

---

---

**CITY OF O'FALLON,  
MISSOURI**

**REPORT ON FEDERAL AWARDS  
(Audited)**

Year Ended December 31, 2013

---

---

**CITY OF O’FALLON, MISSOURI**  
**REPORT ON FEDERAL AWARDS**

---

|  | <b>Page</b> |
|--|-------------|
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters<br>Based on an Audit of Financial Statements Performed in Accordance with <i>Government<br/>Auditing Standards</i> | 1           |
| Report on Compliance For Each Major Federal Program; Report on Internal Control Over<br>Compliance; and Report on Schedule of Expenditures of Federal Awards Required by<br>OMB Circular A-133             | 3           |
| Schedule of Expenditures of Federal Awards   | 6           |
| Schedule of Findings and Questioned Costs  | 8           |
| Summary Schedule of Prior Audit Findings   | 8           |



**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***

**INDEPENDENT AUDITOR'S REPORT**

May 16, 2014

Honorable Mayor and Members of the City Council  
**CITY OF O'FALLON, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the **CITY OF O'FALLON, MISSOURI** (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 16, 2014.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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

- 16100 Chesterfield Parkway W., Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the City'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*.

## **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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS



**Hochschild, Bloom & Company LLP**  
Certified Public Accountants  
Consultants and Advisors

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT**

May 16, 2014

Honorable Mayor and Members of the City Council  
**CITY OF O'FALLON, MISSOURI**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited the **CITY OF O'FALLON, MISSOURI's** (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, 2013. 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.

**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 City'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

- 16100 Chesterfield Parkway W., Suite 125, Chesterfield, Missouri 63017-4829, 636-532-9525, Fax 636-532-9055
- 1000 Washington Square, P. O. Box 1457, Washington, Missouri 63090-8457, 636-239-4785, Fax 636-239-5448

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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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

In our opinion, the City 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, 2013.

### **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City'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 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. 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 16, 2014, 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Hochschild, Bloom & Company LLP*  
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF O'FALLON, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

| <u>Federal Grantor/Pass-Through<br/>Grantor/Program Title</u>         | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Number</u> | <u>Expenditures</u> |
|---|------------------------------------|--------------------------------|---------------------|
| <b>U.S. Department of Housing and Urban<br/>Development</b>           |                                    |                                |                     |
| Community Development Block Grant/<br>Entitlement Grants              | 14.218                             | -                              | \$ <u>195,646</u>   |
| <b>U.S. Department of Justice</b>                                     |                                    |                                |                     |
| Federal Equitable Sharing   | 16.922                             | -                              | 182,792             |
| Missouri Department of Public Safety:<br>Bulletproof Vest Partnership | 16.607                             | -                              | <u>14,322</u>       |
| Total U.S. Department Of Justice                                      |                                    |                                | <u>197,114</u>      |
| <b>U.S. Department of Transportation</b>                              |                                    |                                |                     |
| Missouri Department of Transportation:                                |                                    |                                |                     |
| Highway Planning and Construction                                     | 20.205                             | CMAQ-5401(643)                 | 630,358             |
| Highway Planning and Construction                                     | 20.205                             | CMAQ-5401(644)                 | 335,221             |
| Highway Planning and Construction                                     | 20.205                             | CMAQ-5401(645)                 | 212,629             |
| Highway Planning and Construction                                     | 20.205                             | CMAQ-7302(625)                 | 43,382              |
| Highway Planning and Construction                                     | 20.205                             | STP-5401(635)                  | 890,547             |
| Highway Planning and Construction                                     | 20.205                             | STP-5401(646)                  | 330,352             |
| Highway Planning and Construction                                     | 20.205                             | STP-5401(655)                  | 213,165             |
| Highway Planning and Construction                                     | 20.205                             | STP-5401(656)                  | <u>16,353</u>       |
| Total Highway Planning And<br>Construction                            |                                    |                                | <u>2,672,007</u>    |
| Missouri Division of Highway Safety:                                  |                                    |                                |                     |
| State and Community Highway Safety                                    | 20.600                             | 13-OP-05-003                   | 1,286               |
| State and Community Highway Safety                                    | 20.600                             | 13-OP-05-008                   | 193                 |
| State and Community Highway Safety                                    | 20.600                             | 13-PT-02-094                   | 11,461              |
| State and Community Highway Safety                                    | 20.600                             | 14-PT-02-003                   | <u>3,846</u>        |
| Total State And Community<br>Highway Safety                           |                                    |                                | <u>16,786</u>       |
| Alcohol Impaired Driving Counter-<br>measures                         | 20.601                             | 14-K8-03-060                   | <u>1,074</u>        |
| Alcohol Open Container Requirements                                   | 20.607                             | 13-K8-03-049                   | 18,420              |
| Alcohol Open Container Requirements                                   | 20.607                             | 14-K8-03-058                   | 5,471               |
| Alcohol Open Container Requirements                                   | 20.607                             | 13-154-AL-074                  | <u>869</u>          |
| Total Alcohol Open Container<br>Requirements                          |                                    |                                | <u>24,760</u>       |
| Child Safety and Child Booster Seats<br>Incentive Grants              | 20.613                             | 13-K3-05-003                   | <u>607</u>          |
| Total U.S. Department Of<br>Transportation                            |                                    |                                | <u>2,715,234</u>    |
| <b>U.S. Department of Homeland Security</b>                           |                                    |                                |                     |
| Missouri State Emergency Management<br>Agency:                        |                                    |                                |                     |
| Emergency Management Performance<br>Grants                            | 97.042                             | EMW-2013-EP-00028-079-5600     | <u>30,888</u>       |
| Total Awards Expended   |                                    |                                | <u>\$3,138,882</u>  |

**CITY OF O'FALLON, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

---

**NOTES:**

**1. General**

The schedule of expenditures of federal awards (the 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.

**CITY OF O'FALLON, MISSOURI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2013**

---

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

I. Summary of the auditor's results:

A. Financial Statements:

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

B. Federal Awards:

1. Internal control over major programs:
- a) Material weakness(es) identified?  Yes  No
- b) Significant deficiency(ies) identified?  Yes  None reported
- c) Type of auditor's report issued on compliance for major programs: Unmodified
- d) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?  Yes  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                                   |
| f) Dollar threshold used to distinguish between type A and type B programs: | \$300,000   |
| g) Auditee qualified as low-risk auditee?                                   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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