

***UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS***

OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2012

WITH

INDEPENDENT AUDITOR'S REPORT

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS

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OMB CIRCULAR A-133, SINGLE AUDIT REPORT

Year Ended December 31, 2012

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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*

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Board of Commissioners  
**Unified Government of Wyandotte County /  
Kansas City, Kansas**

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 Unified Government of Wyandotte County / Kansas City, Kansas (Unified Government), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Unified Government's basic financial statements, and have issued our report thereon dated June 20, 2013. Our report includes a reference to other auditors who audited the financial statements of the Board of Public Utilities, as described in our report on the Unified Government's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Unified Government'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 Unified Government's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unified Government's internal control.

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. 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.

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies

may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Unified Government'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*.

### **Unified Government's Response to Findings**

The Unified Government's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Unified Government's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 result 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.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

June 20, 2013  
Wichita, Kansas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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Board of Commissioners  
**Unified Government of Wyandotte County /  
Kansas City, Kansas**

**Report on Compliance for Each Major Federal Program**

We have audited the Unified Government of Wyandotte County / Kansas City, Kansas' (Unified Government) 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 Unified Government's major federal programs for the year ended December 31, 2012. The Unified Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Unified Government's basic financial statements include the operations of the Board of Public Utilities, a major fund, whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2012. Our audit, described below, did not include the operations of the Board of Public Utilities, which engaged other auditors to perform an audit in accordance with OMB Circular A-133.

***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 Unified Government'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 Unified Government'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 Unified Government's compliance.

***Basis for Qualified Opinion on CFDA Nos. 11.307 and 81.128***

As described in findings 2012-5, 2012-6 and 2012-7 in the accompanying schedule of findings and questioned costs, the Unified Government did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2012-5	11.307	Economic Adjustment Assistance (Revolving Loan Fund)	Special Tests and Provisions
2012-6	81.128	Energy Efficiency and Conservation Block Grant Program	Allowable Costs
2012-7	81.128	Energy Efficiency and Conservation Block Grant Program	Suspension & Debarment

Compliance with such requirements is necessary in our opinion, for the Unified Government to comply with the requirements applicable to that program.

***Qualified Opinion on CFDA Nos. 11.307 and 81.128***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Unified Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Economic Adjustment Assistance and Energy Efficiency and Conservation Block Grant programs for the year ended December 31, 2012.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the Unified Government 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2012.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-3, 2012-4, 2012-6, 2012-7 and 2012-8. Our opinion on each major federal program is not modified with respect to these matters.

The Unified Government's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Unified Government's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Report on Internal Control over Compliance**

Management of the Unified Government 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 Unified Government'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 Unified Government'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 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 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2012-3, 2012-6, 2012-7, and 2012-8, that we consider to be significant deficiencies.

The Unified Government's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Unified Government's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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 Unified Government of Wyandotte County / Kansas City Kansas (Unified Government) as of and for the year ended December 31, 2012, and the related notes to the financial statements which collectively comprise the Unified Government's basic financial statements. We have issued our report thereon dated June 20, 2013, which contained an unmodified opinion on those financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 20, 2013. We did not audit the financial statements of the Board of Public Utilities, which is both a major fund and 86 percent, 82 percent, and 90 percent, respectively of the assets, net position, and revenues of the business-type activities. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Public Utilities, is based on the report of the other auditors.

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.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

September 3, 2013  
Wichita, Kansas

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

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SECTION I – SUMMARY OF AUDITOR'S RESULTS

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FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified that are not considered to be material weaknesses?  yes  none reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

yes  no

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

**SECTION I – SUMMARY OF AUDITOR’S RESULTS (Continued)**

Identification of major programs and type of auditor’s report issued on compliance for major programs: See Below

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>	<u>OPINION</u>
11.307	<i>Economic Adjustment Assistance (Revolving Loan Fund)</i>	Qualified
14.218 / 14.253	<i>Community Development Block Grants Cluster</i>	Unmodified
14.228	<i>Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii</i>	Unmodified
14.239	<i>HOME Investment Partnerships Program</i>	Unmodified
16.710	<i>Public Safety Partnership and Community Policing Grants (Recovery Act Funded)</i>	Unmodified
16.738 / 16.804	<i>JAG Program Cluster</i>	Unmodified
20.205	<i>Highway Planning and Construction</i>	Unmodified
81.128	<i>Energy Efficiency and Conservation Block Grant Program (EECBG) (Recovery Act Funded)</i>	Qualified
97.083	<i>Staffing for Adequate Fire and Emergency Response (SAFER)</i>	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 573,872

Auditee qualified as low-risk auditee?        yes   X   no

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**Finding 2012-1: Accounting and Financial Reporting (Significant Deficiency)**

**Condition:** The Unified Government's management is responsible for the accuracy, completeness, and fairness of data presented in the Comprehensive Annual Financial Report, including all disclosures. The deficiencies described below could result in misstatements to the basic financial statements. In January 2012, the Unified Government filled the Accounting Manager position, resulting in additional resources being available for completing the year-end closing process and preparation of the financial statements. This step taken by the Unified Government significantly improved the process compared to prior years, as described in the items below:

- a) A deficiency related to the overall preparation of the basic financial statements and related footnotes for the Comprehensive Annual Financial Report. Our observation is that the hiring of an Accounting Manager has provided substantial benefits, in that the process for preparation of the financial statements was significantly improved over last year. We noted that the Accounting Manager had taken steps during 2012 to develop improved controls and procedures over the preparation of the financial statements. This resulted in fewer adjusting entries being made during the audit process and management completing the majority of the reconciliations and calculations needed in support of the year-end adjustments and financial statements. Management was able to generate budgetary fund-level financial statements and assisted in compiling components of the footnotes and fund level statements that are in accordance with generally accepted accounting principles. The primary remaining areas of concern pertain to certain adjusting entries (described more fully in b) below), and the preparation of the government-wide financial statements and complete set of notes to the financial statements.
- b) A deficiency in controls over procedures used to initiate, authorize, record and process certain journal entries into the general ledger, and record recurring and nonrecurring adjustments to the financial statements as listed below. As noted previously, the Accounting Manager was active in preparing and/or reviewing year-end journal entries prepared by his staff. The remaining items we recommend to be focused on in future years include:
  - adjustments for activity recorded for certain capital assets (see more in c) below)
  - adjustments to reconcile and record pollution remediation and landfill closure / post-closure obligations under the requirements of GASB Statement Nos. 18 and 49
  - estimates for incurred but not reported health and workers' compensation claims
  - adjustments for general liability obligations for litigation or other legal matters
- c) A deficiency exists due to capital asset data that was found to include errors relating to the accuracy and completeness of the data. Procedures implemented and overseen by the Accounting Manager significantly improved the process for recording capital assets compared to last year, resulting in fewer adjustments from the audit. Areas of focus in future years would include:

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

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**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

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- the identification of completed construction in process (CIP) projects, and removal of those projects from CIP for Sewer and Stormwater projects.
- recording assets in the Stormwater Fund that had not been previously recorded

**Criteria or Specific Requirement:** Internal controls should be designed to provide adequate control over the preparation of reliable financial statements.

**Cause:** Accounting personnel responsible for preparation of the Comprehensive Annual Financial Report are not adequately trained in generally accepted accounting principles issued by the GASB. Additionally, internal resources are not sufficient, and there is a lack of documented policies and procedures, and controls for ensuring completion of tasks needed to prepare the financial statements.

**Effect:** Lack of resources, controls and procedures could result in a material misstatement to the financial statements.

**Recommendation:** We recommend management:

- a) continue to evaluate and strengthen controls and procedures to capture the information needed to identify, authorize, record and process recurring and nonrecurring journal entries and year-end adjustments to the financial statements.
- b) continue additional training for staff in the preparation of financial statements, and ensure that key personnel in the accounting area are trained in the requirements of governmental accounting and reporting.

**Management Response:** During the year, the Accounting Division began or completed the implementation of numerous strategies. Key training was provided to staff utilizing external and internal resources in accordance with a new training policy. Meetings were held during the year between management, the Accounting Manager, and external auditor to discuss the major economic developments to determine the proper accounting treatments of these projects. And the Accounting Manager began the process of examining each operation of the Accounting Division resulting in new policies and procedures.

Management is pleased to note significant improvement from prior years, but we agree that additional work remains. The Accounting Manager will continue to train staff, communicate with related parties regarding significant economic projects during the year and build on the process of establishing new policies and procedures to improve operations. While training and new procedures have resulted in improved outcomes and efforts will continue to realize new growth, it is the belief that future improvements will be limited without additional resources in the Accounting Division to meet the demands of the office. During the 2014 budget process, Administration and the governing body will consider Finance Department requests for a fixed-asset software system and an additional staff member to assist in preparation of the government's financial statements. The Accounting Division continues to function with fewer budgeted staff positions. As recent as 2008, the division had 9 employees, but currently are operating with a staff of 7.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

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**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

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**Finding 2012-2: Municipal Court (Significant Deficiency)**

**Condition:** During our review of internal controls in the Municipal Court, we noted the following:

- a) Municipal Court personnel are unable to generate a listing of bonds outstanding for the bond accounts, and there is currently no reconciliation being done between the total bonds outstanding and the bank account balance. However, the Project Manager has started the process to get the bond accounts reconciled. The Project Manager has worked on obtaining an understanding of how the bond accounts operate and what reports she will need to complete a reconciliation
- b) Clerks in Municipal Court have the ability to accept and post payments, and the ability to void transactions without supervisory approval. There is a policy that voided receipts must be approved by a supervisor at the time of the void; however, the clerks have access to perform the voids without that approval. At the end of 2012, a compensating control was put in place for individuals to review reports showing voided transactions. The supervisor, who can enter voids, still reviews voids as the daily transactions are reconciled as was done in the past. The Court Administrator now reviews voids and retains the review electronically indicating her review. However, the Court Administrator can also enter voids. In November 2012, the Project Manager started reviewing all voids entered by the Court Administrator.

**Criteria or Specific Requirement:** Internal controls should be designed to provide for adequate segregation of duties, and for reconciliations of transaction activity to the bank accounts as part of the monitoring process.

**Cause:** There may be system limitations for generating the list of bonds outstanding. Additionally, there was a lack of understanding that the daily report should be reviewed by someone other than an individual with access to enter voided transactions.

**Effect:** Lack of adequate segregation of duties and proper reconciliations could result in misappropriation of assets and misstatements to the financial statements.

**Recommendation:** We recommend that job duties be evaluated for personnel in the Municipal Court area who handle cash, and that procedures be implemented to ensure that voided transactions or other adjustments to the system have adequate supervisory review. In addition, procedures should be implemented so that a reconciliation can be performed between the cash account where bond activity is recorded and the detail listing of outstanding bonds.

**Management Response:** Two deficiencies were identified in the Municipal Court review.

- a. Municipal Court agrees that reconciliation should be done with the bonds account. An issue for the department has been the time commitment necessary to accurately complete this reconciliation. As noted, a Project Manager was assigned to assist the department in completing the reconciliation. Unfortunately, the Project Manager has left the Unified Government after a significant amount of time was invested to become informed of the process and the software tracking system. Finance will continue to work with this process to establish the reconciliation as

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

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**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

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noted, and focus on the reconciling of a new bank account with an enhanced software tracking package scheduled for implementation during the 4<sup>th</sup> quarter of 2013.

- b. Municipal Court's limited supervisory positions prevents complete segregation of duties. This results in the Court Administrator reviewing all voided transactions while also having authority to enter voided transactions. The compensating control put into effect towards the end of 2012 has continued since implementation. Now that the Project Manager has left the Unified Government, the duty will be reassigned in the Finance Department so the process can continue on a permanent basis.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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**Finding 2012-3 (Significant Deficiency) (Repeat of Finding 2011-7):**

<u>CFDA #</u>	<u>Program</u>
14.218 / 14.253	Community Development Block Grants Cluster, U.S. Department of Housing and Urban Development, Award No. B-11-MC-20-0001
14.239	HOME Investment Partnerships Program, U.S. Department of Housing and Urban Development, Award No. M-11-MC-20-0200

**Condition:** Documentation of the comparison of budgeted distributions of salaries to actual costs based on time activity reports was not completed where employees work on multiple activities. In addition, other employees whose salaries are charged 100% to the CDBG or HOME programs cross-train and have some program duties related to other federal HUD grant programs. This finding pertains to non-ARRA funds only.

**Criteria or Specific Requirement:** OMB Circular A-87 states that where budget estimates or other distribution percentages are determined before services are performed, the government should, at least quarterly, perform comparisons of actual costs to budgeted distributions based on monthly activity reports. Distribution percentages should be revised, if necessary, to reflect changed circumstances.

**Questioned Costs:** Questioned costs pertaining to employees who are charged 100% to HOME or CDBG but who may incur efforts for programmatic duties related to other federal HUD grant programs is unknown. Total salaries and fringe benefits for the employees for the HOME program were \$111,158, and for the CDBG program were \$816,489.

**Context:** Employees are tracking their time spent on their activities; however, this data has not been utilized to distribute their time to the different cost centers. 24 CFR 570.206 allows for CDBG funds to be used to pay for HOME program administration costs. Therefore, the Condition described above for the CDBG program pertains primarily to non-program administration activities performed by employees, and their corresponding salary expenditures.

Regarding the employees whose salaries are charged 100% to CDBG, but who may incur efforts on other programs, it was noted that, of the total federal funding received directly from HUD, approximately 55% is for CDBG, 21% is for HOME, and 24% for other programs.

**Effect:** Salary expenditures incurred under the program may not be allowed as a cost of the grant without proper documentation.

**Cause:** Procedures put in place in 2009 to review the time activity reports and distribute salaries were not continued in 2011 and 2012.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

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**Recommendation:** We recommend management utilize the time study process started in 2009 to perform quarterly comparisons of actual costs to budgeted distributions. Additionally, distribution percentages should be revised, if necessary, to reflect changed circumstances.

**Management Response:** The Community Development Department staff is still completing time activity reports. However, the review and distribution of salaries was not completed during the report period. Staff have been working with auditors, HUD staff, and HUD technical assistance providers to develop an efficient and acceptable system for the time distribution.

**Anticipated Completion Date:** December 31, 2013

**Contact Person and Title:** Wilba Miller, Director of Community Development

**Finding 2012-4 (Repeat of Finding 2011-8):**

**#97.083 Staffing for Adequate Fire and Emergency Response (SAFER), Department of Homeland Security, Federal Emergency Management Agency, Award No. EMW-2009-FH-01185**

**Condition:** The Unified Government did not maintain the required minimum firefighter staffing levels of 420 positions required by the grant. Adequate internal controls over compliance were in place to address the staffing level requirements.

**Criteria or Specific Requirement:** The Unified Government is required to maintain the number of firefighters at the time of the application for the grant award (January 15, 2010), plus the additional positions funded by the award, throughout the two-year grant award period.

**Questioned Costs:** None were noted.

**Context:** The Unified Government is required to maintain 420 firefighters during the grant period. At the grant period ending date of June 30, 2012, the department reported staffing levels of 411. In July of 2012, the department recruited 8 additional firefighters.

**Effect:** Not maintaining the required levels could result in the loss of federal program funding under the award.

**Cause:** Attrition and retirements experienced by the fire department resulted in a loss of total positions filled within the department.

**Recommendation:** The fire department should continue seeking applicants to fill positions and reach required staffing levels.

**Management Response:** Management believes it is in compliance with this requirement. Due to the extensive process required to hire and train firefighters, it is impractical to fill the vacancies on an individual basis. Management continues to hire and train new applicants when it is practical. This has previously been acknowledged by the U.S. Department of Homeland Securities (grantor agency) during 2010 when they noted that departments had 6 months to fill the vacant positions. Further

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

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noted, the grantor agency has closed the prior year finding (Findings 2010-12 & 2011-8) based on the corrective action plan. The basic facts as presented for 2012 have not changed from the previous year. It is management's contention that the grantor agency has explicitly provided written approval of this plan two years running which significantly reduces or eliminates the potential deficiency.

**Anticipated Completion Date:** Completed

**Contact Person and Title:** Lew Levin, Chief Financial Officer  
Kevin Shirley, Deputy Fire Chief

**Finding 2012-5 (Repeat of Finding 2011-9):**

**#11.307, Economic Adjustment Assistance (Revolving Loan Fund), U.S. Department of Commerce, Economic Development Administration, Award No. RLF KS-1**

**Condition:** Prior to fiscal 2010, the Revolving Loan Fund (RLF) was administered by a separate nonprofit entity, not the Unified Government. Records received from the nonprofit entity after the Unified Government took over the program were incomplete, with the following impact on the administration of the program by the Unified Government:

- a) For loans made prior to 2011, all required standard loan documents were not completed and located in the loan files.
- b) The Unified Government did not have 75% of the Revolving Loan Fund (RLF) capital base loaned or committed during 2012. Excess funds were sequestered in accordance with program requirements.

**Criteria or Specific Requirements:** 13 CFR section 307.15(b)(2) requires that, prior to the disbursement of any EDA funds, the RLF recipient must certify to EDA that standard RLF loan documents are in place. Such loan documentation must include, at a minimum, the (1) loan application, (2) loan agreements, (3) board of directors' meeting minutes approving the loan, (4) promissory note, (5) security agreements, (6) deed of trust or mortgage if applicable, (7) agreement of prior lien holder if applicable, and (8) signed bank turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed.

13 CFR section 307.16(c) requires that RLF recipients manage their repayment and lending schedules to provide that at all times at least 75% of the RLF capital base is loaned or committed. If the recipient fails to satisfy the utilization standard for two consecutive reporting periods, the excess funds are required to be sequestered.

**Questioned Costs:** None noted.

**Context/Cause:** Prior to fiscal 2010, the RLF was administered by a separate nonprofit entity, not the Unified Government. Records received from the nonprofit entity after the Unified Government

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

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took over the program were incomplete, including loan file documentation, documentation of payments received since the initial disbursement of the loan, and the remaining outstanding principal balances on the loans. With the exception of new loans made in 2011 and 2012, all loans outstanding in 2010 had been initially disbursed and administered by the nonprofit entity. Current year testing on the new loans made in 2011 and 2012 found all standard loan documents to be in place.

**Effect:** There is a risk that outstanding loans do not meet the program criteria.

**Recommendation:** We recommend management continue working on implementing its new policies and procedures for administration of the Revolving Loan Fund, which may also include updating documentation for loans previously disbursed by the former administering agency.

**Management Response:** The Unified Government RLF program staff continues to update and implement procedures to effectively administer the RLF. The following steps were implemented since the EDA officially approved the plan in November 2010:

1. The Unified Government loan manager has contracted recipients of the RLF loans that were originated prior to 2011. Files have been updated, where possible, with bank communications, loan applications and minutes pertaining to loan approval and/or revisions to the terms of the loans. For these loans, the staff has exhausted all means to locate all original loan documents. However, for loans originated since 2011, the Unified Government has maintained all required loan records and documents.
2. Reconciliation of past active loans by the special projects manager and summaries have been completed on all active files.
3. The amortization schedules continue to be enhanced for greater accuracy.
4. Staff has engaged the EDA to verify if UG-RLF administrative income may be applied to prepare new promissory notes, if necessary. EDA has responded that this is not an administrative expense. However, the EDA has not raised this item as a significant concern. Staff is working three problem loans to reach an agreed schedule for future payments.
5. The staff has complied with all semi-annual reporting and any EDA required communications.
7. The staff is continuing the servicing of all active loans per the new November 1, 2010 Unified Government's RLF Plan.
8. Staff will continue to work towards meeting the 75% lending requirement of the capital base. Meeting this objective is dependent upon qualified loan activity occurring in this current year.

**Anticipated Completion Date:** December 31, 2013

**Contact Person and Title:** Charles Brockman, Economic Development Department

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

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**Finding 2012-6 (Significant Deficiency):**

<u>CFDA #</u>	<u>Program</u>
14.228	Community Development Block Grants / State's Program and Non-entitlement Grants in Hawaii, Neighborhood Stabilization Program (NSP1), U.S. Department of Housing and Urban Development, Passed Through the Kansas Department of Commerce, Award No. 09-NSP-021
81.128	Energy Efficiency and Conservation Block Grants, U.S. Department of Energy, Award No. DE-SC0002481

**Condition:** The Unified Government could not provide supporting documentation for certain administrative costs that were charged to the program. In addition, for CFDA No. 81.128, the administrative costs were not provided for in the program budget or approved Activity Sheets.

**Criteria or Specific Requirement:** Under 2 CFR part 225, to be allowable under federal awards, costs must be adequately documented.

**Questioned Costs:** For CFDA No. 81.128, there was one item tested with an exception for \$24,800. For CFDA No. 14.228, estimated questioned costs were \$28,000, which is the difference between the administrative costs reimbursed to the Unified Government, and the administrative costs charged to the program.

**Context:** For CFDA No. 81.128, the grant program does allow for administrative costs to be charged up to 10% of the award, or \$75,000, whichever is less. For CFDA No. 14.228, the grant award allows for administrative costs to be charged up to 7% of total project costs. The Unified Government requested reimbursement for 7% of total project costs (which totaled approximately \$87,000 for the year ended December 31, 2012); however, actual administrative expenditures charged to the grant were approximately \$59,000.

**Effect:** Lack of adequate support could result in the potential for unallowed expenditures.

**Cause:** For CFDA No. 81.128, the program manager left the Unified Government during 2011 and other employees took over the responsibilities; however, their time spent on the program was not documented in support of the administrative cost charged to the program. For CFDA No. 14.228, program personnel indicated that their understanding was that the 7% could be claimed for administrative costs.

**Recommendation:** We recommend that management ensure there is proper supporting documentation for all administrative costs claimed for reimbursement. If administrative expenditures are incurred that are not being charged to the grant award, those need to be specifically identified and allocated to the grants, in accordance with the cost principles of OMB Circular A-87.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

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**Management Response:** For CFDA No. 14.228, Community Development will establish internal controls to ensure proper supporting documentation is available and specifically identifiable for all administrative costs claimed for reimbursement.

For CFDA No. 81.128, management has provided OMB Circular A-87 to staff along with a policy directing staff to adhere to those standards. The policy further requires that any deviation, at the direction of grantor staff, be documented in writing and added to the grant file.

**Anticipated Completion Date:** CFDA No. 14.228: December 31, 2013  
CFDA No. 81.128: The policy was provided to staff on August 16, 2013.

**Contact Person and Title:** CFDA No. 14.228: Wilba Miller, Director of Community Development  
CFDA No. 81.128: Dennis Laughlin, Stimulus Implementation Director

**Finding 2012-7 (Significant Deficiency):**

<u>CFDA #</u>	<u>Program</u>
14.218	Community Development Block Grants Cluster – Neighborhood Stabilization Program (NSP3), U.S. Department of Housing and Urban Development, Award No. B-11-MN-20-0001; and U.S. Department of Housing and Urban Development, passed through the Kansas Department of Commerce, Award No. 10-NSP3-01
81.128	Energy Efficiency and Conservation Block Grants, U.S. Department of Energy, Award No. DE-SC0002481

**Condition:** The Unified Government could not provide evidence that the required suspension and debarment verification check had been performed on certain contracted vendors.

**Criteria or Specific Requirement:** Regulations contained in 2 CFR part 180 restrict grantees from contracting with certain parties that are suspended or debarred, or whose principals are suspended or debarred. For covered transactions, the Unified Government must verify the vendor is not suspended or debarred. This verification check can be performed by checking SAM (System for Award Management), collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor that is expected to equal or exceed \$25,000.

**Questioned Costs:** None noted. A subsequently performed verification check of the vendors on the SAM website noted that none were suspended or debarred.

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

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**Context:** The Unified Government could not provide support that a verification procedure had been performed to ensure that one contractor for the Neighborhood Stabilization program (to which the Unified Government incurred expenditures of approximately \$2,037,000) and two contractors for the EECBG program (to which the Unified Government incurred expenditures totaling approximately \$350,000) were not suspended or debarred.

For the Neighborhood Stabilization program contractor, it was noted that the request for proposals that was issued prior to selecting a contractor included language that stated, in part, “all team members are or, have in the past, worked on Housing and Urban Development programs as well as other Federal projects and no team member has been disbarred by any Federal Agency.” While this statement was noted in the request for proposals, there was not a requirement noted for the vendor to certify that they were in compliance with the requirement.

For the EECBG program, \$225,000 was paid to the Board of Public Utilities, which is an administrative agency of the Unified Government. Such payment was noted on an Activity Worksheet, which was communicated to and approved by the awarding agency.

**Effect:** Failure to perform verification checks on covered transactions could result in expenditures to potentially ineligible vendors.

**Cause:** The absence of adequate internal controls and instance of noncompliance appears to be the result of inadequate formal procedures, combined with a lack of awareness of the suspension and debarment requirements by personnel involved in the grant programs.

**Recommendation:** We recommend the Unified Government inform and train all personnel on the policies and procedures for performing required verification checks for suspended or debarred parties as a required step in the formal procurement process. We also recommend that any new federal grant awards made to the Unified Government be provided to the Purchasing Department so that they can ensure proper suspension and debarment procedures can be applied as appropriate.

**Management Response:** For CFDA No. 14.218, Community Development will establish internal controls to ensure personnel perform and document the required verification checks on the vendors for applicable procurements and subawards utilizing federal funds. Moreover, NSP3 does not expect additional procurements or subawards so no further instances of noncompliance are anticipated.

For CFDA No. 81.128, management has provided the Unified Government Procurement Department form “Supplier Certification Regarding Debarment and / or Suspension” to program staff. Policy has been amended to require program staff to ensure that the completed form is maintained as part of the grant file. Additionally, staff is required to create documentation that the SAM verification has occurred and add to the file in the form of a dated screen print.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

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**Anticipated Completion Date:** CFDA No. 14.218: December 31, 2013  
CFDA No. 81.128: The policy, including the certification document,  
was provided to staff on August 16, 2013.

**Contact Person and Title:** CFDA No. 14.218: Wilba Miller, Director of Community Development  
CFDA No. 81.128: Dennis Laughlin, Stimulus Implementation Director

**Finding 2012-8 (Significant Deficiency):**

<u>CFDA #</u>	<u>Program</u>
14.218 / 14.253	Community Development Block Grants Cluster – U.S. Department of Housing and Urban Development, Award No. B-11-MC-20-0001
14.239	HOME Investment Partnerships Program, U.S. Department of Housing and Urban Development, Award No. M-11-MC-20-0200

**Condition:** The Unified Government did not file the required reports through the Federal Funding Accountability and Transparency Act Subaward Report system (FSRS) for subawards greater than \$25,000.

**Criteria or Specific Requirement:** 2 CFR part 170 requires prime grant recipients to file a Federal Funding Accountability and Transparency Act (FFATA) subaward report by the end of the month following the month in which the prime recipient awards any subgrant equal to or greater than \$25,000.

**Questioned Costs:** None were noted.

**Context:** This requirement became effective for subawards made after October 1, 2010 under a federal award agreement entered into on or after that date. The Unified Government did not file the required 2012 reports through FSRS for one qualifying subawards for the HOME program and two qualifying subawards for the CDBG program.

**Effect:** Failure to file required Federal reports could result in noncompliance with reporting requirements noted above.

**Cause:** Lack of knowledge among program managers on the reporting requirements and guidelines.

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Year Ended December 31, 2012

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

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**Recommendation:** We recommend the Unified Government review the requirements of the Federal Funding Accountability and Transparency Act Subaward Reporting System and implement internal controls and processes to ensure the required reports are submitted.

**Management Response:** Community Development will establish internal controls to ensure compliance with the requirements of the Federal Funding Accountability and Transparency Act Subaward Reporting System.

**Anticipated Completion Date:** December 31, 2013

**Contact Person and Title:** Wilba Miller, Director of Community Development

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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***Findings Required to be Reported by Government Auditing Standards***

Finding 2011-1, 2010-2, 2009-1, 2008-1, and 2007-1: There is a deficiency in the controls over the period-end financial reporting process, including controls over procedures used to initiate, authorize, record and process journal entries into the general ledger, and record recurring and nonrecurring adjustments to the financial statements.

Corrective Action: In January 2012, the Unified Government filled the Accounting Manager position, resulting in additional resources being available for completing the year-end closing process and preparation of the financial statements.

Status: Steps taken by the Unified Government significantly improved the process compared to prior years. See current year finding 2012-1.

Finding 2011-2, 2010-3, 2009-2 and 2008-2: Capital asset data reported for both governmental activities and the enterprise funds was found to include errors relating to the accuracy and completeness of the data.

Corrective Action: Management implemented a new database to capture capital asset information in 2009. In 2010 and 2011, an external accounting firm was hired to assist with the Unified Government's year-end closing process. In January 2012, the Unified Government filled the Accounting Manager position, resulting in additional resources being available for completing the year-end closing process.

Status: Certain improvements were made in 2010, 2011 and 2012; however, see current year finding 2012-1.

Finding 2011-3, 2010-4, 2009-3 and 2008-3: In Municipal Court, a lack of segregation of duties and a lack of reconciliation between total bonds outstanding and the bank balance were noted.

Corrective Action: A policy was implemented to have voided receipts approved by a supervisor at the time of the void; however, the clerks have access to perform the voids without that approval. As a compensating control, there is a daily report generated that shows voided transactions. This report is reviewed by a supervisor; however, it is one of the supervisors with access to enter voided transactions.

Status: See current year finding 2012-2.

Finding 2011-4: Bank reconciliations for the Inmate Trust Fund were not being done correctly for all of 2011, and were not reconciled as of December 31, 2011.

Corrective Action: The Accounting Manager will work with the third party administrator and the public Safety Business Office to open the lines of communication to allow for the proper sharing of

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2012

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)**

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information among parties which does not currently exist. This will allow the Accounting Division to access the information essential to prepare an accurate and complete reconciliation on a monthly basis.

Status: Completed

Finding 2011-5 and 2010-6: The following deficiencies were noted related to the preparation of the schedule of expenditures of federal awards (SEFA):

Additional items required in the schedule include: a) identification of individual awards within a cluster of programs, b) the identifying number assigned by the pass-through entity for federal awards received as a subrecipient, and c) to the extent practical, the total amount provided by the Unified Government to its subrecipients from each federal program. Management has implemented a form that is sent to individual departments to accumulate this information; however, the process did not capture all the information. We recommend management continue to work on improving the implementation of this process.

Corrective Action: Management will revise the form that is sent to individual departments to include all required information.

Status: Completed.

***Findings Required to be Reported by OMB Circular A-133***

**#14.218/14.253, Community Development Block Grants, U.S. Department of Housing and Urban Development; and #14.239 HOME Investment Partnerships Program, U.S. Department of Housing and Urban Development**

Finding 2011-7, 2010-11, 2009-9, 2008-5 and 2007-4: Documentation of the comparison of budgeted distributions of salaries to actual costs based on time activity reports was not completed where employees work on multiple activities. Additionally, in 2009, it was noted that other employees whose salaries are charged 100% to the CDBG program cross-train and have some program duties related to other federal HUD grant programs.

Corrective Action: During 2009, management developed a time tracking system to identify staff time spent on specific awards. However, the time tracking system was not implemented for all of 2009, and was not continued in 2010 and 2011.

Status: In progress. See also current year finding 2012-3.

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

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**#97.083 Staffing for Adequate Fire and Emergency Response (SAFER). Department of Homeland Security, Federal Emergency Management Agency, Award No. EMW-2009-FH-01185**

Finding 2011-8 and 2010-12: The Unified Government did not maintain the required minimum firefighter staffing levels required by the grant.

Corrective Action: The Unified Government Fire Department initiated a hiring program in November 2010 for a new recruit class. Applications were taken until January 26, 2011. The actual class of 16 new firefighters began training in August 2011.

Status: See current year finding 2012-4.

**#11.307, Economic Adjustment Assistance (Revolving Loan Fund), U.S. Department of Commerce, Economic Development Administration**

Finding 2011-9 and 2010-15: Prior to fiscal 2010, the Revolving Loan Fund (RLF) was administered by a separate nonprofit entity, not the Unified Government. Records received from the nonprofit entity after the Unified Government took over the program were incomplete, with the following impact on the administration of the program by the Unified Government:

- a) All required standard loan documents were not completed and located in the loan files for loans made prior to 2011.
- b) Certain data reported on the semi-annual report Form ED-209 was incorrect. Amounts reported for outstanding loans and the balance of remaining principal to be paid did not agree to the outstanding balances noted on amortization schedules maintained by the Unified Government for each loan.
- c) The Unified Government did not have 75% of the Revolving Loan Fund (RLF) capital base loaned or committed. Excess funds were sequestered in accordance with program requirements.

Corrective Action: The Unified Government RLF program staff continue to update and implement procedures to effectively administer the RLF program.

Status: In progress. See current year finding 2012-5.

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<u>Program</u>	<u>CFDA #</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>	<u>Total By Federal Agency</u>	<u>Passed-Through to Subrecipients</u>
<b>U.S. Department of Agriculture:</b>					
<b>Passed Through Kansas Department of Health and Environment:</b>					
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	3KS700703	\$ 855,392		
<b>Passed Through Kansas Department of Education:</b>					
School Breakfast Program	10.553	not available	<sup>1</sup> 22,242		
National School Lunch Program	10.555	not available	<sup>1</sup> 32,920		
<i>Total U.S. Department of Agriculture</i>				\$ 910,554	
<b>U.S. Department of Commerce:</b>					
<b>Direct Funding:</b>					
Economic Adjustment Assistance - Revolving Loan Fund Program	11.307		<u>1,315,850</u>		
<i>Total U.S. Department of Commerce</i>				1,315,850	
<b>U.S. Department of Housing and Urban Development:</b>					
<b>Direct Funding:</b>					
Community Development Block Grant	14.218		<sup>2</sup> 2,719,268		\$ 198,654
Community Development Block Grants - Neighborhood Stabilization Program (NSP3)	14.218		<sup>2</sup> 934,671		
Emergency Shelter Grants Program	14.231		107,786		106,398
Supportive Housing Program	14.235		509,407		509,407
HOME Investment Partnerships Program	14.239		1,046,724		184,050
ARRA - Community Development Block Grant ARRA Entitlement Grants	14.253		<sup>2</sup> 305,529		21,797
ARRA - Homelessness Prevention and Rapid Re-housing Program Technical Assistance	14.262		203,395		203,395
<b>Passed Through Kansas Department of Commerce:</b>					
Community Development Block Grants - Neighborhood Stabilization Program (NSP3)	14.218	10-NSP3-01	<sup>2</sup> 1,537,225		
Community Development Block Grants / State's Program and Non-entitlement Grants in Hawaii (HERA) - Neighborhood Stabilization Program (NSP1)	14.228	09-NSP-021	<u>1,246,990</u>		
<i>Total U.S. Department of Housing and Urban Development</i>				8,610,995	
<b>U.S. Department of the Interior:</b>					
<b>Passed Through the Kansas State Historical Society</b>					
Historic Preservation Fund Grants-In-Aid	15.904	20-11-31-923-002	<u>11,765</u>		
<i>Total U.S. Department of the Interior</i>				11,765	
<b>U.S. Department of Justice:</b>					
<b>Direct Funding:</b>					
Bureau of Justice Assistance:					
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		148,859		
ARRA - Public Safety Partnership and Community Policing Grants	16.710		678,897		
Edward Byrne Memorial Justice Assistance Grant	16.738		<sup>3</sup> 38,885		
Congressionally Recommended Awards	16.753		43,696		
ARRA - Edward Byrne Memorial Justice Assistance Grant program / Grants to Units of Local Government	16.804		<sup>3</sup> 243,649		
<b>Passed Through the Kansas Governor's Office:</b>					
Crime Victim Assistance	16.575	13-VOCA-50 13-VOCA-51	99,789		
<b>Passed Through the Kansas Office of the Attorney General:</b>					
Violence Against Women Formula Grants	16.588	12-VAWA-32	<u>81,525</u>		
<i>Total U.S. Department of Justice</i>				1,335,300	
<b>U.S. Department of Transportation:</b>					
<b>Passed Through the Kansas City Area Transportation Authority</b>					
Federal Transit Formula Grants	20.507	M090X288	25,393		
<b>Passed Through the Kansas Department of Transportation:</b>					
Highway Planning and Construction	20.205	SRTS-N042(802)	152,713		
Highway Planning and Construction	20.205	SRTS-N042(803)	129,683		
Highway Planning and Construction	20.205	SRTS-N047(301)	148,774		
Highway Planning and Construction	20.205	TEA-N043(301)	99,295		
Highway Planning and Construction	20.205	HPS-C459(001)	254,609		
State and Community Highway Safety	20.600	SA-1908-12	32,182		
State and Community Highway Safety	20.600	SA-1908-13	11,129		
State and Community Highway Safety	20.600	OP-1011-13 & OP-1011-10	<u>31,921</u>		
<i>Total U. S. Department of Transportation</i>				885,699	

The accompanying notes are an integral part of this schedule.

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<u>Program</u>	<u>CFDA #</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>	<u>Total By Federal Agency</u>	<u>Passed-Through to Subrecipients</u>
<b>U.S. Environmental Protection Agency:</b>					
<b>Passed Through Kansas Department of Health and Environment:</b>					
Air Pollution Control Program Support	66.001	A-00796207	212,559		
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	XA977348 01	<u>43,238</u>		
<i>Total U.S. Environmental Protection Agency</i>				255,797	
<b>U.S. Department of Energy:</b>					
<b>Direct Funding:</b>					
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128		<u>491,288</u>		
<i>Total U.S. Department of Energy</i>				491,288	
<b>U.S. Department of Health and Human Services:</b>					
<b>Passed Through Kansas Department of Aging:</b>					
<i>Aging Cluster:</i>					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	12AAKST3SP	316,590		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	12AAKST3SP	519,602		
Nutrition Services Incentive Program	93.053	12AAKNSIP	<u>181,760</u>		
			1,017,952		
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	12AAKST3SP	22,620		
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	90MP0087/02	4,999		
Special Programs for the Aging - Title III, Part E - National Family Caregiver Support	93.052	12AAKST3SP	113,009		
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	90MP0087/02	8,760		
Developmental Disabilities Basic Support and Advocacy Grants	93.630	11-087, 12-087	167,898		
Social Services Block Grant	93.667	SY12SCA	478,747		
Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725	90RA0012/01	3,453		
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	N0CMS020189-20-02	8,579		
<b>Passed Through Kansas Department of Health and Environment:</b>					
Public Health Emergency Preparedness	93.069	1 U90 TP000523-01	129,056		
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	24	146,900		
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	J52PS707869-22	18,037		
Family Planning Services	93.217	5	249,459		
Childhood Immunization Grant	93.268	34 / 35	63,825		
Affordable Care Act (ACA) Tribal Maternal, Infant, and Ealy Childhood Home Visiting Program	93.505	D89MC25208	115,705		
Child Care and Development Block Grant	93.575	18	60,790		
Medical Assistance Program	93.778	32	54,178		
HIV Prevention Activities_Health Department Based	93.940	15 / 20 / 22	72,941		
Preventive Health Services - Sexually Transmitted Diseases Control Grant	93.977	16	168,842		
Maternal and Child Health Block Grant	93.994	17	<u>435,599</u>		
<i>Total U.S. Department of Health and Human Services</i>				3,341,349	
<b>Executive Office of the President:</b>					
<b>Passed Through Kansas Bureau of Investigation:</b>					
		G12MW003A &			
High Intensity Drug Trafficking Areas Program	95.001	G11MW0003A	<u>40,730</u>		
<i>Total Executive Office of the President</i>				40,730	

The accompanying notes are an integral part of this schedule.

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<u>Program</u>	<u>CFDA #</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>	<u>Total By Federal Agency</u>	<u>Passed-Through to Subrecipients</u>
<b>U.S. Department of Homeland Security:</b>					
<i>Direct Funding:</i>					
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2009-FH-01185	509,693		
<i>Passed Through Kansas Division of Emergency Management:</i>					
		WYBWE08, WYBYB19, WYJHF27,			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	WYJHG26	138,762		
Emergency Management Performance Grants - 2011	97.042	closed	73,784		
Emergency Management Performance Grants - 2012	97.042	MW-2012-EP-00026	42,093		
<i>Passed Through Kansas Adjutant General:</i>					
Citizens-Community Resilience Innovation Challenge	97.053	ESF6 3-8-13	4,155		
<i>Passed Through Mid-America Regional Council:</i>					
Port Security Grant Program	97.056	7606104	202,004		
Homeland Security Grant Program - UASI 2009	97.067	2009-SS-T9-0062	38,690		
Homeland Security Grant Program - UASI 2010	97.067	2010-SS-T0-0039	1,101		
<i>Passed Through Kansas State Highway Patrol:</i>					
Homeland Security Grant Program - KC Metro SHSP 2008	97.067	closed	113,862		
Homeland Security Grant Program - KC Metro SHSP 2009	97.067	closed	332,180		
Homeland Security Grant Program - KC Metro SHSP 2010	97.067	2010-SS-T0-0035	(9,178)		
Homeland Security Grant Program - MMRS 2008	97.067	closed	45,120		
Homeland Security Grant Program - MMRS 2009	97.067	closed	276,563		
Homeland Security Grant Program - MMRS 2010	97.067	2010-SS-T0-0035	160,922		
<i>Total U.S. Department of Homeland Security</i>				<u>1,929,751</u>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 19,129,078</b>	<b>\$ 1,223,701</b>

- 1 Child Nutrition Cluster.
- 2 CDBG - Entitlement Grants Cluster
- 3 JAG Program Cluster

The accompanying notes are an integral part of this schedule.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended December 31, 2012

**Note 1. Organization**

The Unified Government of Wyandotte County / Kansas City, Kansas is the recipient of several federal grants. Various Unified Government departments administer these grant programs. The grants are accounted for in the General Fund, Special Revenue Funds, and Capital Project Funds.

**Note 2. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Unified Government 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 basic financial statements.

**Note 3. Local Government Contributions**

Local cost sharing, as defined by the OMB *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 Unified Government's grant programs for economy and efficiency and program results which may result in disallowed costs to the Unified Government. However, management does not believe such audits would result in any disallowed costs that would be material to the Unified Government's financial position at December 31, 2012.

**Note 5. Scope of Audit Pursuant to OMB Circular A-133**

This report does not include the federal financial assistance of the Board of Public Utilities of Kansas City, Kansas. This entity, including the federal financial assistance programs, is audited by other auditors. Copies of financial statements and Single Audit reports can be obtained at the following address:

Board of Public Utilities of Kansas City, Kansas  
540 Minnesota Avenue  
Kansas City, Kansas 66101

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2012

**Note 6. Revolving Loan Funds**

For the Schedule of Expenditures of Federal Awards, the amount expended for the U.S. Department of Commerce Revolving Loan Fund (RLF) program is determined as follows:

Balance of RLF loans outstanding at December 31, 2012 <sup>1</sup>	\$ 417,088
Plus: cash and investment balance in the RLF at December 31, 2012	1,371,064
Plus: administrative expenses paid out of RLF income during the year ended December 31, 2012	1,390
Plus: unpaid principal of all loans written off during the year ended December 31, 2012	-
Subtotal	<u>1,789,542</u>
Federal share of the RLF	<u>73.53%</u>
	<u>\$ 1,315,850</u>

<sup>1</sup> See Finding 2012-5 and 2011-9. Outstanding loan balances reported in 2011 were estimated, based on the best available information known at that time. Certain corrections to loan balances were made subsequent to December 31, 2011, based on research and analysis conducted on each loan in 2012.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2012

**Note 7. Social Services Block Grant Passed Through the Department of Social and Rehabilitation Services**

CDDO-12-087

Comparison of Expenditures to Budget  
For the Fiscal Year July 1, 2011 Through June 30, 2012

	Budget	July 1, 2011 to December 31, 2011	January 1, 2012 to June 30, 2012	Total	Over (Under) Budget
<u>Revenues</u>					
State Contract	\$ 492,466	\$ 248,054	\$ 244,412	\$ 492,466	\$ --
	<u>\$ 492,466</u>	<u>\$ 248,054</u>	<u>\$ 244,412</u>	<u>\$ 492,466</u>	<u>\$ --</u>
<u>Expenses</u>					
State Aid	\$ 155,472	\$ 31,232	\$ 124,240	\$ 155,472	\$ --
Administration	336,994	196,324	140,670	336,994	--
	<u>\$ 492,466</u>	<u>\$ 227,556</u>	<u>\$ 264,910</u>	<u>\$ 492,466</u>	<u>\$ --</u>