

City of Overland Park, Kansas

Compliance Report

Year Ended December 31, 2009

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City of Overland Park, Kansas

Schedule of Disbursements of Federal Awards
Year Ended December 31, 2009

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Disbursements
U.S. Department of Housing and Urban Development, Community Development Block Grant (Direct)	14.218	B-08-MC-20-0002	\$ 431,652
Community Development Block Grant (Direct)	14.218	B-09-MC-20-0002	574,012
ARRA-Community Development Block Grant (Direct)	14.253	B-09-MY-20-0002	174,241
			<u>1,179,905</u>
U.S. Department of Justice, 2009 Bullet Proof Vest (Direct)	16.607	N/A	8,498
Passed Through the Kansas Department of Transportation: Enforcing Underage Drinking Laws	16.727	JJ-1140-09	18,942
			<u>27,440</u>
U.S. Department of Transportation, Passed Through the Kansas Department of Transportation: Kansas Clicks Step Program	20.600	OP-0999-09	22,189
Kansas Clicks Step Program	20.600	OP-0999-10	8,845
KDOT Sobriety Checkpoint/Saturation	20.600	AL-9089-08	8,120
			<u>39,154</u>
U.S. Department of Energy, ARRA-EECBG Grant (Direct)	81.128	E-SC0002387	253,305
U.S. Federal Emergency Management Agency, 2008 Assistance to Firefighters Grant (Direct)	97.036	EMW-2008-FO-08973	263,619
Total disbursements of federal awards			<u>\$ 1,763,423</u>

See Notes to Schedule of Disbursements of Federal Awards.

City of Overland Park, Kansas

Notes to Schedule of Disbursements of Federal Awards
Year Ended December 31, 2009

Note 1. Basis of Presentation

The accompanying Schedule of Disbursements of Federal Awards includes the federal grant activity of the City for the year ended December 31, 2009. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit 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 2. Significant Accounting Policies

The Schedule of Disbursements of Federal Awards is prepared on the cash basis of accounting. Therefore, the disbursement is reported when the employee, vendor or subrecipient is paid.

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients for the Community Development Block Grant during the fiscal year ended December 31, 2009 in the amount of \$228,900.

City of Overland Park, Kansas

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2009

	Finding	Status	Corrective Action Plan or Other Explanation
Material Weaknesses in Financial Audits			
2008-1	The City identified capital assets that had been constructed during the fiscal year December 31, 2006 which were not capitalized in the proper fiscal year.	Corrected	

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Honorable Mayor and
Members of the City Council
City of Overland Park, Kansas
Overland Park, Kansas

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Overland Park, Kansas, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 8, 2010. Our report was modified to include 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 and the Kansas Municipal Audit Guide. Other auditors audited the financial activity of the Sheraton Hotel, Inc. included within the Overland Park Development Corporation major enterprise fund, as described in our report on the City of Overland Park, Kansas' financial statements. The Overland Park Development Corporation's major enterprise fund financial statements were not audited in accordance with *Government Auditing Standards* and the Kansas Municipal Audit Guide.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Overland Park, Kansas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Overland Park, Kansas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Overland Park, Kansas' 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as 09-II-A, that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Overland Park, Kansas' 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*.

The City of Overland Park, Kansas' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Overland Park, Kansas' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council and the City of Overland Park, Kansas' management, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Kansas City, Missouri
June 8, 2010

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Honorable Mayor and
Members of the City Council
City of Overland Park, Kansas
Overland Park, Kansas

Compliance

We have audited the compliance of the City of Overland Park, Kansas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2009. The City of Overland Park, Kansas' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City of Overland Park, Kansas' management. Our responsibility is to express an opinion on the City of Overland Park, Kansas' compliance based on our audit.

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 Nonprofit 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 of Overland Park, Kansas' 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 of Overland Park, Kansas' compliance with those requirements.

In our opinion, the City of Overland Park, Kansas complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City of Overland Park, Kansas 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 City of Overland Park, Kansas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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 of Overland Park, Kansas' 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 Disbursements of Federal Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Overland Park, Kansas as of and for the year ended December 31, 2009, and have issued our report thereon dated June 8, 2010. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Overland Park, Kansas' basic financial statements. The accompanying schedule of disbursements 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council, management, 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.

McGladrey & Pullen, LLP

Kansas City, Missouri
June 8, 2010

City of Overland Park, Kansas

Schedule of Findings and Questioned Costs
Year Ended December 31, 2009

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) 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 weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
	Community Development Block Grant Cluster:
14.218	Community Development Block Grant
14.253	ARRA - Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2009

II. Financial Statement Findings

Significant Deficiencies in Internal Control

09-II-A

Finding: The City did not record the entire receivable for a new special assessment.

Criteria: Significant deficiencies include deficiencies in controls over the period-end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements.

Condition: During the audit, an adjustment was required to be made to governmental fund special assessments receivable and deferred revenue, and government-wide revenue for a correction in special assessment receivable payment schedule.

Context: Pervasive to special assessments receivable, deferred revenue and revenue.

Effect: Special assessments receivable and deferred revenue in the governmental funds, and government-wide revenue, would be misstated in the financial statements.

Cause: There was not a control in place to ensure proper tracking of the new special assessment receivable, and therefore the journal entry recorded in general ledger was incorrect.

Recommendation: We recommend management adopt an appropriate review process to ensure spreadsheets used to track special assessments agree to the certified amount of the special assessment.

Views of Responsible Officials and Planned Corrective Actions: On the special assessment worksheet, an additional column has been added to record the actual amount certified to the County. This column will provide a check and balance to the totals reported on the special assessment worksheet.

Compliance Findings

None

III. Findings and Questioned Costs for Federal Awards

Significant Deficiencies in Administering Federal Awards

None

Instances of Noncompliance

None

City of Overland Park, Kansas

Corrective Action Plan

Year Ended December 31, 2009

Current Number	Comment	Corrective Action Plan	Date of Completion	Contact Person
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Significant Deficiency in Internal Control:

09-II-A	The City did not record the entire receivable for a new special assessment.	See corrective action plan at 09-II-A.	July 31, 2010	Dave M. Scott, Chief Financial Officer
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