

**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, 2016**

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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, 2016, 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, 2016.

**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 deficiencies described as items 2016-001 and 2016-002 in the accompanying schedule of findings and questioned costs to be material weaknesses.

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 deficiencies described as items 2016-003 and 2016-004 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

### **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, 2016



**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, 2016. 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, 2016.

## **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 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, material weaknesses may exist that have not been identified.

## **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, 2016, 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, 2016, 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, 2016

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor/ Grant Name</b>	<b>Pass-through Grantor Number</b>	<b>Federal CFDA Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture:</b>				
Passed Through Missouri Department of Health and Senior Services:				
Special Supplemental Nutrition Program for Women, Infants, and Children	ERS04514255	10.557	\$ -	\$ 419,930
State Administrative Expenses for Child Nutrition	DH150008066	10.560	-	1,617
State Administrative Expenses for Child Nutrition	DH160014098	10.560	-	2,163
Total State Administrative Expenses for Child Nutrition			-	3,780
Child Nutrition Cluster:				
Summer Food Service Program for Children	ERS219151021	10.559	-	1,300
<b>Total U.S. Department of Agriculture</b>			-	<b>425,010</b>
<b>U.S. Department of Defense:</b>				
Passed through Missouri Air National Guard				
Military Construction, National Guard	W912NS-09-2-2102	12.400	-	3,571,414
<b>U.S. Department of Housing and Urban Development:</b>				
Direct Assistance/Programs:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	B-12-MC-290004	14.218	308,333	1,572,891
Home Investment Partnerships Program	M-12-MC-29-0208	14.239	37,083	37,083
Home Investment Partnerships Program	M-13-MC-29-0208	14.239	180,488	180,488
Home Investment Partnerships Program	M-15-MC-29-0208	14.239	-	17,563
Home Investment Partnerships Program	M-09-MC-29-0208	14.239	-	99,674
Total Home Investment Partnerships Program			217,571	334,808
Continuum of Care Program	MO0039L7P031205	14.267	-	40,133
<b>Total U.S. Department of Housing and Urban Development</b>			<b>525,904</b>	<b>1,947,832</b>
<b>U.S. Department of Justice:</b>				
Passed Through Missouri Department of Public Safety:				
Edward Byrne Memorial Justice Assistance Grant Program	2015-DJ-BX-0914	16.738	-	25,305

(CONTINUED)

**CITY OF ST. JOSEPH, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor/ Grant Name</b>	<b>Pass-through Grantor Number</b>	<b>Federal CFDA Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Transportation:</b>				
Passed through Missouri Department of Transportation:				
Airport Improvement Program	AIRE 136-012A	20.106	-	287,746
Passed Through Missouri Division of Highway Safety :				
Alcohol Open Container Requirements	16-154-AL-141 (HOL DWI)	20.607	-	422
Alcohol Open Container Requirements	16-154-AL-141 (ST PAT)	20.607	-	600
Alcohol Open Container Requirements	16-154-AL-141 (Y DWI)	20.607	-	600
Total Alcohol Open Container Requirements			-	1,622
Highway Safety Cluster:				
State and Community Highway Safety	15-PT-02-064 (HMV)	20.600	-	898
State and Community Highway Safety	16-PT-02-133 (HMV)	20.600	-	4,146
State and Community Highway Safety	16-PT-02-133 (DRV)	20.600	-	17,574
State and Community Highway Safety	16-PT-02-133 (RDR)	20.600	-	2,419
Total State and Community Highway Safety			-	25,037
Alcohol Impaired Driving Countermeasures Incentive Grants	15-M5HVE-03-034 (SOB)	20.601	-	20,682
Alcohol Impaired Driving Countermeasures Incentive Grants	16-M5HVE-03-100 (SOB)	20.601	-	12,973
Alcohol Impaired Driving Countermeasures Incentive Grants	15-M5HVE-03-033 (Y ALC)	20.601	-	4,568
Alcohol Impaired Driving Countermeasures Incentive Grants	16-M5HVE-03-101 (Y ALC)	20.601	-	30,438
Total Alcohol Impaired Driving Countermeasures Incentive Grants			-	68,661
National Priority Safety Programs	15-M5HVE-03-035 (JULY 4)	20.616	-	600
National Priority Safety Programs	15-M2HVE-05-022 (SAFETY)	20.616	-	545
National Priority Safety Programs	16-M2HVE-05-002(S BELT)	20.616	-	769
National Priority Safety Programs	16-M2OP-05-006 (CLICK)	20.616	-	3,000
Total National Priority Safety Programs			-	4,914
Total Highway Safety Cluster:			-	98,612

**(CONTINUED)**

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor/ Grant Name</b>	<b>Pass-through Grantor Number</b>	<b>Federal CFDA Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
Passed Through Missouri Highways & Transportation Commission:				
Federal Transit Cluster:				
Federal Transit Formula Grants	MO-90-X308-00	20.507	-	900,622
Highway Planning and Construction Cluster:				
Highway Planning and Construction	STP-5301 (116)	20.205	-	11,314
Highway Planning and Construction	STP-5303 (105)	20.205	-	129,887
Highway Planning and Construction	STP-5302 (105)	20.205	-	172,963
Highway Planning and Construction	STP-5301 (115)	20.205	-	953,594
Total Highway Planning and Construction Cluster:			-	1,267,758
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	MO-81-0014	20.505	-	66,730
<b>Total U.S. Department of Transportation</b>			-	<b>2,623,090</b>
<b>Environmental Protection Agency</b>				
Passed Through Missouri Department of Natural Resources:				
Clean Water State Revolving Fund Cluster:				
Capitalization Grants for Clean Water State Revolving Funds	C295699-04	66.458	-	39,771,610
Capitalization Grants for Clean Water State Revolving Funds	C295699-02	66.458	-	416,297
Capitalization Grants for Clean Water State Revolving Funds	C295699-03	66.458	-	6,614,164
<b>Total Environmental Protection Agency</b>			-	<b>46,802,071</b>

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**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor/ Grant Name</b>	<b>Pass-through Grantor Number</b>	<b>Federal CFDA Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Health and Human Services</b>				
Passed Through National Association of County & City Health Officials:				
Medical Reserve Corps Small Grant Program	MRC-13-2394	93.008	-	1,899
Medical Reserve Corps Small Grant Program	MRC-14-2394	93.008	-	11,598
Medical Reserve Corps Small Grant Program	MRC-14-2394C	93.008	-	3,500
Medical Reserve Corps Small Grant Program	MRC-15-2394	93.008	-	1,041
Total Medical Reserve Corps Small Grant Program			-	18,038
Passed Through Substance Abuse/Mental Health Services:				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	ALCOHOL COMP	93.243	-	20,682
Passed Through Missouri Department of Health and Senior Services:				
Public Health Emergency Preparedness	AOC14380161	93.069	-	59,057
Hospital Preparedness Program	AOC16380093/AOC14380161	93.074	-	103,077
Hospital Preparedness Program	DH160015017	93.074	-	1,260
Total Hospital Preparedness Program			-	104,337
Centers for Disease Control and Prevention - Investigations and Technical Assistance	DH150004025	93.283	-	9,041
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds	DH140010011	93.758	-	17,658
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds	AOC15380174	93.758	-	53,871
Total Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds			-	71,529
National Bioterrorism Hospital Preparedness Program	PHVA2016	93.889	-	2,900
HIV Care Formula Grants	AOC12380228	93.917	-	94,646
HIV Prevention Activities - Health Department Based	AOC15380151	93.940	-	65,931
Maternal and Child Health Services Block Grant to the States	AOC15380090	93.994	-	26,289
<b>Total U.S. Department of Health and Human Services</b>			-	<b>472,450</b>

**(CONTINUED)**

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

<b>Federal Grantor/ Grant Name</b>	<b>Pass-through Grantor Number</b>	<b>Federal CFDA Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Homeland Security</b>				
Passed Through State Emergency Management Agency:				
Emergency Management Performance Grants	EMW-2015-EP-00043-101	97.042	-	17,332
Emergency Management Performance Grants	EMW-2016-EP-00004-103	97.042	-	19,057
Total Emergency Management Performance Grants			-	36,389
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA 4238-DR-MO	97.036	-	112,281
<b>Total U.S. Department of Homeland Security</b>			-	<b>148,670</b>
Total Expenditures of Federal Awards			<b>\$ 525,904</b>	<b>\$ 56,015,842</b>

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

**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, 2016. 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 of Expenditures of Federal Awards.

**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, 2016.

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

**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, 2016, are as follows

<b>Federal CFDA Number</b>	<b>Program</b>	<b>Loans Outstanding at June 30, 2016</b>
14.218	Community Development Block Grants/Entitlement Grants	\$ 945,094
14.239	Home Investment Partnerships Program	<u>1,681,035</u>
	Total	<u><u>\$ 2,626,129</u></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, 2016, the outstanding loan payable balances were \$525,000 Series 1997D, \$13,307,922 Series 2013, \$51,589,117 Series 2014, and \$27,076,252 Series 2014A.

**NOTE 7 CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS**

Included in total expenditures for pass-through grantor number C295699-03, are expenditures of \$3,317,656 which are expenditures made in years prior to June 30, 2016, but not previously reported on the Schedule of Expenditures of Federal Awards.

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2016**

**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?           yes      X   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)             yes      X   no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Fund
12.400	Military Construction, National Guard

Dollar threshold used to distinguish between Type A and Type B programs:      \$1,680,475

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, 2016**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2016-001: Material Audit Adjustments/Prior Period Restatements**

**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 supporting schedules which were incomplete, untimely and did not allow for a proper review prior to being sent to the auditor for testing. As a result, material audit adjustments were necessary. Also, a restatement was necessary to correct errors in the previously issued financial statements. A similar finding was reported in 2015 as finding 2015-01.

We noted that reconciliations of accounts receivable sub-ledgers to the general ledger are not completed on a timely basis.

We noted items during our tests of accounts payable cut-off that were payable at June 30, 2016, however, they were not included in the accounts payable balance.

**Effect:** Material adjustments and restatement of beginning fund balance and net position were proposed throughout the audit and subsequently recorded by management. Without proper controls over year-end cut-off, payables and expenditures could be reported in the wrong period.

It was not noted until audit fieldwork was being completed that certain postings of November 2015 revenue had been posted twice. Additionally, the prior period adjustment included in the June 30, 2016 financial statements occurred due to the posting of additional revenue, and accounts receivable in the prior year.

**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/Corrective Action:** A monthly reconciliation and closing process is being 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.

<b>Contact:</b>	Tom Mahoney
	Assistant Administrative Services Director
	(816) 271-4759
<b>Anticipated Completion Date:</b>	March 31, 2017

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-002: Internal Controls over the Schedule of Expenditures of Federal Awards and Financial Reporting**

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

**Criteria:** Management is responsible for preparing a complete and accurate schedule of expenditures of federal awards (SEFA) for the period covered by the financial statements. The SEFA should include the federal program, name of federal pass-through entity, identifying number assigned by the pass through entity, total federal awards expended for each individual federal program and the CFDA number or other identifying number when the CFDA number is not available.

**Condition/Context:** The City’s current procedures and processes do not ensure the SEFA includes all federal expenditures incurred during the period covered by the financial statements.

**Effect:** Adjustments were necessary to properly state federal expenditures.

**Cause:** Decentralized grant management and insufficient reconciliations by the departments administering the grants.

**Recommendation:** We recommend City Management evaluate the current procedures and processes surrounding the accumulation of information and preparation of the SEFA and implement changes as necessary to ensure the SEFA is prepared in accordance with the requirements of the Uniform Grant Guidance and *Government Accounting Standards*.

**Management Response/Corrective Action:** In August 2016, the City filled the Grant Accountant position that had been vacant for more than a year, the position is primarily responsible for all grant accounting activity throughout the year to ensure that the preparation of the SEFA is in accordance with the requirements of the Uniform Grant Guidance and Government Accounting Standards.

<b><u>Contact:</u></b>	Tom Mahoney
	Assistant Administrative Services Director
	(816) 271-4759
<b><u>Anticipated Completion Date:</u></b>	March 31, 2017

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-003: 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 the assistant administrative services director has the ability to enter and approve journal entries.

**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 entries made by the assistant administrative services director be approved by the administrative services director.

**Management Response/Corrective Action:** The Assistant Administrative Services Director will no longer have the ability to enter, but only approve journal entries.

<b><u>Contact:</u></b>	Gia Scruggs
	Administrative Services Director
	(816) 271-5526
<b><u>Anticipated Completion Date:</u></b>	January 31, 2017

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

**SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-004: Approval of Timesheets and Timesheet Summaries**

**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:** During our payroll control testing, we noted two instances where the time sheets were not signed by a supervisor, and one timesheet summary that was not signed by the department director.

**Effect:** Without proper controls over the approval of timesheets, payroll could be paid that is unauthorized or not for the correct amount of hours.

**Cause:** Management oversight

**Recommendation:** We recommend that procedures be established to ensure that all time sheets be signed by a supervisor, and that all timesheet summaries be signed by the department director.

**Management Response/Corrective Action:** The City is implementing the Timecard Online module in the payroll system in January 2017 which requires each employee to enter and acknowledge their own work and leave time online. Through a workflow process the time entered will be approved by their immediate supervisor or the supervisor's backup as well as the department director before payment will be processed.

<b>Contact:</b>	Gia Scruggs
	Administrative Services Director
	(816) 271-5526
<b>Anticipated Completion Date:</b>	June 30, 2017

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**SECTION V – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Year Reference Number:** 2015-01

**Finding Summary:** Financial Reporting

**Status:** See current year finding 2016-001.

**Reason for Finding's Recurrence:** The City's current yearend closing procedures and processes resulted in supporting schedules which were incomplete, untimely and did not allow for a proper review prior to being sent to the auditor for testing. As a result, material audit adjustments were necessary. Also, a restatement was necessary to correct errors in the previously issued financial statements.