

**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, 2017**

**CITY OF ST. JOSEPH, MISSOURI  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2017**

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1
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	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	11
Schedule of Findings and Questioned Costs	13
Summary of Auditors' Results	13
Financial Statement Findings	14
Federal Award Findings and Questioned Costs	17
Summary Schedule of Prior Audit Findings	17

**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, 2017, 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 22, 2017.

**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 2017-001 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 deficiencies described as items 2016-002 and 2016-003 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 22, 2017



**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, 2017. 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, 2017.

## **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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 22, 2017, 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 22, 2017

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Grant Name	Pass-through Grantor Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture:</b>				
Passed Through Missouri Department of Health and Senior Services:				
State WIC Contract	ERS04514255	10.557	\$ -	\$ 312,714
Child Care Health Consultation	DH150008066	10.560	-	3,000
Child Care Health Consultation	DH160014098	10.560	-	1,207
Total State Administrative Expenses for Child Nutrition			-	4,207
Child Nutrition Cluster:				
Summer Food Service Program for Children	ERS219151021	10.559	-	1,355
<b>Total U.S. Department of Agriculture</b>			-	<b>318,276</b>
<b>U.S. Department of Defense:</b>				
Passed through Missouri Air National Guard				
National Guard Military Operations and Maintenance (O&M) Projects	W912NS-13-2-2001	12.401	-	479,384
<b>U.S. Department of Housing and Urban Development:</b>				
Direct Assistance/Programs:				
CDBG - Entitlement Grants Cluster (total 14.218 \$1,450,241)				
2014 Entitlement	B-14-MC-290004	14.218	-	97,587
2015 Entitlement	B-15-MC-290004	14.218	-	60,740
2016 Entitlement	B-16-MC-290004	14.218	332,271	1,291,914
2009 HOME Program	M-09-MC-29-0208	14.239	-	129,965
2010 HOME Program	M-10-MC-29-0209	14.239	13,109	13,109
2013 HOME Program	M-13-MC-29-0210	14.239	17,899	17,899
2014 HOME Program	M-14-MC-29-0211	14.239	20,007	20,007
2015 HOME Program	M-15-MC-29-0212	14.239	90,371	125,357
2016 HOME Program	M-16-MC-29-0213	14.239	103,066	117,121
Total Home Investment Partnerships Program			244,451	423,458
Supportive Housing Assistance - HMIS	MO0039L7P031205	14.235	-	40,654
<b>Total U.S. Department of Housing and Urban Development (CONTINUED)</b>			<b>576,722</b>	<b>1,914,354</b>



**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Grant Name	Pass-through Grantor Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Justice:</b>				
Passed Through Missouri Department of Public Safety:				
Bulletproof Vest Partnership Program	15076842	16.607	-	3,832
Bulletproof Vest Partnership Program (Total 16.607 \$14,107)	16081288	16.607	-	10,275
Edward Byrne Memorial Justice Assistance Grant Program	2016-DJ-BX-0992	16.738	-	29,118
<b>Total U.S. Department of Justice</b>			-	<u>43,225</u>
<b>U.S. Department of Transportation:</b>				
Passed through Missouri Department of Transportation:				
Airport Improvement Program	13-012A-1	20.106	-	262,858
Airport Improvement Program	14-012A-1	20.106	-	25,131
Airport Improvement Program	15-012A-1	20.106	-	1,385,626
Airport Improvement Program	16-012A-1	20.106	-	129,820
Total Airport Improvement Program			-	<u>1,803,435</u>
Passed through Missouri Highways & Transportation Commission				
FHWA -UPWP Public Law (PL)	MO-81-0014	20.505	-	134,763
FHWA -UPWP Public Law (PL)	K-DOT 2017 CPG	20.505	-	6,442
Total Missouri Highways & Transportation Commission			-	<u>141,205</u>
Federal Transit Authority				
Federal Transit Administration Grant (Operations)	MO-90X308-00	20.507	-	1,852,675
Total Federal Transit Authority			-	<u>1,852,675</u>

**(CONTINUED)**

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Grant Name	Pass-through Grantor Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
Passed Through Missouri Division of Highway Safety				
National Highway Traffic Safety Administration	16-PT-02-133 (HMV)	20.600	-	2,334
National Highway Traffic Safety Administration	17-PT-02-84 (HMV)	20.600	-	4,836
National Highway Traffic Safety Administration	17-OP-05-002 (CLICK)	20.600	-	2,466
National Highway Traffic Safety Administration (Total 20.600 \$10,382)	17-OP-05-012 (S BELT)	20.600	-	747
National Highway Traffic Safety Administration	16-M5HVE-03-100 (SOB)	20.601	-	12,449
National Highway Traffic Safety Administration (Total 20.601 \$14,003)	16-M5HVE-03-100 (Y ALC)	20.601	-	1,554
National Highway Traffic Safety Administration	16-154-AL-141 (JULY4)	20.607	-	600
National Highway Traffic Safety Administration	16-154-AL-141 (SOBER)	20.607	-	600
National Highway Traffic Safety Administration	17-154-AL-157 (SOB)	20.607	-	7,941
National Highway Traffic Safety Administration (Total 20.607 \$33,719)	17-154-AL-156 (Y ALC)	20.607	-	24,578
National Highway Traffic Safety Administration	17-M5HVE-03-022 (ST PAT)	20.616	-	548
National Highway Traffic Safety Administration	17-M5HVE-03-022 (Y DWI)	20.616	-	568
National Highway Traffic Safety Administration	17-M5HVE-03-022 (HOL DWI)	20.616	-	600
National Highway Traffic Safety Administration (Total 20.616 \$2,516)	16-M5HVE-05-001 (SAFETY)	20.616	-	800
Total National Highway Traffic Safety Administration			-	60,621
<b>Total U.S. Department of Transportation</b>			-	<b>3,857,936</b>
<b>Environmental Protection Agency</b>				
Passed Through Missouri Department of Natural Resources:				
Clean Water State Revolving Fund Cluster:				
Clean Water State Revolving Funds - Ammonia removal	C295699-04	66.458	-	3,192,907
Clean Water State Revolving Funds - Eastside	C295699-01	66.458	-	953,610
Clean water State Revolving Funds - Blacksnake Creek Stormwater	C295699-03	66.458	-	2,930,067
<b>Total Environmental Protection Agency</b>			-	<b>7,076,584</b>

(CONTINUED)

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Grant Name	Pass-through Grantor Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>				
Passed Through National Association of County & City Health Officials:				
Medical Reserve Corps	MRC-15-2394	93.008	-	893
Medical Reserve Corps	MRC-17-2394	93.008	-	4,335
Total Medical Reserve Corps			-	5,228
Passed Through Substance Abuse/Mental Health Services:				
St. Joseph Youth Alliance grant	ALCOHOL COMP	93.243	-	16,772
Passed Through Missouri Department of Health and Senior Services:				
Public Health Emergency Preparedness	AOC14380161	93.069	-	59,769
Total Hospital Preparedness Program			-	59,769
Ebola Preparedness and response Activities				
Ebola Virus Disease monitoring	AOC16380093/AOC14380161	93.074	-	42,965
Environmental Child Care Sanitation Inspections	ERS220-17103	93.575	-	3,980
Lead Poisoning Preventioan Health Education Program	AOC173800708	93.753	-	13,170
Preventive Health and Health Services Block Grant funded solely				
Chronic Disease Primary Prevention	DH140010011	93.758	-	51,507
HIV Case Management	AOC12380228	93.917	-	63,152
HIV Case Management (Total 93.917 \$90,119)	AOC12380228	93.917	-	26,967
HIV Prevention Activities - Health Department Based	AOC15380151	93.940	-	59,796
Maternal and Child Health Services Block Grant to the States	AOC15380090	93.994	-	43,376
<b>Total U.S. Department of Health and Human Services</b>			-	386,683

(CONTINUED)

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

<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 Grant	EMW-2016-EP-00004-103	97.042	-	9,293
Emergency Management Grant	EMW-2017-EP-00004-105	97.042	-	11,260
Total Emergency Management Performance Grants			-	20,553
Passed Through MO Region H				
Homeland Security Grant Program	EMW-2016-SS-00049	97.067	-	11,025
<b>Total U.S. Department of Homeland Security</b>			-	31,578
Total Expenditures of Federal Awards			\$ 576,722	\$ 14,108,019

**CITY OF ST. JOSEPH, MISSOURI**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

**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, 2017. 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, 2017.

**CITY OF ST. JOSEPH, MISSOURI  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

**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, 2017, are as follows

<b>Federal CFDA Number</b>	<b>Program</b>	<b>Loans Outstanding at June 30, 2017</b>
14.218	Community Development Block Grants/Entitlement Grants	\$ 966,135
14.239	Home Investment Partnerships Program	<u>1,603,537</u>
	Total	<u><u>\$ 2,569,672</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, 2017, the outstanding loan payable balances were \$12,694,300 Series 2013, \$53,767,000 Series 2014, \$27,440,000 Series 2014A, and \$9,664,124 Series 2016.

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**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
20.106	Airport Improvement Program
20.507	Federal Transit Formula 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, 2017**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2017-001: 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 a month of revenues not being posted to the general ledger system. As a result, material audit adjustments were necessary. A similar finding was reported in 2016 as finding 2016-001.

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, 2017, however, they were not included in the accounts payable balance.

**Effect:** Material adjustments were proposed throughout the audit and subsequently recorded by management. Without proper controls over year-end cut-off, receivables, revenues, payables and expenditures could be reported in the wrong period.

It was not noted until audit fieldwork was being completed that certain postings of June 2017 revenue had not been posted.

**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, 2017**

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

**2017-002: 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 the assistant administrative services director has the ability to enter and approve journal entries. A similar finding was reported in 2016 as finding 2016-003.

**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:** 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, 2017**

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

**2017-003: 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 three instances where the time sheets were not signed by a supervisor, five were not signed by the employee, and one timesheet summary that was not signed by the department director. We also noted one case where the hours worked per the timesheet summary did not match the employee prelist report. A similar finding was reported in 2016 as finding 2016-004.

**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 the employee, a supervisor, and that all timesheet summaries be signed by the department director.

**Management Response:** The City intended to implement the Timecard Online module in the payroll system in January 2017 which requires each employee to enter, 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. This new system did not get implemented as initially intended but will be implemented in 2018.

**CITY OF ST. JOSEPH, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

**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:** 2016-001

**Finding Summary:** Financial Reporting

**Status:** See current year finding 2017-001.

**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.

**Prior Year Reference Number:** 2016-002

**Finding Summary:** Internal Controls over the Schedule of Expenditures of Federal Awards and Financial Reporting

**Status:** Resolved in current year.

**Prior Year Reference Number:** 2016-003

**Finding Summary:** Journal Entries

**Status:** See current year finding 2017-002.

**Reason for Finding's Recurrence:** Current year testing indicated the assistant administrative services director had entered and approved entries during the year.

**Prior Year Reference Number:** 2016-004

**Finding Summary:** Approval of Timesheets and Timesheet Summaries

**Status:** See current year finding 2017-003.

**Reason for Finding's Recurrence:** New payroll system was not yet implemented during 2017.