

CITY OF ST. JOSEPH, MISSOURI

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

FOR THE YEAR ENDED JUNE 30, 2010

**City of St. Joseph, Missouri
Single Audit Report
(OMB Circular A-133)
For the Year Ended June 30, 2010**

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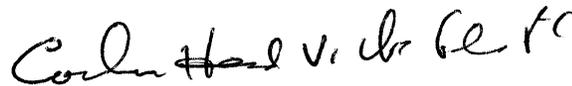
CHV**COCHRAN HEAD VICK & CO., P.C.****& Co***Certified Public Accountants***Independent Auditor's Report on Schedule
of Expenditures of Federal Awards**

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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 City of St. Joseph, Missouri (the City) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 26, 2010, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

December 26, 2010

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ADDITIONAL INFORMATION

City of St. Joseph, Missouri
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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:				
2009 Special Supplemental Nutrition Program for Women, Infants and Children	10.557	ERS045-9225	\$ 90,695	\$ -
2010 Special Supplemental Nutrition Program for Women, Infants and Children	10.557	ERS045-10225	242,879	-
Total U.S. Department of Agriculture			333,574	-
U.S. Department of Defense				
Passed Through Missouri Air National Guard:				
Military Construction Cooperative Agreement	12.401	W912NS-09-2-2101	353,071	-
Military Construction Cooperative Agreement	12.401	W912NS-09-2-2102	530,892	-
Total U.S. Department Defense			883,963	-
U.S. Department of Housing and Urban Development:				
CDBG Entitlement Grants Cluster:				
2008 CDBG Entitlement Grant	14.218	B-08-MC-29-0004	1,717,494	924,609
2009 CDBG Entitlement Grant	14.218	B-09-MC-29-0004	689,383	645,777
ARRA - Community Development Block Grant - Recovery	14.253	B-09-MY-29-0004	272,890	272,890
Home Investment Partnerships Program:				
2005 Home Investment Partnerships Program	14.239	M-05-MC-29-0208	37,566	37,566
2007 Home Investment Partnerships Program	14.239	M-07-MC-29-0208	37,789	37,789
2008 Home Investment Partnerships Program	14.239	M-08-MC-29-0208	8,020	-
2009 Home Investment Partnerships Program	14.239	M-09-MC-29-0208	143,536	97,108
2008 Home Repair Opportunity Program (Hero)	14.239	M-07-8G-29-0100	20,000	-
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	MO0039B7P030801	16,398	-
Supportive Housing Assistance - HMIS	14.235	MO0039B7P030802	22,830	-
HERA - Neighborhood Stabilization Program	14.228	2008-DN-16	410,454	-
ARRA - Homeless Prevention and Rapid Re-Housing	14.257	S-09-MY-29-0004	289,368	289,368
Total U.S. Department of Housing and Urban Development			3,740,728	2,380,107
U.S. Department of Interior:				
Passed Through Missouri Department of Conservation:				
Boating Infrastructure Grant Program	15.622	08-279BR1	171,029	-
Passed Through Missouri Department of Natural Resources:				
Patee House Museum - Roof Replacement/Rehabilitation	15.904	29-09-21831-011	59,157	-
Total Department of Interior			230,186	-
U.S. Department of Justice:				
Bullet Proof Vest Partnership Grant				
COPS Technology Grant	16.607	NA	2,550	-
ARRA - COPS Office Byrne Grant	16.710	2009-CK-WX-0308	772,307	-
ARRA - COPS Office Byrne Grant	16.804	2009-SB-B9-2104	106,438	17,038
Passed Through Missouri Department of Public Safety:				
Enforcing Underage Drinking Laws	16.727	Various	9,729	-
Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0488	24,476	-
Total U.S. Department of Justice			915,500	17,038

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 Ended June 30, 2010

Grantor Agency	Federal CFDA Number	Grant Program Number	Current Year Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Transportation:				
Federal Aviation Administration:				
Passed through Missouri Department of Transportation:				
Airport Improvement Program	20.106	AIRE 056-12A	5,917	-
Federal Highway Administration:				
Highway Planning and Construction	20.205	Various	907,738	-
Federal Transit Authority:				
Federal Transit Administration Grant (Operations)	20.507	MO-90-X236	1,185,801	-
Federal Transit Administration Grant (Operations)	20.507	MO-95-0007-00	172,026	-
ARRA - Federal Transit Grant	20.507	MO-96-X003-00	432,079	-
Federal Transit Grant (JARC)	20.516	MO-37-X034	164,998	-
Department of Public Safety:				
Passed Through Missouri Division of Highway Safety:				
Missouri Highway Safety Project	20.601	Various	27,737	-
Total U.S. Department of Transportation			2,896,296	-
U.S. Department of Health and Human Services:				
Passed Through Substance Abuse/				
Mental Health Services:				
2008 St. Joseph Youth Alliance Grant	93.243	SJPD2008COMP	9,045	-
2009 St. Joseph Youth Alliance Grant	93.243	SJPD2009COMP	8,377	-
Passed Through Missouri Department of Health				
and Senior Services:				
Regional Health Emergency Planning & Preparedness	93.069	AOC08380322	10,796	-
Regional Health Emergency Planning & Preparedness	93.069	AOC010380117	30,349	-
Public Health Emergency Preparedness'	93.069	AOC10380253	129,161	-
Childhood Lead Poisoning Prevention	93.197	DH100001004	5,751	-
Mosquito Surveillance	93.283	Various	3,451	-
Child Care Health Consultation	93.575	Various	8,319	-
ARRA - Supplemental Funding Immunizations	93.712	DH100013094	1,265	-
HIV Case Management	93.917	AOC09380040	88,414	-
HIV Prevention	93.940	AOC03830396	75,111	-
Maternal & Child Health Services	93.994	AOC08380319	38,508	-
Total U.S. Department of Health and Human Services			408,547	-
U.S. Department of Homeland Security:				
Passed Through State Emergency Management Agency :				
Emergency Management Grant	97.042	2008-EM-E8-0004	2,086	-
Emergency Management Grant	97.042	2009-EP-E9-0001	6,258	-
Assistance to Fire Fighters Grant	97.044	EMW-2007-FO-02132	85,577	-
Homeland Security Response Team Grant	97.067	Various	62,763	-
Total U.S. Department of Homeland Security			156,684	-
Total Expenditures of Federal Awards			\$ 9,565,478	\$ 2,397,145

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, 2010

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, 2010.

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, 2010, are as follows:

CFDA Number	Program	Loans Outstanding at June 30, 2010
14.218	Community Development Block Grant	\$ 1,624,637
14.239	HOME Investment Partnerships Program	2,159,437
Total		\$ 3,784,074

City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

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, not considered to be a material weaknesses.

See finding 2010-01

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

2010-02 ARRA - Homeless Prevention and Rapid Re-Housing Program (HPRP), CFDA #14.257, ARRA – COPS Office Byrne Grant, CFDA #16.804, Reporting

Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
12.401	Air National Guard
14.218, 14.253	CDBG Entitlement Grants Cluster
14.228	HERA – Neighborhood Stabilization Program
14.257	ARRA – Homeless Prevention and Rapid Re-Housing
16.710	COPS Technology Grant
16.804	ARRA – COPS Office Byrne Grant
20.507	Federal Transit Operating Assistance

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

\$300,000

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, 2010

Section 2 – Financial Statement Findings

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

2010-01 Financial Reporting – Audit Adjustments

Condition

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

- An adjustment was made to correct the methodology of recording amounts due from the City's sewer billings service provider. As a result, an adjustment to beginning net assets was required.
- An adjustment was made to record certain properties held for redevelopment in the Community Development Fund related to the Neighborhood Stabilization Program.
- An adjustment was required to correct the calculation of other postemployment benefit obligations.
- An adjustment was required to correctly record activity related to a capital lease issuance in the Golf Fund.

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 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.

Management's Response

We agree that the complicated GASB pronouncements can lead to confusion on how exactly how new items should be accounted for. Therefore, Financial 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, 2010

Section 2 – Financial Statement Findings

Summary Schedule of Prior Audit Findings

2009-01 Financial Reporting – Capital Assets

Condition

While performing our audit testing of capital assets in the prior year, we noted that material adjustments were required to properly report the City's governmental and business-type capital assets. These adjustments include the following:

- We noted instances in which capital projects were completed, but were not closed and removed from the construction-in-progress account.
- Construction period interest should have been capitalized and included as a cost of the related asset for business-type activities.
- The costs of studies and plans not directly associated with a specific capital project should not be capitalized.

Recommendation

We recommended that management explore various alternatives to improve the controls over capital assets financial reporting including the use of governmental accounting standards and reference guides and financial statement completion and disclosure check lists.

Current Status

Recommendation implemented.

Section 3 – Federal Award Findings and Questioned Costs

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

**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.

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 were incorrectly calculated to include only the current quarter's information for certain key data elements.

Regulations for the HPRP program require the completion of form SF272/425 on a quarterly basis and submission of CO4PR19 through the IDIS system.

City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2010

Section 3 – Federal Award Findings and Questioned Costs

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, as well as other reporting requirements for the HPRP program.

Questioned Costs

\$-0-

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 errors in the quarterly reporting on the federal Section 1512 ARRA websites, and this has been corrected, with the cumulative figures for the funds being reported in place of only the quarterly expenditures. The SF425 requirements were not listed in the original program guidelines and were not published until the June 2010 Compliance Supplement, and therefore were not filed by the City. The Department of Housing & Urban Development was contacted, and the City was given permission to file only the June 30, 2010 SF425 and continue from that point on with regular reports. That report has since been filed as well as the following quarter ending September 30, 2010.

Summary Schedule of Prior Audit Findings

2009-02 **Community Development Block Grant, CFDA #14.218, Earmarking**

Condition

During our testing in the prior year we noted that the City had exceeded an earmarking threshold for the Community Development Block Grant (CBDG) federal program.

Recommendation

Procedures should be implemented to review and monitor the City's compliance with earmarking requirements.

Current Status

Recommendation implemented 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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 26, 2010. 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.

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.

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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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as finding 2010-01 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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*.

We noted certain other matters that we reported to management of the City, in a separate letter dated December 26, 2010.

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 26, 2010

A handwritten signature in black ink, appearing to read "Colin H. V. Jacobson, PE". The signature is written in a cursive style with a large initial "C".



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**Report on Compliance with Requirements
Applicable to Each Major Program and 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 the City's federal programs for the year ended June 30, 2010. 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 referred to above 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 identified in the accompanying schedule of findings and questioned costs 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those compliance 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 2010-02.

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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 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, 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 in internal control over compliance. 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 2010-02. 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 26, 2010

A handwritten signature in black ink, appearing to read "Gordon Head" followed by some initials or a flourish.