

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

OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2011

WITH

INDEPENDENT AUDITORS' REPORT

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /
KANSAS CITY, KANSAS

OMB *CIRCULAR A-133*, SINGLE AUDIT REPORT

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UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /

KANSAS CITY, KANSAS

OMB CIRCULAR A-133, SINGLE AUDIT REPORT

Year Ended December 31, 2011

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This is a copy of the County's annual financial statements reproduced from an electronic file. An original copy of this document is available at the County's office.

INDEPENDENT AUDITORS' 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

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

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, 2011, which collectively comprise the Unified Government's basic financial statements, and have issued our report thereon dated June 25, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors 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

Management of the Unified Government is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Unified Government's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Unified Government's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a

combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2011-3, 2011-4, and 2011-5 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Unified Government are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Unified Government's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Unified Government's responses, and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

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

June 25, 2012
Wichita, Kansas

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Unified Government of Wyandotte County / Kansas City, Kansas (Unified Government), 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, 2011. The Unified Government's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Unified Government's management. Our responsibility is to express an opinion on the Unified Government's compliance, based on our audit.

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, 2011. 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.

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. Our audit does not provide a legal determination of the Unified Government's compliance with those requirements.

As described in item 2011-9 in the accompanying schedule of findings and questioned costs, the Unified Government did not comply with requirements regarding certain special tests and provisions and reporting applicable to its Economic Adjustment Assistance program (#11.307). Compliance with such requirements is necessary, in our opinion, for the Unified Government to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Unified Government complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-6, 2011-7, and 2011-8.

Internal Control Over Compliance

Management of the Unified Government is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Unified Government's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-6 and 2011-7. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Unified Government's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Unified Government's responses, and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

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

September 25, 2012
Wichita, Kansas

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION -
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated June 25, 2012 which contained an unqualified opinion on those financial statements. We did not audit the financial statements of the Board of Public Utilities, which is both a major fund and 86%, 82%, and 90%, respectively, of the assets, net assets, and revenues of the business-type activities. Those 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 solely on the report of the other auditors.

Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Unified Government's financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 25, 2012. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Allen, Gibbs & Houlik, L.C.

September 25, 2012

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

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

FEDERAL AWARDS

Internal control over major programs:

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

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

 X yes no

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SECTION I – SUMMARY OF AUDITORS' RESULTS
(Continued)

Identification of major programs and type of auditors' 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>	Unqualified
14.239	<i>HOME Investment Partnerships Program</i>	Unqualified
14.257	<i>Homelessness Prevention and Rapid Re-housing Program (HPRP)(Recovery Act Funded)</i>	Unqualified
16.710	<i>Public Safety Partnership and Community Policing Grants (Recovery Act Funded)</i>	Unqualified
81.128	<i>Energy Efficiency and Conservation Block Grant Program (EECBG) (Recovery Act Funded)</i>	Unqualified
93.044 / 93.045 / 93.053	<i>Aging Cluster: Special Programs for the Aging – Title III Part B, Title III, Part C and Nutrition Services Incentive Program</i>	Unqualified
97.067	<i>Homeland Security Grant Program Cluster</i>	Unqualified
97.083	<i>Staffing for Adequate Fire and Emergency Response (SAFER)</i>	Unqualified

Dollar threshold used to distinguish
between type A and type B programs:

\$ 504,726

Auditee qualified as low-risk auditee?

 yes X no

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

Year Ended December 31, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2011-1: Accounting and Financial Reporting (Material Weakness)

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. During 2011, the Unified Government supplemented its year-end closing process by hiring an external accounting firm to assist with preparing entries needed for the GAAP financial statements. Additionally, 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. These steps taken by the Unified Government significantly improved the process compared to prior years. Remaining deficiencies in the controls over the period-end financial reporting process include:

- 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 is already generating benefits, in that the process for preparation of the financial statements was significantly improved over last year. We noted that the Accounting Manager was taking steps throughout the audit process to develop improved controls and procedures over the preparation of the financial statements for future years. Overall, fewer adjusting entries were made during the audit process, and management was able to generate fund-level financial statements. The primary remaining areas of concern pertain to our adjusting entries (described more fully in b) below), and the preparation of the government-wide financial statements and 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 hiring of an external accounting firm to assist with the year-end closing process has improved this. Additionally, the new Accounting Manager was active in reviewing their work and the year-end closing entries provided by the external accounting firm. Certain material adjustments were still made during the audit process, including:
 - to adjust amounts recorded for certain capital assets
 - to reconcile and record pollution remediation and landfill closure / post-closure obligations
 - to adjust estimates for incurred but not reported health and workers' compensation claims
 - to adjust estimates for other post-employment benefits
 - to record payment made on receivables related to an economic development project
 - to adjust special assessments receivable
- c) During his review of projects capitalized with construction in process, the Accounting Manager identified issues related to amounts capitalized for the Plaza at the Speedway development. During our subsequent review of the agreements pertaining to this development, we identified a number of issues that had potential accounting and financial reporting implications. This included matters for footnote disclosure in the financial statements pertaining to revenues that

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

Year Ended December 31, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

have been pledged over the next 10 to 20 years to the developer. We continue to recommend management evaluate how to improve communication between management members knowledgeable of these large, unique economic development projects and the accounting office. With the addition of an Accounting Manager, additional resources are available to assist in this area.

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
- c) evaluate how to improve communication of significant projects between management members knowledgeable of the projects and the accounting office. Additionally, due to the complexity of these projects, guidance may be needed from either the external auditors or other external accounting consultants.

Management Response: As noted by Allen, Gibbs & Houlik, L.C., management appointed a new Accounting Manager in January of 2012. This alone resulted in a significant improvement in the financial statement preparation process. Management has determined that by the end of 2012, each operation of the Accounting Division will be examined and compared to Government Finance Officers Associations standards in order to establish relevant, comprehensive and fully documented policies and procedures. During this process, there will be open communication with Allen, Gibbs & Houlik, L.C. staff to ensure changes made will result in the desired outcome once fully implemented. In addition, the Accounting Manager has developed an aggressive strategy to provide key training to staff utilizing a number of external and internal resources. Finally, fall meetings are planned between management, the Accounting Manager, and external auditor to discuss the major economic developments to determine the proper accounting treatments of these projects.

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

Year Ended December 31, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

It is the expectation that these combined efforts will result in continued improvements in the areas of financial statement preparation, controls over procedures and communications between management and the Accounting Division.

The Accounting Division is still functioning with fewer budgeted staff positions. As recent as 2008, the division had 9 employees, but currently are operating with a staff of 7. This limits the ability of existing staff to perform these entries. However, we anticipate the planned training and procedures will improve staff's abilities.

Finding 2011-2: Accounting for Capital Assets (Material Weakness)

Condition: Capital asset data was found to include errors relating to the accuracy and completeness of the data. Certain adjustments to the capital asset records were required as a result of our procedures, including:

- a) the identification of completed construction in process (CIP) projects, and removal of those projects from CIP
- b) recording assets in the Stormwater Fund that had not been previously recorded
- c) recording assets acquired under capital lease agreements

The external accounting firm hired to assist with the year-end closing process is also providing assistance with the recording of capital assets. Additionally, the Accounting Manager was instrumental in reviewing the work of the external firm, and bringing questions to our attention during the audit process. We recommend management continue to evaluate procedures to ensure all capital asset activity is identified, evaluated for recording as a capital asset, and properly reconciled to the general ledger.

Criteria or Specific Requirement: Internal controls should be designed so that transactions are properly recorded and accounted for, to permit 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, formal policies and procedures are not in place to address the steps required in accounting for the accuracy and completeness of data, including monitoring and review procedures over the process.

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

Recommendation: We recommend management continue to evaluate procedures to ensure all capital asset activity is identified, evaluated for recording as a capital asset, and properly reconciled to the general ledger.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

Management Response: The recently appointed Accounting Manager has begun the process to update the various policies and procedures in Accounting Division. Over the next year, each operation of the division will be examined and compared to Government Finance Officers Association standards in order to establish relevant, comprehensive and fully documented policies and procedures. During this process, there will be open communication with Allen, Gibbs & Houlik, L.C. staff to ensure changes made will result in the desired outcome once fully implemented. The area of capital assets will be a chief component of this process and it is expected this will significantly improve the operation.

Finding 2011-3: 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 that there is currently no reconciliation being done between the total bonds outstanding and the bank account balance.
- 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. 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. We recommend that the daily voids / adjustments report be reviewed by someone without access to approve voids and adjustments.

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.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

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. A Project Manager has been assigned to assist the department in completing the reconciliation, thus providing the department with the additional resources vital to complete this important function.
- b. Municipal Court's limited supervisory positions prevent complete segregate of duties. This results in the Court Administrator reviewing all voided transactions while also having authority to enter voided transactions. As a compensating control, the Project Manager referred to above will establish a process and complete a review of all voids entered by the Court Administrator on a regular basis.

Finding 2011-4: Bank Reconciliation – Inmate Trust Fund (Significant Deficiency)

Condition: Bank reconciliations for the Inmate Trust Fund account were not being done correctly for all of 2011, and were not properly reconciled as of December 31, 2011. Since cash accounts are most susceptible to misappropriation, we recommend that all significant accounts be reconciled on a timely basis each month.

Criteria or Specific Requirement: Preparation of a complete and accurate bank reconciliation is one of the most significant controls pertaining to the recording of cash and investments, and for the prevention of misappropriation of assets.

Cause: Reconciling items identified as not being accurate and correct.

Effect: Lack of controls and procedures could result in a material misstatement of cash and investments, and potentially misappropriation of assets.

Recommendation: We recommend procedures be designed and implemented that ensure the complete and accurate preparation of bank reconciliations on a timely basis each month.

Management Response: The Inmate Trust Fund is essentially a component of the Jail Commissary program which is operated by a contracted third party. A contributing factor to this issue is a lack of communication between the Unified Government and the third party contractor. 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 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.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2011-5: Schedule of Expenditures of Federal Awards (Significant Deficiency)

Condition: OMB Circular A-133 requires the Unified Government prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the financial statements. Management's current procedures capture most of the information needed, including a listing of individual federal programs by federal agency and pass-through entity where applicable, and total federal awards expended under each program. However, we noted the following deficiencies related to the preparation of the schedule:

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.

Criteria or Specific Requirement: An entity that expends federal awards must have controls in place that would enable the entity to compile a SEFA. A SEFA identifies and tracks all federal awards and their related information, including but not limited to the Catalog of Federal Domestic Assistance (CFDA No.), grant award title, grant award amount and federal expenditures.

Cause: While the Unified Government has a process in place to track federal awards, it does not capture all required data, and noncash awards or new grants are more likely to be missed.

Effect: A SEFA allows for increased knowledge of all federal grant activity at the overall Unified Government level. The lack of an accurate and complete SEFA hinders this knowledge and could lead to grant noncompliance.

Recommendation: We recommend management continue to work on improving the implementation of the process that captures information for the SEFA. Overall, we recommend management consider having all federal grants tracked centrally, and that the Unified Government appoint someone to oversee expenditures of, and compliance with, all grant programs.

Management Response: Management has a form designed to capture all the necessary information and will work with the departments to insure the forms are accurately completed.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2011-6 Schedule of Expenditures of Federal Awards (Significant Deficiency) (Repeat of Finding (2010-6):

This finding, as reported under Section II – Financial Statement Findings, is also considered to be a Federal Award Finding. For complete description, see Section II.

Finding 2011-7 (Significant Deficiency) (Repeat of Finding 2010-11):

<u>CFDA #</u>	<u>Program</u>
14.218 / 14.253	Community Development Block Grants Cluster, U.S. Department of Housing and Urban Development
14.239	HOME Investment Partnerships Program, U.S. Department of Housing and Urban Development

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 two employees for the HOME program were \$139,140, and for the CDBG program were \$918,820.

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 53% is for CDBG, 25% is for HOME, and 22% 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.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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 were not completed during the report period. Staff have been working with auditors and HUD staff to develop an efficient and acceptable system for time distribution. The system will include internal controls and projected completion dates, prior to December 31, 2012.

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 (Repeat of Finding 2010-12)

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. In August of 2011, the Fire Department recruited 16 firefighters bringing the staffing levels from 404 positions to 420 positions. Subsequent to the recruiting class, there were 5 separations due to retirement or other attrition. As of December 31, 2011, there were 415 firefighters on staff, resulting in a shortage of 5 positions. Correspondence received by the Unified Government from the Federal Emergency Management Agency indicated the Unified Government has 6 months to fill the vacancies.

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 hiring and training process, it is impractical to fill vacancies on an individual basis. Management has corresponded with the Department of Homeland Security regarding this issue. Management's effort to continually hire and train new applicants when practical has previously been approved by the Department of Homeland Security. These efforts will continue in the future.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2011-9:

#11.307, Economic Adjustment Assistance (Revolving Loan Fund), U.S. Department of Commerce, Economic Development Administration (Repeat of Finding 2010-15)

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) Certain data reported on the semi-annual report Form ED-209 for the period ending September 30, 2011 were 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 during 2011. 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 307.14(a) requires completion of a semi-annual report that includes data on loans outstanding, and other key program activity.

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, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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 one new loan made in 2011, all loans outstanding in 2010 had been initially disbursed and administered by the nonprofit entity. Current year testing on the new loan made in 2011 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 appeared from past files and documentation to be either delinquent or defaulted by prior administrators of the RLF.
2. Reconciliation of past active loans by the special projects manager.
3. The amortization schedules continue to be enhanced for greater accuracy.
4. RLF summaries have been completed on all active files, and new promissory notes and conditions will be completed on all active loans.
5. All old files that are active are being updated for compliance as new promissory notes are completed.
6. The staff is continuing to work on the semi-annual reports and any written analysis reports.
7. The staff is continuing the servicing of all active loans per the new November 1, 2010 Unified Government RLF Plan.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings Required to be Reported by Government Auditing Standards

Finding 2010-1: A bank reconciliation is prepared daily by the Treasurer's Office for the Unified Government's main operating cash accounts. However, the reconciliation provided for testing as of December 31, 2010 had significant unreconciled variances dating to approximately April 2010, indicating the reconciliation had not been accurately completed since that time.

Corrective Action: During 2011, management developed a standard operating procedure related to bank reconciliations. This included a process to accurately record wire transfers as well as outlining departmental responsibilities.

Status: Completed.

Finding 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: During 2011, the Unified Government continued to supplement its year-end closing process by hiring an external accounting firm to assist with preparing entries needed for the financial statements. Additionally, 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 2011-1.

Finding 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. Additionally, 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 and 2011; however, see current year finding 2011-2.

Finding 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.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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 2011-3

Finding 2010-5: In Treasury, it was noted that a void report could not be generated for supervisory review that included sufficient detail of the voided transaction.

Corrective Action: As of May 19, 2011, the void report was enhanced to show the dollar amount being voided.

Status: Completed.

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

- a) Certain programs were identified that had not been previously identified as federally-funded programs, resulting in federal expenditures not being included on the schedule. These programs related to non-cash awards, where certain departments within the Unified Government received equipment from federal grant programs.
- b) 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 department to include all required information and specifically indicate that non-cash awards need to be reported.

Status: a) Completed. b) See current year finding 2011-5.

Findings Required to be Reported by OMB Circular A-133

CFDA #93.044/93.045/93.053 Aging Cluster, U.S. Department of Health and Human Services, Passed Through the Kansas Department of Aging; and #97.067, Homeland Security Grant Program, U.S. Department of Homeland Security, Passed Through the Kansas State Highway Patrol

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2010-7, 2009-7 and 2008-6: The programs do not have sufficient procedures for ensuring that contracts are not entered into with parties who are suspended or debarred.

Corrective Action: New procedures were implemented in 2011 to ensure parties are not suspended or debarred.

Status: Completed.

CFDA #93.705/93.707 Aging Cluster, ARRA – Aging Home-Delivered Nutrition Services for States and Aging Congregate Nutrition Services for States, Department of Health and Human Services, Passed Through the Kansas Department of Aging

Finding 2010-8: The Unified Government did not separately identify to each subrecipient, and document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.

Corrective Action: The Aging Department established internal controls to ensure it separately identified to each subrecipient, and documented at the time of the sub-award and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds.

Status: Completed.

CFDA #97.067 Homeland Security Grant Program, U.S. Department of Homeland Security, Passed Through the Kansas Highway Patrol, Urban Areas Security Initiative (UASI) Awards

Finding 2010-9: Equipment purchased through this grant program was not recorded on the Unified Government's physical inventory of equipment.

Corrective Action: The Unified Government established internal controls to ensure equipment received from Federal grants as a non-cash award was recorded on its physical inventory of equipment.

Status: Completed.

CFDA #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 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.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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 2011-7.

#14.257, Homelessness Prevention and Rapid Re-housing Program (HPRP) (Recovery Act Funded), U.S. Department of Housing and Urban Development, Award Number S09-MY-20-0001

Finding 2010-10: Subrecipient monitoring was not conducted in accordance with the following OMB Circular A-133 requirements: a) there was no procedure or control in place to ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year met the audit requirements provided in OMB Circular A-133, and b) on-site reviews were not performed as part of "during-the-award" monitoring to provide reasonable assurance that subrecipients used federal awards for authorized purposes, complied with laws, regulations and the provisions of contracts and grant agreements, and achieved performance goals.

Corrective Action: The Community Development Department established internal controls to ensure on-site monitoring of subrecipients was performed annually and that subrecipients met their audit requirements. In addition, the Department utilized the Federal Clearinghouse web site to monitor subrecipient audit reports.

Status: Completed.

#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 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 2011-8

All Federal Programs

Finding 2010-13: The OMB Circular A-133 audit report was not completed and submitted within 9 months after the end of the Unified Government's fiscal year end.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Corrective Action: Due to procedures that have been put in place in 2011, data for conducting the 2011 audit will be available in a more timely manner.

Status: Completed.

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

Finding 2010-14: Interest earned on sequestered funds was not remitted to the U.S. Treasury on a quarterly basis. Interest earnings from 2010 were not remitted until March 2011.

Corrective Action: During 2010, the Unified Government adopted a new RLF Comprehensive Economic Development Strategy to be in compliance with EDA approval of a Unified Government RLF Plan. As part of this plan, new policies and procedures were implemented to ensure that interest on sequestered funds was remitted to the U.S. Treasury on a quarterly basis.

Status: Completed.

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

Finding 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 a sample of 5 loans tested out of 22 loans outstanding, various components of standard loan documentation were missing, including certain loan applications, loan agreements, security agreements, and evidence that credit is not otherwise available to the borrower.
- b) Certain data reported on the semi-annual report Form ED-209 for the period ending September 30, 2010 were 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 during 2010. 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 2011-9.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

<u>Program</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>Total By Federal Agency</u>
U.S. Department of Agriculture:			
<i>Passed Through Kansas Department of Health and Environment:</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 997,404	
<i>Passed Through Kansas Department of Education:</i>			
School Breakfast Program	10.553	¹ 27,713	
National School Lunch Program	10.555	¹ 46,114	
Total U.S. Department of Agriculture			\$ 1,071,231
U.S. Department of Commerce:			
<i>Direct Funding:</i>			
Economic Adjustment Assistance - Revolving Loan Fund Program	11.307	1,334,410	
Total U.S. Department of Commerce			1,334,410
U.S. Department of Housing and Urban Development:			
<i>Direct Funding:</i>			
Community Development Block Grant	14.218	² 2,551,436	
Emergency Shelter Grants Program	14.231	64,986	
Supportive Housing Program	14.235	354,875	
HOME Investment Partnerships Program	14.239	1,189,514	
Economic Development Initiative-Special Project, Planning and Neighborhood Initiative Grants	14.251	109,735	
ARRA - Community Development Block Grant ARRA Entitlement Grants	14.253	² 250,376	
ARRA - Homelessness Prevention and Rapid Re-housing Program (HPRP)	14.257	317,630	
<i>Passed Through Kansas Department of Commerce:</i>			
Community Development Block Grants / State's Program and Non-entitlement Grants in Hawaii (HERA)	14.228	1,029,724	
Total U.S. Department of Housing and Urban Development			5,868,276
U.S. Department of Justice:			
<i>Direct Funding:</i>			
Bureau of Justice Assistance:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	91,191	
Bulletproof Vest Partnership Program	16.607	16,068	
ARRA - Public Safety Partnership and Community Policing Grants	16.710	639,145	
Edward Byrne Memorial Justice Assistance Grant	16.738	³ 136,999	
Congressionally Recommended Awards	16.753	2,206	
ARRA - Edward Byrne Memorial Justice Assistance Grant program / Grants to Units of Local Government	16.804	³ 276,380	
<i>Passed Through the Kansas Office of the Attorney General:</i>			
Crime Victim Assistance	16.575	109,432	
Violence Against Women Formula Grants	16.588	141,678	
<i>Passed Through Kansas Crime Victims Compensation Board:</i>			
Total U.S. Department of Justice			1,413,099
U.S. Department of Transportation:			
<i>Passed Through the Kansas City Area Transportation Authority</i>			
Federal Transit Formula Grants	20.507	25,393	
<i>Passed Through the Kansas Department of Transportation:</i>			
ARRA - Highway Planning and Construction	20.205	200,965	
State and Community Highway Safety	20.600	71,720	
Total U. S. Department of Transportation			298,078

The accompanying notes are an integral part of this schedule.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

<u>Program</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>Total By Federal Agency</u>
Environmental Protection Agency:			
<i>Direct Funding:</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	116,358	
<i>Passed Through Kansas Department of Health and Environment:</i>			
Air Pollution Control Program Support	66.001	231,306	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose			
Activities Relating to the Clean Air Act	66.034	48,052	
ARRA - State Clean Diesel Grant Program	66.040	170,537	
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	95,400	
<i>Total Environmental Protection Agency</i>			661,653
U.S. Department of Energy:			
<i>Direct Funding:</i>			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	412,501	
<i>Total U.S. Department of Energy</i>			412,501
U.S. Department of Health and Human Services:			
<i>Passed Through Kansas Department of Aging:</i>			
<i>Aging Cluster:</i>			
Special Programs for the Aging - Title III,			
Part B - Grants for Supportive Services and Senior Centers	93.044	297,788	
Special Programs for the Aging - Title III,			
Part C - Nutrition Services	93.045	497,695	
Nutrition Services Incentive Program	93.053	181,760	
		977,243	
Special Programs for the Aging - Title III, Part D - Disease			
Prevention and Health Promotion Services	93.043	19,807	
Special Programs for the Aging - Title III,			
Part E - National Family Caregiver Support	93.052	105,075	
Communities Putting Prevention to Work: Chronic Disease			
Self-Management Program	93.725	10,114	
Centers for Medicare and Medicaid Services Research, Demonstrations			
and Evaluations	93.779	10,569	
<i>Passed Through Kansas Department of Health and Environment:</i>			
Public Health Emergency Preparedness	93.069	189,398	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	71,750	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	20,022	
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	133,617	
Family Planning Services	93.217	376,190	
Childhood Immunization Grant	93.268	55,405	
Affordable Care Act (ACA) Tribal Maternal, Infant, and Early Childhood			
Home Visiting Program	93.505	20,429	
Child Care and Development Block Grant	93.575	66,421	
Medical Assistance Program	93.778	26,298	
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS)			
and Human Immunodeficiency Virus (HIV) Infection in Selected Populations	93.943	10,079	
Preventive Health Services - Sexually Transmitted Diseases			
Control Grant	93.977	195,970	
Maternal and Child Health Block Grant	93.994	413,570	
<i>Total U.S. Department of Health and Human Services</i>			2,701,957
Executive Office of the President:			
<i>Passed Through Kansas Bureau of Investigation:</i>			
High Intensity Drug Trafficking Areas Program	95.001	36,284	
<i>Total Executive Office of the President</i>			36,284

The accompanying notes are an integral part of this schedule.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

<u>Program</u>	<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>Total By Federal Agency</u>
U.S. Department of Homeland Security:			
<i>Direct Funding:</i>			
Assistance to Firefighters Grant	97.044	117,848	
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	1,444,094	
<i>Passed Through Kansas Division of Emergency Management:</i>			
Emergency Management Performance Grants	97.042	65,338	
<i>Passed Through Kansas State Highway Patrol:</i>			
Homeland Security Grant Program	97.067	1,165,486	
Buffer Zone Protection Program	97.078	233,940	
<i>Total U.S. Department of Homeland Security</i>			<u>3,026,706</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 16,824,195</u>

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

The accompanying notes are an integral part of this schedule.

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

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, 2011.

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

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

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, 2011 ¹	\$ 390,069
Plus: cash and investment balance in the RLF at December 31, 2011	1,381,203
Plus: administrative expenses paid out of RLF income during the year ended December 31, 2011	13,954
Plus: unpaid principal of all loans written off during the year ended December 31, 2011	<u>29,557</u>
Subtotal	1,814,783
 Federal share of the RLF	 <u>73.53%</u>
	 <u><u>\$ 1,334,410</u></u>

¹ See Finding 2011-9. Outstanding loan balances reported in 2011 are 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.

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2011

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

CDDO-09-087

Comparison of Expenditures to Budget
For the Fiscal Year July 1, 2010 Through June 30, 2011

	Budget	July 1, 2010 to December 31, 2010	January 1, 2011 to June 30, 2011	Total	Over (Under) Budget
<u>Revenues</u>					
State Contract	\$ 717,175	\$ 363,975	\$ 353,200	\$ 717,175	\$ --
	<u>\$ 717,175</u>	<u>\$ 363,975</u>	<u>\$ 353,200</u>	<u>\$ 717,175</u>	<u>\$ --</u>
<u>Expenses</u>					
Community and Family Services and Support	\$ 213,773	\$ 30,575	\$ 183,198	\$ 213,773	\$ --
State Aid	160,280	188	160,092	160,280	--
Administration	343,122	128,880	214,242	343,122	--
	<u>\$ 717,175</u>	<u>\$ 159,643</u>	<u>\$ 557,532</u>	<u>\$ 717,175</u>	<u>\$ --</u>