

CITY OF ST. JOSEPH, MISSOURI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND INDEPENDENT AUDITORS' REPORTS AS REQUIRED
BY GOVERNMENT AUDITING STANDARDS, AND
UNIFORM GRANT GUIDANCE**

YEAR ENDED JUNE 30, 2020



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INDEPENDENT AUDITORS' 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*

Honorable Mayor and Members of the City Council
City of St. Joseph, 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 St. Joseph, Missouri (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2020.

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.

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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described as item 2020-001 in the accompanying schedule of findings and questioned costs to be a material weakness.

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. We consider the deficiency described as item 2019-002 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Honorable Mayor and Members of the City Council
City of St. Joseph, Missouri

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*.

City of St. Joseph, Missouri's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of St. Joseph, Missouri's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.



CliftonLarsonAllen LLP

St. Joseph, Missouri
December 16, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and Members of the City Council
City of St. Joseph, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of St. Joseph, Missouri's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-003. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the City 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 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 the Uniform Guidance, 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-003, that we consider to be a significant deficiency.

Honorable Mayor and Members of the City Council
City of St. Joseph, Missouri

The City of St. Joseph’s Response to Finding

The City’s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 June 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We issued our report thereon dated December 16, 2020, 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 the Uniform Guidance 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Joseph, Missouri
December 16, 2020

**CITY OF ST. JOSEPH, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Grant Name	Pass-through Grantor Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
Passed Through Missouri Department of Health and Senior Services:				
State WIC Contract	ERS04519096	10.557	\$ -	\$ 172,029
State WIC Contract (Total 10.557 \$424,044)	ERS04520105	10.557	-	252,015
Total State WIC Contract			-	424,044
Child Nutrition Cluster:				
Summer Food Service Program for Children	ERS219-19102	10.559	-	1,550
Total U.S. Department of Agriculture			-	425,594
U.S. Department of Defense:				
Passed through Missouri Air National Guard				
Military Construction, National Guard	W912NS-17-2-2102	12.400	-	1,623,919
Military Construction, National Guard	AIR 196-012A-1	12.400	-	96,526
Total U.S. Department of Defense			-	1,720,445
U.S. Department of Housing and Urban Development:				
Direct Assistance/Programs:				
CDBG - Entitlement Grants Cluster				
2014 Entitlement	B-14-MC-290004	14.218	-	396,781
2016 Entitlement	B-16-MC-290004	14.218	-	117,150
2018 Entitlement	B-18-MC-290004	14.218	-	41,050
2019 Entitlement	B-19-MC-290004	14.218	333,635	982,485
Total CDBG - Entitlement Grant Cluster			-	32,739
Home Investment Partnership Program			333,635	1,570,205
2014 HOME Program	M-14-MC-29-0208	14.239	59,745	59,745
2015 HOME Program	M-15-MC-29-0208	14.239	60	60
2017 HOME Program	M-17-MC-29-0208	14.239	97,905	97,905
2019 HOME Program	M-19-MC-29-0208	14.239	26,253	26,253
Total Home Investment Partnerships Program			-	94,915
Total U.S. Department of Housing and Urban Development			183,963	278,878
(CONTINUED)			517,598	1,849,083

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF ST. JOSEPH, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Grant Name	Pass-through Grantor Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Justice:				
Passed Through Missouri Department of Public Safety:				
Coronavirus Emergency Supplemental Funding Program	2020-VD-BX-0096	16.034	\$ -	\$ 36,340
Bulletproof Vest Partnership Program	18091106	16.607	-	474
Bulletproof Vest Partnership Program (Total 16.607 \$5,247)	20021335	16.607	-	4,773
Edward Byrne Memorial Justice Assistance Grant Program	2018-DJ-BX-0176	16.738	-	13,766
Edward Byrne Memorial Justice Assistance Grant Program (Total 16.738 \$43,293)	2019-DJ-BX-0604	16.738	-	29,527
Total U.S. Department of Justice			<u>-</u>	<u>84,880</u>
U.S. Department of Labor:				
Passed through Division of Employment Security				
Unemployment Insurance	2020-VD-BX-0096	17.225	-	24,511
Total U.S. Department of Labor			<u>-</u>	<u>24,511</u>
U.S. Department of Transportation:				
Passed through Missouri Department of Transportation:				
Airport Improvement Program	AIR 196-012A-1	20.106	-	42,630
Airport Improvement Program	16-012A-2	20.106	-	77,931
Total Airport Improvement Program			<u>-</u>	<u>120,561</u>
Passed through Missouri Highways & Transportation Commission				
Highway Planning and Construction Cluster				
Transportation Enhancement Funds (117)	STP-5301 (117)	20.205	-	101,437
Transportation Enhancement Funds (101)	TAP 5303(101)	20.205	-	295,318
Transportation Enhancement Funds (119)	STP-5301 (119)	20.205	-	356,710
Total Highway Planning and Construction Cluster			<u>-</u>	<u>753,465</u>
FHWA -UPWP Planning (PL)	MO-81-0014	20.505	-	158,436
FHWA -UPWP Planning (PL)	KDOT CPG	20.505	-	351
Total FHWA -UPWP Planning (PL)			<u>-</u>	<u>158,787</u>
Enhanced Mobility of Seniors and Individuals with Disabilities (Transit Services Program Cluster & CFDA 20.513 total \$133,369)	PT-0077-20 K-DOT 5310	20.513	-	12,907
Total Missouri Highways & Transportation Commission			<u>-</u>	<u>925,159</u>
Federal Transit Authority				
Federal Transit Cluster				
Federal Transit Formula Grants	N/A - Direct Award	20.507	-	1,522,074
Federal Transit Formula Grants (Total 20.507 \$3,263,476)	N/A - Direct Award	20.507	-	1,741,402
Federal Transit Formula Grants	N/A - Direct Award	20.526	-	35,840
Federal Transit Formula Grants (Total 20.526 \$55,225)	N/A - Direct Award	20.526	-	19,385
Total Federal Transit Cluster			<u>-</u>	<u>3,318,701</u>

(CONTINUED)

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF ST. JOSEPH, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Grant Name	Pass-through Grantor Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
Federal Transit Authority				
Transit Services Program Cluster				
Passed through Missouri Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	MO-16-X052	20.513	\$ -	\$ 73,005
Enhanced Mobility of Seniors and Individuals with Disabilities	MO-16-X052	20.513	-	6,880
Enhanced Mobility of Seniors and Individuals with Disabilities	MO-16-0X59	20.513	-	40,577
Total Transit Services Program Cluster & CFDA 20.513 total \$133,369)			-	120,462
Passed Through Missouri Division of Highway Safety				
National Highway Traffic Safety Administration	19-PT-02-035 (HVM)	20.600	-	2,735
National Highway Traffic Safety Administration (CFDA 20.600 total \$5,459)	20-PT-02-045 (HVM)	20.600	-	2,724
National Priority Safety Program	20-M2HVE-05-030 (CLICK IT)	20.616	-	1,752
Total Highway Safety Cluster			-	7,211
National Highway Traffic Safety Administration	19-154-AL-029 (NWMO)	20.607	-	5,352
National Highway Traffic Safety Administration	20-154-AL-047 (NWMO)	20.607	-	2,297
National Highway Traffic Safety Administration	19-154-AL-028 (SJ DWI)	20.607	-	995
National Highway Traffic Safety Administration	20-154-AL-050 (SJ DWI)	20.607	-	1,345
National Highway Traffic Safety Administration	19-154-AL-027 (Y ALC)	20.607	-	8,438
National Highway Traffic Safety Administration	20-154-AL-049 (Y ALC)	20.607	-	27,125
National Highway Traffic Safety Administration	20-154-AL-017 (Y DWI)	20.607	-	2,000
National Highway Traffic Safety Administration	20-154-AL-017 (HOL DWI)	20.607	-	524
National Highway Traffic Safety Administration	20-154-AL-017 (ST PATS)	20.607	-	502
National Highway Traffic Safety Administration	19-154-AL-019 (JULY 4)	20.607	-	484
National Highway Traffic Safety Administration	19-154-AL-019 (SOBER)	20.607	-	600
Total National Highway Traffic Safety Administration			-	49,662
Total U.S. Department of Transportation			-	4,541,756
U.S. Department of Treasury				
Passed Through Buchanan County, Missouri:				
Cares Act - Coronavirus Aid, Relief, Economic Security Act	Buchanan County (Health)	21.019	-	17,961
Cares Act - Coronavirus Aid, Relief, Economic Security Act	Buchanan County (Fire)	21.019	-	47,040
Cares Act - Coronavirus Aid, Relief, Economic Security Act	Buchanan County (IT)	21.019	-	21,040
Total U.S. Department of Treasury			-	86,041
Environmental Protection Agency				
Passed Through Missouri Department of Natural Resources:				
Clean Water State Revolving Fund Cluster:				
Clean water State Revolving Funds - Blacksnake Creek Stormwater	C295699-05	66.458	-	5,684,915
Total Environmental Protection Agency			-	5,684,915

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF ST. JOSEPH, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Federal Grantor/ Grant Name	Pass-through Grantor Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Passed Through National Association of County & City Health Officials: Medical Reserve Corps	MRC-17-2394	93.008	\$ -	\$ 361
Passed Through Substance Abuse/Mental Health Services: St. Joseph Youth Alliance grant	ALCOHOL COMP	93.243	-	17,544
Passed Through Missouri Department of Health and Senior Services: Public Health Emergency Preparedness	AOC18380102	93.069	-	58,834
Public Health Emergency Response	AOC19380213	93.354	-	74,127
Public Health Emergency Response	LOA - VULNERABILITY	93.354	-	3,000
Public Health Emergency Response	LOA - SURVEILLANCE	93.354	-	3,000
Total Public Health Emergency Response			-	80,127
Child Care and Development Block Grant (CCDF Cluster):				
Child Care and Development Block Grant	ERS220-17103	93.575	-	2,855
Child Care and Development Block Grant	DH190013095	93.575	-	478
Child Care and Development Block Grant	DH190013095	93.575	-	364
Total Child Care and Development Block Grant (CCDF Cluster)			-	3,697
Medicaid Cluster:				
Medical Assistance Program	MOU MOO513-22	93.778	-	10,474
HIV Case Management	AOC19380251	93.917	-	61,100
HIV Case Management (Total 93.917 \$87,994)	AOC19380251	93.917	-	26,894
HIV Prevention Activities - Health Department Based	AOC17380095	93.940	-	34,596
HIV Prevention Activities - Health Department Based (Total 93.940 \$47,259)	AOC17380095	93.940	-	12,663
Maternal and Child Health Services Block Grant to the States	AOC18380131	93.994	-	27,024
Maternal and Child Health Services Block Grant to the States (Total 93.994 \$45,795)	AOC17380074	93.994	-	18,771
Total U.S. Department of Health and Human Services			-	352,085
U.S. Department of Homeland Security				
Passed Through State Emergency Management Agency:				
Disaster Grant - Public Assistance Grant	DR 4435 MO	97.036	-	479,009
Disaster Grant - Public Assistance Grant	DR 4451 MO	97.036	-	602,983
			-	1,081,992
Emergency Management Grant	EMK-2019-EP-00001-105	97.042	-	21,612
Emergency Management Grant	EMK-2020-EP-00004-105	97.042	-	28,725
Emergency Management Grant	EMK-2019-EP-0001-SL11	97.042	-	25,491
			-	75,828
Total U.S. Department of Homeland Security			-	1,157,820
Total Expenditures of Federal Awards			\$ 517,598	\$ 15,927,130

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF ST. JOSEPH, MISSOURI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

NOTE 1 REPORTING ENTITY

The schedule of expenditures of federal awards presents the activities of federal award programs expended by the City of St. Joseph, Missouri. The City's reporting entity is defined in Note 1 to the financial statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of St. Joseph, Missouri under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City of St. Joseph, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of St. Joseph.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 LOCAL GOVERNMENT CONTRIBUTIONS

Local cost sharing, as defined by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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.

NOTE 5 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 of St. Joseph, Missouri. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at June 30, 2020.

**CITY OF ST. JOSEPH, MISSOURI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

NOTE 6 FEDERAL LOANS OUTSTANDING

The City administers two revolving loan programs with federal funds. These programs, along with their respective outstanding balances at June 30, 2020, are as follows

Federal CFDA Number	Program	Loans Outstanding at June 30, 2020
14.218	Community Development Block Grants/Entitlement Grants	\$ 825,242
14.239	Home Investment Partnerships Program	<u>1,279,529</u>
	Total	<u>\$ 2,104,771</u>

The City also has outstanding loans through the Clean Water Direct Loan Program from the Missouri Department of Natural Resources, as a pass through agency for the Environmental Protection Agency (CFDA #66.458). As of June 30, 2020, the outstanding loan payable balances were \$10,797,000 Series 2013, \$46,707,000 Series 2014, \$23,823,000 Series 2014A, and \$54,027,053 Series 2017. The Clean Water Direct Loan Program does not have a continuing compliance requirement after the initial year of the loan.

**CITY OF ST. JOSEPH, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? X yes No
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X No
- Significant deficiency(ies) identified? X yes none reported

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 2 CFR 200.516(a) X yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
12.400	Military Construction, National Guard
14.218	Community Development Block Grant (CDBG Entitlement Grant Cluster)
20.205	Highway Planning and Construction Cluster
20.507	Federal Transit Formula Grant (Federal Transit Cluster)
20.526	Buses and Bus Facilities Formula Grant (Federal Transit Cluster)
66.458	Capitalization Grants for Clean Water State Revolving Fund (Clean Water State Revolving Fund Cluster)
97.036	Disaster Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes X No

CITY OF ST. JOSEPH, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

2020-001: Material Audit Adjustments

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria: An effective internal control system over financial reporting provides reasonable assurance that assets are safeguarded against loss and theft, and that reliable financial statements are prepared in accordance with the appropriate accounting standards and in compliance with applicable laws and regulations.

Condition/Context: The City's current yearend closing procedures and processes resulted in account balances being materially misstated on the City's financials. As a result, material audit adjustments were necessary. A similar finding was reported in 2019 as finding 2019-001.

Effect: Material adjustments were proposed throughout the audit and subsequently recorded by management.

Cause: The City's current procedures and processes were not sufficient to ensure all accounts are adjusted to their appropriate year-end balances in accordance with GAAP.

Recommendation: In order to strengthen internal controls, we recommend management enhance its internal controls over financial reporting, procedures, and processes to ensure complete and accurate financial reporting. Year-end closing procedures should be expanded to ensure all transactions have been accounted for, and are recorded in the proper period. Prior to the audit, the City should reconcile all accounts to the general ledger. Management should perform a detail review of the financial statements and supporting schedules to ensure they are fairly stated.

Management Response: Due to recent turnover and cross-training in the department, not all accounts were reviewed as in the past. A monthly reconciliation and closing process continues to be implemented that will reconcile all balance sheet accounts and allow for revenue and expense analysis and to ensure all transactions have been accounted for, are recorded in the proper period, and the financial statements and supporting schedules are fairly stated.

**CITY OF ST. JOSEPH, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-002: Journal Entries

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria: An effective internal control system over financial reporting provides reasonable assurance that assets are safeguarded against loss and theft, and that reliable financial statements are prepared in accordance with the appropriate accounting standards and in compliance with applicable laws and regulations.

Condition/Context: We noted that a journal entry was posted to the general ledger system that did not have the proper approvals before being posted. A similar finding was reported in 2019 as finding 2019-002.

Effect: Journal entries, without an additional documented review, could be inaccurate, or provide an opportunity for fraud to occur.

Cause: The City's current procedures and processes allow for certain staff to enter journal entries without a documented review.

Recommendation: We recommend that the City implement procedures to prevent the same staff from entering and approving journal entries, and that approvals follow the proper channels.

Management Response: Due to recent staffing changes, the Administrative Services Department will review and reassign these functions to separate individuals.

**CITY OF ST. JOSEPH, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2020-003 SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Transportation

Federal Program Title: Highway Planning and Construction Cluster

CFDA Number: 20.205

Grant Year: 2020

Award Number: STP-5301(117), TAP 5303 (101), STP-5301 (119)

Pass-Through Agency: Missouri Highway and Transportation Commission

Compliance Requirement Affected: Procurement, Suspension and Debarment

Type of Finding: Significant Deficiency in Internal Control over Compliance and Compliance

Criteria: The City is required to review and sign the debarment report and review SAM website.

Condition: It was noted the City did not review and approve 2 vendors before they entered into a contract with them.

Context: The debarment report should be signed by the project engineer attesting review of SAM Website is included in the DCP checklist sent to the state and approved by the council and self-attestation from contractor should be included in the contract files.

Questioned Costs: None

Cause: The City did not include a debarment report in 2 of the 3 project files.

Possible Effect: The City is not in compliance with the suspension and debarment compliance requirement.

Repeat Finding: N/A

Recommendation: The City should develop a process to ensure that all required vendors are being reviewed for this compliance requirement and the review be documented.

Management Response: The City will review the policies and procedures in place for all requirements and will implement changes to ensure applicable federal compliance requirements will be met going forward.

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