

CITY OF TOPEKA, KANSAS

**SINGLE AUDIT REPORT
(OMB Circular A-133)**

**FOR THE YEAR ENDED DECEMBER 31, 2011
(Reissued June 25, 2013)**

**City of Topeka, Kansas
Single Audit Report
(OMB Circular A-133)
For the Year Ended December 31, 2011**

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COCHRAN HEAD VICK & CO., P.A.

& Co

Certified Public Accountants

Independent Auditor's Report on Schedule of Expenditures of Federal Awards

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To the Honorable Mayor and Members of the City Council
City of Topeka, 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 City of Topeka, Kansas (the City) as of and for the year ended December 31, 2011, and have issued our report thereon dated September 28, 2012, 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 accompanying 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, Audits of States, Local Governments, and Non-Profit Organizations, 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 as a whole.

We have not performed any procedures with respect to the audited financial statements subsequent to September 28, 2012.

This report on the schedule of expenditures of federal awards replaces a previously issued report dated September 28, 2012. As described in Note 6 of the Notes to the Schedule of Expenditures of Federal Awards. Subsequent to issuance of that report, it was determined that the City's Highway Planning and Construction Program, CFDA No. 20.205 should have been reported as a major program. The City's Landon Trail Extension Project was not originally reported as an ARRA funded project. With the change in the reporting of the Landon Trail Extension Projects as being an ARRA funded project, the Highway Planning and Construction Program is now included as a major program in the schedule of findings and questioned costs. The total amount of federal expenditures did not change.

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Cochran Head Vick Co. P.A. (handwritten signature)

September 28, 2012, except for CFDA No. 20.205 as discussed in Note 6 in the Notes to the Schedule of Expenditures of Federal Awards for which the date is June 25, 2013.

ADDITIONAL INFORMATION

City of Topeka, Kansas
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2011

Grantor Agency	Federal CFDA Number	Grant Number	Current Year Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Energy:				
ARRA-Energy Efficiency and Conservation Block Grant	81.128	DE-SC0002657	\$ 215,864	\$ 133,950
Total U.S. Department of Energy			<u>215,864</u>	<u>133,950</u>
U.S. Environmental Protection Agency:				
Congressionally Mandated Project	66.202	XP-97723701-0	485,000	-
Total U.S. Environmental Protection Agency			<u>485,000</u>	<u>-</u>
Executive Office of the President-Office of National Drug Control Policy:				
Passed Through Kansas Bureau of Investigation:				
Topeka Regional Task Force for High Intensity Drug Trafficking Area	95.001	G10MW003A	32,607	-
Topeka Regional Task Force for High Intensity Drug Trafficking Area	95.001	G11MW003A	42,934	-
Total Executive Office of the President-Office of National Drug Control Policy			<u>75,541</u>	<u>-</u>
U.S. Health and Human Services:				
Passed Through Shawnee Regional Prevention and Recovery Services, Inc.				
Substance Abuse and Mental Health Services	93.243		15,909	-
Total U.S. Health and Human Services			<u>15,909</u>	<u>-</u>
U.S. Department of Homeland Security:				
Assistance to Firefighters Grant (SAFER)	97.044	EMW-2010-FH-00917	318,975	-
Passed Through State of Kansas Adjutant General Department:				
FEMA Public Assistance Grant	97.036	FEMA DISASTER # 1885	128,600	-
FEMA Public Assistance Grant	97.036	FEMA DISASTER # 1971	19,412	-
Passed Through North Central Regional Planning Commission:				
State Homeland Security Program - 2009	97.073	2009-SS-T9-0058	300	-
Total U.S. Department of Homeland Security			<u>467,287</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
CDBG Entitlement Grants Cluster:				
2009 Community Development Block Grant	14.218	B-09-MC-20-0003	47,394	-
2010 Community Development Block Grant	14.218	B-10-MC-20-0003	208,958	76,541
2011 Community Development Block Grant	14.218	B-11-MC-20-0003	1,851,865	220,393
ARRA-Community Development Block Grant-Recovery	14.253	B-09-MY-20-0003	198,457	-
Emergency Shelter Grants:				
2010 Emergency Shelter Grant	14.231	S-10-MC-20-0003	34,588	34,588
2011 Emergency Shelter Grant	14.231	S-11-MC-20-0003	70,215	60,182
Home Investment Partnerships Program:				
2008 Home Investment Partnerships Program	14.239	M-08-MC-20-0203	500	500
2009 Home Investment Partnerships Program	14.239	M-09-MC-20-0203	72,064	72,050
2010 Home Investment Partnerships Program	14.239	M-10-MC-20-0203	32,646	-
2011 Home Investment Partnerships Program	14.239	M-11-MC-20-0203	250,705	53,838
Shelter Plus Care Program:				
2010 Shelter Plus Care Grant	14.238	KS0022C7P030802	440,384	-
2011 Shelter Plus Care Grant	14.238	KS0022C7P031003	842,983	-
ARRA-Homeless Prevention and Rapid Re-Housing				
Passed Through Kansas Department of Commerce:				
2009 Neighborhood Stabilization Program	14.228	09-NSP-019	665,090	-
Total U.S. Department of Housing and Urban Development			<u>5,072,726</u>	<u>518,092</u>

City of Topeka, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

Grantor Agency	Federal CFDA Number	Grant Number	Current Year Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Justice:				
JAG Program Cluster:				
Byrne Memorial Justice Assistance Grant Program 2009	16.738	2009-DJ-BX-0372	11,700	-
Byrne Memorial Justice Assistance Grant Program 2010	16.738	2010-DJ-BX-1458	61,562	-
ARRA-Recovery Act Byrne Memorial Justice Assistance Grant	16.804	2009-SB-B9-1610	41,748	-
Bulletproof Vest Partnership Program 2009	16.607		2,878	-
Bulletproof Vest Partnership Program 2010	16.607		1,232	-
ARRA-COPS Hiring Recovery Program	16.710	2009RKWX0362	320,739	-
Passed Through City of Milwaukee Homicide Review Commission:				
Public Safety Partnership & Community Policing Grants	16.710		688	-
Passed Through Kansas Department of Transportation:				
Enforcing Underage Drinking Laws Program 2011	16.727	SP-2202-11	13,363	-
Passed Through Office of the Governor:				
Federal Victims of Crime Act 2011	16.575	11-VOCA-43	35,262	-
Federal Victims of Crime Act 2012	16.575	12-VOCA-45	10,681	-
Total U.S. Department of Justice			<u>499,853</u>	<u>-</u>
U.S. Department of Transportation:				
Passed Through Kansas Department of Transportation:				
Highway Safety Cluster:				
State and Community Highway Safety 2011	20.600	OP-993-11	23,250	-
State and Community Highway Safety 2012	20.600	OP-993-12	5,922	-
Nighttime Seatbelt Enforcement Program 2012	20.602	OP-1331-12	2,396	-
Alcohol Impaired Driving Countermeasures Incentive Grants-11	20.601	AL-9082-11	8,086	-
Alcohol Impaired Driving Countermeasures Incentive Grants-12	20.601	AL-9082-12	404	-
Federal Highway Administration-Shunga 10th-Golden	20.205	TE-0235-01	67,142	-
Federal Highway Administration- I-70 Beautification	20.205	TE-0332-01	160,510	-
ARRA-Federal Highway Administration- Landon Trail Extension	20.205	TE-0323-01	902,237	-
Consolidated Planning Grant 2010	20.505	L-0132-10	25	-
Consolidated Planning Grant 2011	20.505	L-0132-11	230,382	-
Total U.S. Department of Transportation			<u>1,400,354</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 8,232,534</u>	<u>\$ 652,042</u>

City of Topeka, Kansas
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

Note 1. Organization

The City of Topeka, Kansas (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City, 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 Office of Management and Budget Circular A-102 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 City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2011.

Note 5. Outstanding Loans

The City has outstanding loans under the EPA Capitalization Grant for clean water from the State Revolving Loan Fund CFDA No. 66.458 totaling \$78,077,683 at December 31, 2011.

Note 6. Reissuing the Single Audit Report

The Single Audit Report has been reissued to properly report the City's Highway Planning and Construction Program. The revised Schedule of Expenditures of Federal Awards now reports the City's Landon Trail Extension project grant as being an ARRA funded grant. As a result, the City's Highway Planning and Construction Program is considered a major program. The total amount of federal expenditures did not change.

**City of Topeka, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011**

Section 1 - Summary of Auditor's Results

Financial Statements:

Type Audit Report Issued on the Basic Financial Statements of Auditee
Unqualified

Internal Control Over Financial Reporting
No significant deficiencies reported. Material weaknesses were identified

General Compliance
The audit did not disclose any instances of noncompliance, which would be material to the basic financial statements.

Federal Awards:

Internal Control over Major Programs
Significant deficiencies reported. No material weaknesses identified.

Type Audit Report Issued on Compliance for Major Programs
Unqualified

Audit Findings

- 11-02 Byrne Memorial Justice Assistance Grant, CFDA No. 16.804 / 16.738 and Energy Efficiency, CFDA No. 81.128 – Suspension and Debarment
- 11-03 Community Development Block Grant (CDBG), CFDA No. 14.253/14.218 – Reporting
- 11-04 Community Development Block Grant (CDGB), CFDA No. 14.253/14.218 – Program Income
- 11-05 Highway Planning and Construction, CFDA No. 20.205 – Special Tests and Provisions

Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.253/14.218	Community Development Block Grant
14.238	Shelter Plus Care Program
97.044	Assistance to Firefighters Grant
14.257	Homelessness Prevention and Rapid Re-Housing Program
16.710	Public Safety Partnership and Community Policing Grants
16.804/16.738	Edward Byrne Memorial Justice Assistance Grant Program ARRA
66.202	Environmental Protection Agency Project
81.128	Energy Efficiency and Conservation Block Grant ARRA
20.205	Highway Planning and Construction Program ARRA

Dollar Threshold Used to Distinguish Between Type A and Type B Program
\$300,000

Auditee Qualified as a Low-risk Auditee
No

City of Topeka, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

11-01 – Financial Reporting – Material Weaknesses

Criteria

Management is responsible for establishing, maintaining and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes in conformity with U.S. generally accepted accounting principles. Management is also responsible for ensuring that all transactions are properly authorized, captured, and reported in the financial statements.

Under professional standards, we have to assess the City's capability of preparing the financial statements including assessing the skills and competencies necessary to prevent or detect and correct a material misstatement. A system of internal control over financial reporting includes controls over financial statement preparation, including footnote disclosures. Control deficiencies exist when the City does not have controls over preparation of the financial statements which would prevent or detect and correct a misstatement in the financial statements.

Condition/Cause

While performing our procedures, we noted a deficiency in the controls over financial reporting associated with the City's understanding of the Governmental Accounting Standards Board guidance related to governmental generally accepted accounting principles (GAAP) regarding the recording and reporting of certain financial transactions. We determined that a number of adjustments were required that were material to the financial statements. These adjustments arose, in part, because of the following deficiencies in internal control over financial reporting and other circumstances. We consider these deficiencies, both individually and in the aggregate, to constitute material weaknesses in internal control over financial reporting.

- Reconciliations of significant accounts, including year- end accruals required under GAAP, were either not made timely or were not made completely and accurately.
- Management does not have a complete process in place to ensure that the trial balance used in the financial statement preparation process is final and contains all required journal entries.
- We encountered difficulties in reconciling the City's construction in progress amounts to the underlying supporting documentation.

Effect

A significant number of adjustments were required that are material to the financial statements were not recorded on the original trial balance provided to us at the beginning of our audit or were not identified by the City's internal controls over financial reporting.

Recommendation

Due to the complexities of accounting for many of the City's transactions, we recommend that management explore various alternatives for improving the controls over financial reporting including assessing its personnel needs and evaluating if the City has necessary number of experienced and knowledgeable personnel required to undertake the City's financial reporting objectives. We also recommend that management consider the use of continuing professional education seminars and other training courses and reference guides to assist personnel in their understanding and application of generally accepted accounting principles.

We suggest that management review the processes, procedures, and controls used to prepare reconciliations and accruals. Significant accounts, including bank accounts, accounts receivable, accounts payable and capital assets should be reconciled on a timely basis. Additionally, we suggest that management evaluate the process used to complete the year end trial balance and revise policies and

City of Topeka, Kansas
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2011

procedures to ensure that all areas are reviewed and adjusted as part of this process. We also recommend that the City continue to improve the processes and understanding related to the new financial reporting software that was implemented during 2010.

Management's Response

Management will evaluate, review and revise the processes and procedures over financial reporting including continued understanding and utilization of our new accounting software package. The Finance Department will consider continuing professional education seminars opportunities and provide additional training for personnel as budget constraints allow in 2012 and beyond.

Summary Schedule of Prior Audit Findings

10-01 Financial Reporting

Condition

Management is responsible for establishing, maintaining and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes in conformity with U.S. generally accepted accounting principles. Management is also responsible for ensuring that all transactions are properly authorized, captured, and reported in the financial statements. A material weakness exists in the design and operation of internal control due to a lack of adequate documentation of accounting procedures and the components of internal control. In addition, we determined that a number of other adjustments were required that were material to the financial statements.

Recommendation

Due to the complexities of accounting for many of the City's transactions, we recommend that management explore various alternatives for improving the controls over financial reporting including assessing its personnel needs and evaluating if the City has necessary number of experienced and knowledgeable personnel required to undertake the City's financial reporting objectives. We suggested that management review the processes, procedures, and controls used to prepare reconciliations of significant accounts on a timely basis.

Current Year Status

Comment repeated as finding 11-01.

Section 3 – Federal Award Findings and Questioned Costs

11-02 Byrne Memorial Justice Assistance Grant, CFDA No. 16.804 / 16.738 and Energy Efficiency, CFDA No. 81.128 – Suspension and Debarment

Condition

City personnel did not perform procedures to determine if the vendors used on federally funded projects were suspended or debarred before contracts were executed. In addition, the contracts did not contain suspension and debarment language.

Criteria

Federal regulations require that when a non-federal entity enters into an agreement with another entity, they must verify that the other entity is not suspended, debarred, or otherwise excluded from receiving federal funds.

Cause

The City does not have controls in place to verify if vendors of federally funded projects have been suspended or debarred.

City of Topeka, Kansas
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2011

Effect

The City could potentially enter into a contract with a suspended or debarred vendor and therefore not be reimbursed from the federal government.

Questioned Costs

\$ -0-

Recommendation

We Recommend that the City develop formal procedures requiring personnel to verify that vendors are not listed on www.epls.gov prior to entering into contracts with them and to document this search in grant files. We also recommend that the City add suspension and debarment language to contracts for federally funded projects.

Management's Response

Management has created a procedure for the verification and documentation of the checks on suspension and debarment of vendors.

11-03 Community Development Block Grant, CFDA No. 14.218 – Reporting

Condition

City personnel did not follow guidance under the Federal Funding Accountability and Transparency Act (the Act). The Act's requirements pertain to recipients (the City) of grants or cooperative agreements who make first-tier subawards.

Criteria

Under the Act, the grant and cooperative agreement recipients register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report subaward data through FSRS by the end of the month following the month in which the subaward or obligation of \$25,000 or greater was made. If additional subawards or obligations are made in excess of \$25,000, the report needs to be modified to include the additional awards.

Cause

The City was not aware of the requirements for reporting first tier subaward transactions under the Act.

Effect

The City is not in compliance with the Act's reporting requirements.

Questioned Costs

\$ -0-

Recommendation

We recommend the City develop formal procedures to comply with the Act's reporting requirements.

Management's Response

The City will implement processes and procedures to comply with reporting requirements.

11-04 Community Development Block Grant (CDGB), CFDA No. 14.218 – Program Income

Condition

One of the properties selected for testing was funded by both CDBG and another federal loan program. Program income related to the property was split based on the loans from CDBG and the other program. The program income related to the CDBG program was not correctly applied to the CDBG program.

City of Topeka, Kansas
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2011

Criteria

Federal regulations allow program income to be deducted from outlays, added to the project budget, or used to meet matching requirements for the program that generated the program income.

Cause

The City in determining which program to apply the program income inadvertently coded the amounts between the two programs incorrectly.

Effect

Program income is overstated for CDBG. Expenditures applied to the additional program income may not be reimbursable.

Questioned Costs

\$ 6,564 – The net difference of program income on CDBG.

Recommendation

We recommend that City review procedures for properly recording program income.

Management's Response

The City will implement additional review procedures to better ensure proper coding and reporting of program income.

11-05 Highway Planning and Construction, CFDA No. 20.205 – Special Tests and Provisions

Criteria

Proper controls over financial reporting include an adequate system for preparing the schedule of expenditures of federal awards (SEFA) including identifying those grant under the American Recovery and Reinvestment Act (Recovery Act).

Condition

The original SEFA provided to us did not properly identify grant funding received from the Recovery Act for the City's Landon Trail Extension Project.

Cause

The City does not have the proper controls implemented in identifying and reporting Recovery Act funding separately on the SEFA as required. An amendment to the funding agreement changed the project funding from a non-recovery act sources to recovery act sources. This change was not known to City personnel responsible for preparing the SEFA.

Effect

Grant awards received from Recovery Act funds were not properly reported on the SEFA.

Recommendation

We recommend the City implement a process to better identify and report Recovery Act funding including enhanced communication between departments when grant funding is received or when funding changes occur.

Management's Response

The City believes that this error was the result of an unusual set of facts that are unlikely to be repeated. When approved, this project was funded with State of Kansas dollars and was not subject to ARRA reporting requirements. In the midst of the project, the State approached the City's project manager about substituting Federal (ARRA) money for the State money originally pledged. The City's project manager was unaware of the Federal reporting requirements, and because the amount of funding did not change,

City of Topeka, Kansas
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2011

the change was not submitted through the normal grant approval process. Finance Department staff has provided education to City project managers to ensure that a similar situation does not occur in the future.

Summary Schedule of Prior Audit Findings

10-02 Energy Efficiency and Conservation Block Grant, CFDA #81.128, Davis Bacon Act

Condition

While performing our testing related to construction expenditures, it was noted that the City was not monitoring Davis Bacon Act requirements. Subsequently, the City obtained the required information.

Recommendation

We recommended that the City develop formal procedures for monitoring compliance with the Davis Bacon Act, including the receipt, review and retention of certified payroll information from contractors.

Current Status

Recommendation implemented

10-03 Energy Efficiency and Conservation Block Grant, CFDA #81.128, Suspension and Debarment

Condition

City personnel did not perform procedures to determine if the vendors used on federally funded projects were suspended or debarred before contracts were executed. In addition, the contracts did not contain suspension and debarment language.

Recommendation

We recommended that the City develop formal procedures requiring personnel to verify that vendors are not listed on www.epls.gov prior to entering into contracts with them and to document this search in grant files.

Current Status

Comment repeated as 11-02

COMPLIANCE REPORTS



COCHRAN HEAD VICK & CO., P.A.

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Certified Public Accountants

**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**

1333 Meadowlark Lane
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To the Honorable Mayor and Members of the City Council
City of Topeka, 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 City of Topeka, Kansas (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 28, 2012. 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.

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.

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.

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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. We consider the deficiencies described as 11-01 in the accompanying schedule of findings and questioned costs to be material weaknesses.

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 other matters that we reported to management of the City in a separate letter dated September 28, 2012.

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

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

September 28, 2012

Cochran Hood Vick J.C., P.A.



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Independent Auditor's 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

To the Honorable Mayor and City Council
City of Topeka, Kansas

Compliance

We have audited the City of Topeka, Kansas' (the City) 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 City's major federal programs for the year ended December 31, 2011. The City's major federal programs are 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 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 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 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 on the City's compliance with those requirements.

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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 December 31, 2011. However, the results of our auditing procedures disclosed 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 11-02 through 11-04.

This 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 replaces a previously issued report dated September 28, 2012. Subsequent to issuance of that report, it was determined that the City's Highway Planning and Construction Program, CFDA No. 20.205 should have been reported as a major program. The City's Landon Trail Extension Project was not originally reported as an ARRA funded project. With the change in the reporting of the Landon Trail Extension Projects as being an ARRA funded project, the Highway Planning and Construction Program is now included as a major program in the schedule of findings and questioned costs.

Internal Control Over Compliance

Management of the City 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'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 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. 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 11-02 through 11-05. 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 City'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 City's responses and, accordingly, we express no opinion on the responses.

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

Cochran Hand Vick & P.A.

September 28, 2012, except for CFDA No. 20.205 as discussed in Note 6 in the Notes to the Schedule of Expenditures of Federal Awards for which the date is June 25, 2013.