

CITY OF ST. JOSEPH, MISSOURI

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

FOR THE YEAR ENDED JUNE 30, 2013

**City of St. Joseph, Missouri
Single Audit Report
(OMB Circular A-133)
For the Year Ended June 30, 2013**

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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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 6, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic 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 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 basic 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 basic financial statements or to the basic 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 basic financial statements as a whole.

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Kansas City, Missouri
December 6, 2013



ADDITIONAL INFORMATION

City of St. Joseph, Missouri
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2013

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:				
2011 Special Supplemental Nutrition Program for Women, Infants and Children	10.557	ERS04511225	\$ 102,746	\$ -
2012 Special Supplemental Nutrition Program for Women, Infants and Children	10.557	ERS04513225	268,371	-
Summer Food Service Program for Children	10.559	ERS21912103	360	-
Total U.S. Department of Agriculture			<u>371,477</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
CDBG Entitlement Grants Cluster:				
2010 CDBG Entitlement Grant	14.218	B-10-MC-29-0004	797,000	124,338
2011 CDBG Entitlement Grant	14.218	B-11-MC-29-0004	1,519,537	171,418
Home Investment Partnerships Program:				
2009 Home Investment Partnerships Program	14.239	M-09-MC-29-0208	487,028	487,028
2012 Home Investment Partnerships Program	14.239	M-12-MC-29-0208	17,018	-
Direct Programs				
Supportive Housing Assistance - HMIS	14.235	MO0039B7P031104	21,050	-
Supportive Housing Assistance - HMIS	14.235		715	-
HERA - Neighborhood Stabilization Program	14.228	2008-DN-16	154,364	88,613
Total U.S. Department of Housing and Urban Development			<u>2,996,712</u>	<u>871,397</u>
U.S. Department of Justice:				
Passed Through Missouri Department of Public Safety:				
Enforcing Underage Drinking Laws	16.727	2009 10 EUDL 15	5,558	-
Enforcing Underage Drinking Laws	16.727	2010 11 EUDL 17	8,715	-
Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-0181	30,538	3,000
Total U.S. Department of Justice			<u>44,811</u>	<u>3,000</u>
U.S. Department of Transportation:				
Federal Aviation Administration:				
Passed through Missouri Department of Transportation:				
Airport Improvement Program	20.106	AIRE 136-012A	22,326	-
Federal Highway Administration:				
Passed Through Missouri Highways & Transportation Commission:				
Transportation Enhancement Funds (114)	20.205	STP-5301 (114)	2,213	-
Transportation Enhancement Funds (117)	20.205	STP-5300 (117)	1,549	-
Transportation Enhancement Funds (104)	20.205	STP-9900 (112)	325,904	-
FHWA - UPWP Public Law (PL)	20.505	MO-81-0010	196,763	-
Federal Transit Authority:				
Federal Transit Administration Grant (Operations)	20.507	MO-90-X287-00	1,179,203	-
Federal Transit Administration Grant	20.507	MO-95-0007-00	14,508	-
ARRA - Federal Transit Grant	20.507	MO-96-X003-00	239,928	-
Capital Grant for Buses	20.500	MO-04-0131-00	560,000	-
Federal Transit Grant (JARC)	20.516	MO-37-X034	332,682	-
National Highway Traffic Safety Administration				
Passed Through Missouri Division of Highway Safety:				
Missouri Highway Safety Project	20.600	Various	7,698	-
Missouri Highway Safety Project	20.601	Various	25,493	-
Missouri Highway Safety Project	20.607	Various	2,170	-
Total U.S. Department of Transportation			<u>2,910,437</u>	<u>-</u>
Environmental Protection Agency:				
Congressionally Mandated Public Projects				
Passed Through the Missouri Department of Natural Resources:	66.202	XP977326-01	485,000	-
Clean Water State Revolving Funds	66.458	C295699-02	4,264,650	-
Total Environmental Protection Agency			<u>4,749,650</u>	<u>-</u>

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, 2013

Grantor Agency	Federal CFDA Number	Grant Program Number	Current Year Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Energy:				
Passed Through National Energy Technology Laboratory ARRA - Energy Efficiency & Conservation Block Grant	81.128	DE-FOA-0000013	438,982	-
Total Department of Energy			<u>438,982</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	500	-
Passed Through Substance Abuse/ Mental Health Services:				
St Joseph Youth Alliance Grant	93.243	SJPD2013TOBACCO	6,000	-
St Joseph Youth Alliance Grant	93.243	SJPD2013COMP	17,976	-
Passed Through Missouri Department of Health and Senior Services:				
Regional Health Emergency Planning & Preparedness	93.069	AOC12380178	64,435	-
Healthy Homes Lead Poisoning Prevention	93.197	DH120011004	1,409	-
Comprehensive Tobacco Control Program	93.283	C310191002	49,264	-
Billing Plan for Local Public Health Agencies	93.539	DH130005022	5,116	-
Child Care Health Consultation	93.575	DH130002101	4,636	-
HIV Case Management	93.917	AOC12380228	93,846	-
HIV Prevention	93.940	AOC11380092	73,413	-
Maternal & Child Health Services	93.994	AOC12380087	37,694	-
Total U.S. Department of Health and Human Services			<u>354,289</u>	<u>-</u>
U.S. Department of Homeland Security:				
Federal Emergency Management Agency	97.036	FEMA 4012 DR MO	100,310	-
Passed Through State Emergency Management Agency :				
Emergency Management Grant	97.042	EMW-2012-EP-00018-S01	22,617	-
Emergency Management Grant	97.042	EMW-2013-EP-00028	22,851	-
Missouri Homeland Security	97.073	2009-SS-T9-0062	30,331	-
Total U.S. Department of Homeland Security			<u>176,109</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 12,042,467</u>	<u>\$ 874,397</u>

City of St. Joseph, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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 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, 2013.

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, 2013, are as follows:

CFDA Number	Program	Loans Outstanding at June 30, 2013
14.218	Community Development Block Grant	\$ 1,371,132
14.239	HOME Investment Partnerships Program	1,625,210
Total		\$ 2,996,342

The City also has outstanding loan commitments under the Clean Water Direct Loan Program from the Missouri Department of Natural Resources, as a pass through agency for the Environmental Protection Agency (CFDA #66.458). As of June 30, 2013, the outstanding loan payable balances were \$1,156,000 Series 1993A, \$1,950,000 Series 1997D, and \$2,673,828 Series 2013.

City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

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 deficiency was reported, material weakness was reported.

See findings 2013-01 and 2013-02

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
No material weaknesses reported, no significant deficiencies reported

Type Audit Report Issued on Compliance for Major Programs
Unqualified

Audit Findings
The audit disclosed no findings that are required to be reported under OMB Circular A-133.

Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
14.239	Home Investment Partnerships Program
20.500/20.507	Federal Transit Grant
20.516	Job Access and Reverse Commute Program
66.202	EPA Congressionally Mandated Projects
66.458	Clean Water State Revolving Funds
81.128	ARRA - Energy Efficiency and Conservation Block Grant

Dollar Threshold Used to Distinguish Between Type A and Type B Program
\$361,274

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, 2013

Section 2 – Financial Statement Findings

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

2013-01 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

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.

Contact:

Tom Mahoney
Associate Director of Accounting & Procurement
(816) 271-4759

Anticipated Completion Date: December 31, 2013

2013-02 Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Condition

While performing tests to verify the accuracy of information contained on the SEFA, we noted that changes were necessary to properly report certain amounts of expenditure of federal awards.

Criteria

In accordance with the provisions of OMB Circular A-133, the City is responsible for the preparation and accuracy of the SEFA. Proper controls over financial reporting include an adequate system for preparing the SEFA.

City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2013

Section 2 – Financial Statement Findings

Cause

The City does not have the proper controls implemented in determining when federal funds should be reporting on the SEFA and the adequacy of the expenditures being reported.

Effect

Inadequate controls over SEFA preparation result in the likelihood that the City would not accurately report the expenditure of federal awards.

Recommendation

We recommend that the City review procedures for preparing and reviewing information contained in the SEFA to ensure that it is accurate and complete. Procedures should include agreeing CFDA numbers, awarding agencies, and pass-through entities to award documents or other supporting documentation, as well as reconciling amounts in the schedule to those reported on the City's general ledger.

Management's Response/Corrective Action

The grant administrator will review all reporting requirements of their respective grants with the fund's accountant to ensure all compliance requirements are met.

Contact: Tom Mahoney
Associate Director of Accounting & Procurement
(816) 271-4759

Anticipated Completion Date: December 31, 2013

Summary Schedule of Prior Audit Findings

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.

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.

Current Status

Although no similar types of adjustments that were identified in the prior year were noted in the current year, other types of adjustments were identified as reported under 2013-01 Financial Reporting.

City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2013

Section 3 – Federal Award Findings and Questioned Costs

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

None

Summary Schedule of Prior Audit Findings

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 previous quarter on the Section 1512 ARRA Reports for the HPRP program. The errors in reporting did not result in questioned costs

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

Amounts were reported corrected on the final report. Currently, there are no more ARRA grants that will be required to be submitted by CDBG staff. All quarterly reporting continues to be properly submitted by the CDBG Accountant.

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

Condition

It was noted during our testing that the City did not review the audit reports from subrecipients in order to ensure corrective action was taken.

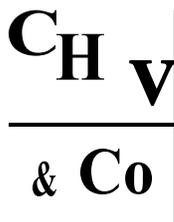
Recommendation

We recommend that the City develop formal procedures requiring employees to have regular contact with the pass through entity and to obtain reasonable assurance that the entity is in compliance with laws and regulations relating to the federal award contract. This would include ensuring subrecipient audit reports are received and reviewed in a timely manner in order to ensure corrective action is taken.

Current Status

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 was added to those checklists.

COMPLIANCE REPORTS



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Certified Public Accountants

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Independent Auditor's 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, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 as item 13-01 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 13-02 to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

The City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kansas City, Missouri
December 6, 2013





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**Independent Auditor's Report On Compliance For Each Major Program
And On Internal Control Over Compliance Required By OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

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 direct and material effect on each of the City's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each of the Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of 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, 2013.

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Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kansas City, Missouri
December 6, 2013

Cochran Head V. de Se, PC