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***CLAY COUNTY, MISSOURI  
SINGLE AUDIT REPORT  
(OMB CIRCULAR A-133)  
DECEMBER 31, 2014***

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**PREPARED BY**



Meara .Welch . Browne  
Certified Public Accountants & Consultants

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CLAY COUNTY, MISSOURI  
SINGLE AUDIT REPORT  
(OMB CIRCULAR A-133)  
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable County Commissioners of  
Clay County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clay County, Missouri, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 26, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County's internal control. Accordingly, we do not express an opinion on the effectiveness of County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2014-01 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The County's Response to Findings**

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mease Welch Browne*

Leawood, KS  
September 30, 2015



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable County Commissioners of  
Clay County, Missouri

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

We have audited Clay County, Missouri's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

**Report on Internal Control over Compliance**

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 26, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Mease Welch Brown*

Leawood, KS  
September 30, 2015

CLAY COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor / Pass-Through Grantor / Program Title	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Passed through Missouri Department of Social Services:			
2014 Child Support Enforcement - Title IV-D Reimbursement	93.563	ER10214A004	\$ 1,410,154
Total U.S. Department of Health and Human Services			<u>1,410,154</u>
U.S. Department of Homeland Security:			
Passed through Missouri Department of Public Safety:			
2014 Emergency Management Performance Grant	97.042	2014-EP-00005-027	71,803
Total U.S. Department of Homeland Security			<u>71,803</u>
U.S. Executive Office of the President:			
Passed through Kansas City Board of Police Commissioners:			
2013 - 2014 High Intensity Drug Trafficking Areas (HIDTA)	95.001	G13MW0005A	85,972
Total U.S. Executive Office of the President			<u>85,972</u>
U.S. Department of Transportation:			
Passed through Missouri Department of Transportation:			
2013 Airport Improvement Grant	20.106	AIR 13-107B-1	417,055
2014 Airport Improvement Grant	20.106	AIR 14-107B-1	91,390
Highway Planning and Construction Grant (Bridge No. 1010007)	20.205	BRO-B024 (22)	211,523
Highway Planning and Construction Grant (Bridge No 500031)	20.205	BRO-B024(24)	94,820
2013 - 2014 DWI Enforcement Grant (Sobriety Checkpoints)	20.607	14-154-AL-024	861
2014 - 2015 DWI Enforcement Grant (Sobriety Checkpoints)	20.607	15-154-AL-029	244
2013 - 2014 Hazardous Moving Violation Enforcement Grant	20.600	14-PT-02-025	3,876
2014 - 2015 Hazardous Moving Violation Enforcement Grant	20.600	15-PT-02-032	397
2013 - 2014 Sobriety Checkpoints/Task Force Project	20.607	14-154-AL-025	940
Total U.S. Department of Transportation			<u>821,106</u>
Total Expenditures of Federal Awards			<u>\$ 2,389,035</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

CLAY COUNTY, MISSOURI  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1: ORGANIZATION

Clay County, Missouri (the County) is the recipient of several federal grants. The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards programs of the County for the year ended December 31, 2014. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

NOTE 2: BASIS OF PRESENTATION

The accompanying Schedule includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information presented in the Schedule is in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in the 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 OMB Circular A-102, Attachment F, is required by certain federal grants. The amount of cost sharing varies with each program and only the federal share of expenditures is presented in the Schedule.

NOTE 4: ADDITIONAL AUDITS

Grantor agencies reserve the right to conduct additional audits of the County's grant programs for economy, efficiency, and program results, which may result in disallowed costs to the County. However, management does not believe such audits would result in any disallowed costs that would be material to the County's financial position at December 31, 2014.

CLAY COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  No
- Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  No

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

- 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 programs:

CFDA Number	Name of Federal Program
93.563	Child Support Enforcement - Title IV-D Reimbursement
20.106	Airport Improvement Program
20.205	Highway Planning and Construction

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

Auditee qualified as a low-risk auditee?  Yes  No

CLAY COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Section II - Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with *Government Auditing Standards*

A. Internal Controls over Financial Reporting

2014-01 – Lack of Accounting Oversight – Material Weakness

Condition: There were a significant number of audit adjustments made to the trial balance and financial statements provided by management. The audit adjustments were material and affected a significant number of general ledger accounts, as well as the conversion between the fund and government-wide financial statements.

Criteria: Preparation of the financial statements in compliance with generally accepted accounting principles is the responsibility of the County.

Cause of Condition: The County's operations are decentralized, and we noted that there was a lack of oversight in the accounting function. The County's accounting is complex and requires extensive expertise to ensure that the accounting and reporting are accurate and in accordance with applicable standards. The County's management needs staff in a higher-level accounting supervisory role with knowledge of government accounting to record year-end accruals under the modified accrual basis of accounting and perform the conversion between the fund and government-wide financial statements.

Potential Effect of Condition: The lack of accounting oversight could result in material misstatements of the County's financial statements.

Recommendation: We recommend the County's management have a qualified higher-level accounting supervisor to ensure that the accounting and reporting are accurate and in accordance with applicable standards. For 2015 and future years, the County needs an auditor or accounting supervisor that will perform the following: convert cash basis accounting to accrual basis, preparation of supporting schedules for balances recorded in the general ledger at year-end, and preparation of draft financial statements in accordance with applicable standards.

Response and Corrective Action: Historically, these functions have been performed by the County's elected Auditor. It is management's belief that the elected County Auditor has a duty to perform these functions.

The departments under control of the County Administrator have been reorganized. With this reorganization, the Commission approved the addition of a Finance Manager that would report to the Assistant County Administrator – Finance and Administrative Services. The Finance Manager position was filled in July 2015 to lead the Finance Department and to perform tasks identified in this finding that the County's elected Auditor continues to not perform. In addition to the Finance Manager, the Department consists of two Finance Specialists. The Finance Manager is a qualified supervisor working to ensure that the County's accounting and reporting are accurate and in accordance with applicable standards.

B. Compliance Findings

None reported.

CLAY COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Section III – Findings and Questioned Costs for Federal Awards

A. Internal Controls over Compliance

None reported.

B. Compliance Findings

None reported.

CLAY COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Findings Related to the Basic Financial Statements

13-01 – Lack of Accounting Oversight – Material Weakness

Finding: There were a significant number of audit adjustments made to the trial balance and financial statements provided by management. The audit adjustments were material and affected a significant number of general ledger accounts, as well as the conversion between the fund and government-wide financial statements.

Status: Not corrected. See current year finding at 2014-01.

13-02 – Treasurer’s Office - Significant Deficiency

Finding: There is currently no procedure in place for a supervisor to review the bank reconciliation for the County’s pooled checking account held by the County Treasury.

Status: Corrected.

13-03 - Sheriff’s Office - Emergency Fugitive Apprehension Fund - Significant Deficiency

Finding: The Emergency Fugitive Apprehension Fund’s bank account is held outside the County Treasury. Also, revenue received from the State of Missouri for reimbursement of per diem guard fees and mileage during extradition trips were not recorded in the appropriate funds in which the expenditures were recorded. This finding was originally reported in 2012.

Status: Corrected.

Findings and Questioned Costs for Federal Awards

13-04 - U.S. Department of Justice, Passed Through Platte City, Missouri, Multi-Jurisdictional Cyber Crimes Grant (CFDA #16.803)

Finding: During the prior year audit of the Multi-Jurisdictional Cyber Crimes Grant, we noted that the County did not have an effective system of internal control in place to ensure compliance with the allowable costs/cost principles and reporting compliance requirements. We noted the following internal controls were not operating effectively:

- Supporting documentation of expenditures compared to a list of allowable and unallowable expenditures.
- Grant agreements and cost principles circulars available to key position responsible for determining activities allowed and allowable costs under federal award.
- Management reviews supporting documentation of allowable cost information.
- The general ledger or other reliable records are the basis for the reports.
- Periodic comparison of reports to supporting records by management.
- Review of monthly claim forms submitted to Missouri Department of Public Safety by Platte County, Missouri.

Status: No longer valid.

CLAY COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2014

13-05 - U.S. Department of Justice, Passed Through Platte City, Missouri, Multi-Jurisdictional Cyber Crimes Grant (CFDA #16.803)

Finding: During the prior year audit of the Multi-Jurisdictional Cyber Crimes Grant, we noted that the County did not have a separate individual reviewing reports prior to submission.

Status: No longer valid.

13-06 - U.S. Department of Justice  
Passed Through Missouri Department of Public Safety, ARRA - Edward Byrne Memorial Justice Assistance Grant (CFDA #16.803)  
Passed Through Missouri Department of Public Safety, Edward Byrne Memorial Justice Assistance Grant (CFDA #16.738)  
Passed Through Platte City, Missouri, Multi-Jurisdictional Cyber Crimes Grant (CFDA #16.803)

Finding: During the prior year audit, we noted that the County did not retain documentation to substantiate the internal controls over allowable costs/cost principles, reporting, and subrecipient monitoring compliance requirements. Consequently, we were unable to verify whether these internal controls were performed or operating effectively.

Status: No longer valid.