

CITY OF ST. JOSEPH, MISSOURI

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

FOR THE YEAR ENDED JUNE 30, 2015

City of St. Joseph, Missouri
Single Audit Report
(OMB Circular A-133)
For the Year Ended June 30, 2015

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A copy of the City of St. Joseph, Missouri's Comprehensive Annual Financial Report for the year ended June 30, 2015 accompanies this report. The independent auditor's report and the financial statements are hereby incorporated by reference.	
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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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 23, 2015, 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 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 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.

St. Joseph, Missouri
December 23, 2015

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ADDITIONAL INFORMATION

City of St. Joseph, Missouri
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2015

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:				
2013 Special Supplemental Nutrition Program for Women, Infants and Children	10.557	ERS04514225	\$ 364,793	\$ -
Child Care Health Consultation	10.560	DH140004089	3,717	-
Total U.S. Department of Agriculture			<u>368,510</u>	<u>-</u>
U.S. Department of Defense:				
Passed through Missouri Air National Guard				
National Guard Military Operatins & Maintenance Projects	12.401	W912NS-09-2-2102	291,120	-
Total U.S. Department of Defense			<u>291,120</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
CDBG Entitlement Grants Cluster:				
2012 CDBG Entitlement Grant	14.218	B-12-MC-290004	194,039	-
2013 CDBG Entitlement Grant	14.218	B-13-MC-290004	1,420,662	316,358
Home Investment Partnerships Program:				
2009 Home Investment Partnerships Program	14.239	M-09-MC-29-0208	221,240	200,917
2013 Home Investment Partnerships Program	14.239	M-13-MC-29-0208	610,100	610,100
Direct Programs				
Supportive Housing Assistance - HMIS	14.235	MO0039L7P031205	30,100	-
Total U.S. Department of Housing and Urban Development			<u>2,476,141</u>	<u>1,127,375</u>
U.S. Department of Justice:				
Passed Through Missouri Department of Public Safety:				
Enforcing Underage Drinking Laws	16.727	2014 EUDL 16	32,678	-
Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0546	26,466	2,676
Total U.S. Department of Justice			<u>59,144</u>	<u>2,676</u>
U.S. Department of Transportation:				
Federal Aviation Administration:				
Passed through Missouri Department of Transportation:				
Airport Improvement Program	20.106	AIRE 136-012A	287,746	-
Federal Highway Administration:				
Passed Through Missouri Highways & Transportation Commission:				
Transportation Enhancement Funds (115)	20.205	STP-5301 (115)	204,873	-
Transportation Enhancement Funds (116)	20.205	STP-5301 (116)	590,523	-
Transportation Enhancement Funds (105)	20.205	STP-5303 (105)	41,324	-
Transportation Enhancement Funds (105)	20.205	STP-5302 (105)	67,036	-
FHWA - UPWP Public Law (PL)	20.505	MO-81-0011	175,434	-
Federal Transit Authority:				
Federal Transit Administration Grant (Operations)	20.507	MO-90-X292-00	1,358,053	-
National Highway Traffic Safety Administration				
Passed Through Missouri Division of Highway Safety:				
Missouri Highway Safety Project	20.600	Various	7,743	-
Missouri Highway Safety Project	20.601	Various	52,687	-
Missouri Highway Safety Project	20.607	Various	1,000	-
Missouri Highway Safety Project	20.613	13-K3-05-003 (SAFETY)	523	-
Missouri Highway Safety Project	20.616	Various	4,929	-
Total U.S. Department of Transportation			<u>2,791,871</u>	<u>-</u>
Environmental Protection Agency:				
Passed Through the Missouri Department of Natural Resources:				
Clean Water State Revolving Funds	66.458	C295699-04	26,456,165	-
Clean Water State Revolving Funds	66.458	C295699-01	13,255,417	-
Clean Water State Revolving Funds	66.458	C295699-02	360,731	-
Total Environmental Protection Agency			<u>40,072,313</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, 2015

Grantor Agency	Federal CFDA Number	Grant Program Number	Current Year Expenditures	Amount Passed Through to Subrecipients
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	3,500	-
Passed Through Substance Abuse/ Mental Health Services: St Joseph Youth Alliance Grant	93.243	SJPD2014ALCOHOL	19,969	-
Passed Through Missouri Department of Health and Senior Services: Regional Health Emergency Planning & Preparedness	93.069	AOC12380178	60,681	-
Comprehensive Tobacco Control Program	93.283	C310191002	9,342	-
HIV Case Management	93.917	AOC12380228	91,258	-
HIV Prevention	93.940	AOC11380092	63,082	-
Chronic Disease Primary Prevention	93.991	DH140010011	33,312	-
Maternal & Child Health Services	93.994	AOC12380087	44,839	-
Total U.S. Department of Health and Human Services			<u>325,983</u>	<u>-</u>
U.S. Department of Homeland Security:				
Passed Through State Emergency Management Agency : Emergency Management Grant	97.042	EMW-2014-EP-00005-103	36,084	-
Emergency Management Grant	97.042	EMW-2015-EP-00043-101	6,090	-
Citizen Corp Program (CCP)	97.053	EMW-2011-SS-00003	8,000	-
Homeland Security Grant	97.067	EMW-2012-SS-00023-S01	9,900	-
Total U.S. Department of Homeland Security			<u>60,074</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 46,445,156</u>	<u>\$ 1,130,051</u>

City of St. Joseph, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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 City's basic 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, 2015.

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, 2015, are as follows:

CFDA Number	Program	Loans Outstanding at June 30, 2015
14.218	Community Development Block Grant	\$ 1,096,118
14.239	HOME Investment Partnerships Program	1,757,906
	Total	\$ 2,854,024

The City also has outstanding loans through 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, 2015, the outstanding loan payable balances were \$1,025,000 Series 1997D, \$13,505,301 Series 2013, \$26,506,336 Series 2014, and \$10,326,437 Series 2014A.

City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section 1 - Summary of Auditor's Results

Financial Statements:

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

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

See Finding 2015-01

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
No material weaknesses identified. No significant deficiency reported.

Type Audit Report Issued on Compliance for Major Programs
Unmodified

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
20.205	Highway Planning and Construction (Federal-Aid Highway Program)
66.458	Clean Water State Revolving Funds

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, 2015

Section 2 – Financial Statement Findings

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

2015-01 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.

Significant adjustments were required to accounts receivable in order to agree and reconcile the financial records to the detailed subsidiary ledgers. During the fiscal year, the City converted to ONESolution accounting software for financial accounting and reporting. The conversion occurred during the first two months of fiscal year 2015. In conjunction with this conversion, the City expanded the utilization of the use of the Springbrook software package, which is used for the City's sewer billing, to record and maintain the detailed transactions of most City related cash receipts and accounts receivable activities. The activity recorded in the Springbrook system is then batch posted to ONESolution financial accounting system. The audit identified significant variances between ONESolution and the detailed accounts receivable aging report generated from Springbrook. Upon further analysis the City determined that certain January 2015 accounts receivable billings posted to Springbrook had not been posted to ONESolution. The City currently does not have a well-defined process in place to reconcile the activity recorded in Springbrook software with the financial records maintained in ONESolution.

Criteria

Internal controls should be in place to ensure timely reconciliation of subsidiary ledgers and that year-end balances and external financial reporting conforms to generally accepted accounting principles.

Cause

Monthly and 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 management establish a well-defined monthly closing and reconciliation routine between the two accounting software systems to help ensure that financial records accurately reflect the detailed transactions that occur in the subsidiary ledgers. In addition, we recommend that the City review and adhere to policies and procedures related to the billings, collections, shutoff, and other relevant items.

We also recommend that management review year-end closing procedures to help ensure that transactions are properly recorded 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.

City of St. Joseph, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2015

Management's Response/Corrective Action

The City will establish a well-defined monthly closing and reconciliation routine between the two accounting software systems. The City is now adhering to policies and procedures related to the billings, collections, shutoff, and other relevant items.

Contact:	Tom Mahoney
	Associate Director of Accounting & Procurement
	(816) 271-4759
Anticipated Completion Date:	March 31, 2016

Summary Schedule of Prior Audit Findings

None

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

None

COMPLIANCE REPORTS



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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 the City of St. Joseph, Missouri (the City), as of and for the year ended June 30, 2015, 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 23, 2015.

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.

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 finding 2015-1 in the accompanying schedule of findings and questioned costs to be material weaknesses.

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*.

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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.

St. Joseph, Missouri
December 23, 2015

Cochran Hand V, de Ra, PC



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

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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, 2015. 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, 2015.

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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.

St. Joseph, Missouri
December 23, 2015

