
**CITY OF CLAYTON,
MISSOURI**

**REPORT ON FEDERAL AWARDS
(Audited)**

Year Ended September 30, 2012

CITY OF CLAYTON, MISSOURI
REPORT ON FEDERAL AWARDS

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Hochschild, Bloom & Company LLP

Certified Public Accountants
Consultants and Advisors

**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***

March 27, 2013

Honorable Mayor and Members of the Board of Aldermen
CITY OF CLAYTON, MISSOURI

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **CITY OF CLAYTON, MISSOURI** (the City) as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 27, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the City in a separate letter dated March 27, 2013.

This report is intended solely for the information and use of management, Board of Aldermen, others within the City, 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.


CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CLAYTON, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES
TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Transportation:			
Passed through Missouri Department of Transportation:			
Highway Planning and Construction	20.205	STP 5438(603)	\$ 736,739
Highway Planning and Construction	20.205	STP 5438(602)	211,633
Highway Planning and Construction	20.205	STP 5438(607)	35,106
Highway Planning and Construction	20.205	STP 5438(605)	22,421
Highway Planning and Construction	20.205	STP 5438(609)	87,720
Highway Planning and Construction	20.205	STP 5438(610)	<u>56,504</u>
Total Highway Planning And Construction			<u>1,150,123</u>
State and Community Highway Safety	20.600	12-RS-11-002	<u>5,732</u>
Highway Training and Education	20.215	12-RS-11-002	<u>2,268</u>
Passed through University of Central Missouri:			
State and Community Highway Safety	20.600	12-OP-05-005	1,000
Alcohol Open Container Requirements	20.607	12-154-AL-083	<u>2,274</u>
Total University Of Central Missouri			<u>3,274</u>
Total U.S. Department Of Transportation			<u>1,161,397</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	-	2,802
Passed through Missouri Department of Public Safety:			
Multi-Jurisdictional Cyber Crime Grant	16.803	2009-MJCCG-029	105,358
Multi-Jurisdictional Cyber Crime Grant	16.803	2009-MJCCG-043	<u>21,888</u>
Total U.S. Department Of Justice			<u>130,048</u>
U.S. Department of Homeland Security:			
Passed through Missouri Emergency Management Agency:			
Hazard Mitigation Grant	97.039	FEMA-1773-DR-MO	<u>642,835</u>

(Continued)

CITY OF CLAYTON, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES
TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Number</u>	<u>Expenditures</u>
Department of Housing and Urban Development			
Passed through St. Louis County:			
Community Development Block Grant	14.218	-	<u>51,429</u>
U.S. Department of Energy:			
Passed through Missouri Department of Natural Resources:			
ARRA Energy Efficiency and Conservation Block Grant	81.128	G10-EECBG-02-018801191	195,600
ARRA Energy Efficiency and Conservation Block Grant	81.128	G10-EECBG-03-018801191	<u>733,638</u>
Total U.S. Department Of Energy			<u>929,238</u>
Total Awards Expended			<u>\$2,914,947</u>

NOTES:

1. General

The schedule of federal awards (schedule) presents the activity of all federal financial assistance programs of the City. The City's reporting entity is defined in Note A to the City's financial statements. Federal financial assistance received directly from federal agencies, as well as passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The schedule is presented using the modified accrual basis of accounting, which is described in Note A to the City's financial statements.



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**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**

March 27, 2013

Honorable Mayor and Members of the Board of Aldermen
CITY OF CLAYTON, MISSOURI

Compliance

We have audited the **CITY OF CLAYTON, MISSOURI** (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on to each of its major federal programs for the year ended September 30, 2012. The City'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 City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012.

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Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine 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 City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended September 30, 2012, and have issued our report thereon dated March 27, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the City's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the City's compliance but not to provide an opinion on the effectiveness of the City's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CLAYTON, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. Summary of the auditors' results:

A. Financial Statements:

- | | |
|--|--------------------------------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a) Material weakness(es) identified? | _____ Yes <u> X </u> No |
| b) Significant deficiency(ies) identified? | _____ Yes <u> X </u> None reported |
| c) Noncompliance material to financial statements noted? | _____ Yes <u> X </u> No |

B. Federal Awards:

- | | |
|---|--------------------------------------|
| 1. Internal control over major programs: | |
| a) Material weakness(es) identified? | _____ Yes <u> X </u> No |
| b) Significant deficiency(ies) identified? | _____ Yes <u> X </u> None reported |
| c) Type of auditor's report issued on compliance for major programs: | Unqualified |
| d) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | _____ Yes <u> X </u> No |
| e) Identification of major programs: | |

<u>CFDA Number(s)</u>	<u>Name Of Federal Program Or Cluster</u>
20.205	Highway Planning and Construction
81.128	Energy Efficiency and Conservation Block Grant
97.039	Hazard Mitigation Grant
f) Dollar threshold used to distinguish between type A and type B programs:	\$300,000
g) Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No

II. Financial statement findings:

None

III. Federal award findings and questioned costs:

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings relating to financial statements which are required to be reported in accordance with *Government Auditing Standards*:

N/A