various	10,030	-
Bryne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0488	2,177	-
Bryne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-0059	30,911	-
<b>Total U.S. Department of Justice</b>			<b>247,714</b>	<b>-</b>

See the Notes to the Schedule of Expenditures of Federal Awards

**City of St. Joseph, Missouri**  
**Schedule of Expenditures of Federal Awards**  
**For The Year Ending June 30, 2011**

Grantor Agency	Federal CFDA Number	Grant Program Number	Current Year Expenditures	Amount Passed Through to Subrecipients
<b>U.S. Department of Transportation:</b>				
Federal Aviation Administration:				
Passed through Missouri Department of Transportation:				
Airport Improvement Program	20.106	AIRE 056-12A	1,100,058	-
Federal Highway Administration:				
Highway Planning and Construction	20.205	Various	841,293	-
ARRA - Transportation Enhancement Grant	20.205	ARRAES01-003	186,903	-
UPWP Public Law (PL)	20.505	MO-81-0010	70,968	-
Federal Transit Authority:				
Federal Transit Administration Grant (Operations)	20.507	MO-90-X720.02	1,195,282	-
Federal Transit Administration Grant (Operations)	20.507	MO-95-0007-00	110,585	-
ARRA - Federal Transit Grant	20.507	MO-96-X003-00	553,980	-
Federal Transit Grant (JARC)	20.516	MO-37-X034	191,933	-
Department of Public Safety:				
Passed Through Missouri Division of Highway Safety:				
Missouri Highway Safety Project	20.600	Various	1,789	-
Missouri Highway Safety Project	20.601	Various	35,939	-
<b>Total U.S. Department of Transportation</b>			<b>4,288,730</b>	<b>-</b>
<b>U.S. Department of Health and Human Services:</b>				
Passed Through Substance Abuse/ Mental Health Services:				
2009 St. Joseph Youth Alliance Grant	93.243	SJPD2009COMP	13,312	-
Passed Through Missouri Department of Health and Senior Services:				
Regional Health Emergency Planning & Preparedness	93.069	AOC010380117	68,992	-
Public Health Emergency Preparedness	93.069	AOC10380253	51,912	-
Childhood Lead Poisoning Prevention	93.197	DH100001004	4,872	-
Mosquito Surveillance	93.283	DH110002001	3,253	-
Comprehensive Tobacco Control Program	93.283	C310191002	52,313	-
Child Care Health Consultation	93.575	Various	8,092	-
ARRA - Supplemental Funding Immunizations	93.712	DH100013094	3,452	-
ARRA - Childcare Asthma Quality Improvement	93.713	DH110001003	5,830	-
HIV Case Management	93.917	AOC09380040	93,728	-
HIV Prevention	93.940	Various	65,129	-
Maternal & Child Health Services	93.994	AOC08380319	37,732	-
<b>Total U.S. Department of Health and Human Services</b>			<b>408,617</b>	<b>-</b>
<b>U.S. Department of Homeland Security:</b>				
Federal Emergency Management Agency				
Federal Emergency Management Agency	97.036	FEMA 1934 DR MO	128,112	-
Federal Emergency Management Agency	97.036	FEMA 1961 DR MO	53,593	-
Passed Through State Emergency Management Agency :				
Emergency Management Grant	97.042	2009-EP-E9-0001	2,086	-
Emergency Management Grant	97.042	2010-EP-E0-0030	11,608	-
Assistance to Fire Fighters Grant	97.044	EMW-2009-FO-05983	101,752	-
Homeland Security Response Team Grant	97.067	Various	20,338	-
<b>Total U.S. Department of Homeland Security</b>			<b>317,489</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 12,579,589</b>	<b>\$ 3,471,274</b>

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, 2011**

**Note 1. Organization**

The City of St. Joseph, Missouri, 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 of St. Joseph, Missouri 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 of St. Joseph, Missouri. 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, 2011.

**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, 2011, are as follows:

<b>CFDA Number</b>	<b>Program</b>	<b>Loans Outstanding at June 30, 2011</b>
14.218	Community Development Block Grant	\$ 1,487,751
14.239	HOME Investment Partnerships Program	2,140,260
<b>Total</b>		<b>\$ 3,628,011</b>

**City of St. Joseph, Missouri  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011**

**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

Significant deficiencies identified, considered to be a material weakness.

See finding 2011-01

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 deficiency identified, not considered to be a material weakness.

Type Audit Report Issued on Compliance for Major Programs

Unqualified

Audit Findings

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

**Major Programs**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.257	ARRA – Homeless Prevention and Rapid Re-Housing
20.106	Airport Improvement Program
20.205	Transportation Enhancement
20.507	Federal Transit Operating Assistance
14.228	HERA – Neighborhood Stabilization Program
12.401	Military Construction Cooperative Agreement

Dollar Threshold Used to Distinguish Between Type A and Type B Program

\$377,388

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, 2011**

**Section 2 – Financial Statement Findings**

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

**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.

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 listed above in a timely manner.

Effect

Potential exists for material misstatements to the financial statements.

Recommendation

We recommend 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 recommend that management explore various alternatives to improving the controls over capital assets financial reporting including the use of governmental accounting standards and reference guides.

Management's Response

Finance and public works personnel are developing a project setup form to be created at the beginning of a project as opposed to when the construction bid is advertised. The form will detail the project's estimated costs, funding sources and whether this is a general study or capital asset. Additionally, Financial Services staff will emphasize continued participation in update seminars provided by agencies including the Government Finance Officers Association and will continue to subscribe to publications related to capital asset financial reporting.

**City of St. Joseph, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended June 30, 2011**

**Section 2 – Financial Statement Findings**

Summary Schedule of Prior Audit Findings

**2010-01 Financial Reporting – Audit Adjustments**

Condition

Our audit procedures identified several adjustments that were required to properly report various transactions of the City.

Recommendation

We recommend that management explore various alternatives to improving the controls over year-end financial reporting including the use of governmental accounting standards and reference guides and financial statement completion and disclosure check lists provided by the Government Finance Officers Association, the American Institute of Certified Public Accountants, (AICPA), the Governmental Accounting Standards Board (GASB) and other various financial publishing companies.

Current Status

We identified certain adjustments related to capital assets. Comment repeated as 2011-01.

**Section 3 – Federal Award Findings and Questioned Costs**

Federal Award Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

**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.

Criteria

Section 1512 ARRA Reporting requires key data element amounts to be reported cumulative for each quarterly report. A review of reports as filed by the City noted amounts reported incorrectly excluded the case management costs from subrecipients for certain key data elements.

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 the ARRA funding.

Questioned Costs

\$-0-

**City of St. Joseph, Missouri**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended June 30, 2011**

Recommendation

Procedures should 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

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 that includes the case management costs for the sub-recipients. The federal reporting website would not allow any changes to be made to the completed report as of June 30, 2011. However, the changes have been implemented with the quarterly report ending September 30, 2011. Additionally, City staff will review the report to insure accuracy before it is submitted to the website.

Summary Schedule of Prior Audit Findings

**2010-02 ARRA - Homeless Prevention and Rapid Re-Housing Program (HPRP), CFDA #14.257,  
ARRA – COPS Office Byrne Grant, CFDA #16.804  
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 and COPS Byrne Office Grant programs. The errors in reporting did not result in questioned costs. In addition, for the HPRP program, forms SF272/425 and CO4PR19 were not filed as required for the program.

Recommendation

Procedures should 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 2011-2 in the current year.

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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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 23, 2011. 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

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 first paragraph of this section 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 certain deficiencies 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 deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness 2011-01.

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Compliance and Other Matters

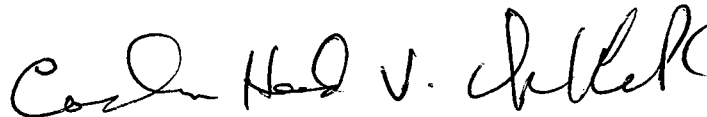
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 23, 2011.

The City's response to the findings 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, 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 23, 2011

A handwritten signature in black ink, appearing to read "Carol H. V. Chalk". The signature is written in a cursive style with a large initial "C" and a distinct "V".



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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, 2011. 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, 2011. 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 item 2011-02.

## 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 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 a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as items 2011-02. 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 response to the findings 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, 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 23, 2011

