

CITY OF UNIVERSITY CITY, MISSOURI

**REPORT ON FEDERAL AWARDS
(Audited)**

For the Year Ended June 30, 2021



CITY OF UNIVERSITY CITY, MISSOURI
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**INDEPENDENT AUDITOR'S 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 UNIVERSITY CITY, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **CITY OF UNIVERSITY CITY, MISSOURI** (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 24, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

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 financial statements. 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'S RESPONSE TO FINDINGS

The City's response to the findings 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 the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

St. Louis, Missouri
February 24, 2022

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

Honorable Mayor and Members of the City Council
CITY OF UNIVERSITY CITY, MISSOURI

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the **CITY OF UNIVERSITY CITY, 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, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the 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, 2021.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 24, 2022, 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.

Sikich LLP

St. Louis, Missouri
February 24, 2022

CITY OF UNIVERSITY CITY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
St. Louis County, Missouri:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grant/ Entitlement Grants	14.218	-	\$ <u>25,000</u>
Total U.S. Department Of Housing And Urban Development			<u>25,000</u>
U.S. Department of Justice			
COVID-19 Coronavirus Supplemental Funding Program	16.034	-	18,968
Bulletproof Vest Partnership	16.607	-	4,400
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-BX-0503	<u>10,182</u>
Total U.S. Department Of Justice			<u>33,550</u>
U.S. Department of Transportation			
Missouri Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	STP-5526(642)	76,331
Highway Planning and Construction	20.205	STP-5402(616)	43,513
Highway Planning and Construction	20.205	STP-5402(618)	<u>78,107</u>
Total Highway Planning And Construction Cluster			<u>197,951</u>
Missouri Division of Highway Safety:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	21-PT-02-133	<u>3,091</u>
National Priority Safety Program	20.616	20-M2HVE-05-034	500
National Priority Safety Program	20.616	20-2HVE-05-030	350
National Priority Safety Program	20.616	20-2HVE-05-034	<u>682</u>
Total National Priority Safety Program			<u>1,532</u>
Total Highway Safety Cluster			<u>4,623</u>
Alcohol Open Container Requirements	20.607	20-154-AL-017	730
Alcohol Open Container Requirements	20.607	20-154-AL-133	298
Alcohol Open Container Requirements	20.607	21-M5HVE-03-027	1,180
Alcohol Open Container Requirements	20.607	20-154-AL-037	700
Alcohol Open Container Requirements	20.607	21-154-AL-037	<u>1,106</u>
Total Alcohol Open Container Requirements			<u>4,014</u>
Total U.S. Department Of Transportation			<u>206,588</u>

CITY OF UNIVERSITY CITY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Number	Federal Expenditures
U.S. Department of Treasury			
St. Louis County, Missouri:			
COVID-19 Coronavirus Relief Fund	21.019*	-	<u>2,432,499</u>
Total U.S. Department Of Treasury			<u>2,432,499</u>
National Endowment for the Humanities			
Missouri Department of Economic Development:			
Grants to States	45.310	-	<u>27,959</u>
American Library Association:			
Grants to States	45.310	-	<u>1,150</u>
Missouri State Library:			
Grants to States	45.310	-	1,500
Grants to States	45.310	2021-LFLO	4,475
Grants to States	45.310	2021-LDIS	996
Grants to States	45.310	2021-LBEO	13,682
Grants to States	45.310	2020-LFLO	6,996
Grants to States	45.310	2020-LBED	15,156
Grants to States	45.310	2020-COVD	<u>16,706</u>
Total Missouri State Library			<u>59,511</u>
Total National Endowment For The Humanities			<u>88,620</u>
U.S. Department of Homeland Security			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	-	416,892
Missouri State Emergency Management Agency:			
Disasters Grants (Presidentially Declared Disasters)	97.036	4490-DR-MO	<u>99,800</u>
Total U.S. Department Of Homeland Security			<u>516,692</u>
Total Awards Expended			<u>\$3,302,949</u>

**Denotes major federal program.

Note 1 - Basis of Presentation -- The schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City under programs of the federal government. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

CITY OF UNIVERSITY CITY, MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended June 30, 2021

Note 2 - Summary of Significant Accounting Policies -- Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years, if any. The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - The City did not have any federal loans or loan guarantees with continuing compliance requirements. The City did not receive any federal insurance and the City did not provide funds to any subrecipients.

Note 4 - Fair market value of personal protective equipment (PPE) at the time of receipt during they year ended June 30, 2021 was \$36,266.

CITY OF UNIVERSITY CITY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

A. Financial statements:

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

B. Federal awards:

1. Internal control over major programs:
 - a) Material weakness(es) identified? Yes X No
 - b) Significant deficiency(ies) identified? Yes X None reported
2. Type of auditor's report issued on compliance for major programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 516(a)? Yes X No

4. Major programs:

CFDA Number(s)

Name Of Federal Program Or Cluster

21.019

COVID-19 Coronavirus Relief Fund

5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
6. Auditee qualified as low-risk auditee? X Yes No

CITY OF UNIVERSITY CITY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

June 30, 2021

SECTION II - FINANCIAL STATEMENTS FINDINGS

Finding No. 2021-001 - Significant Deficiency

Internal Control Over Financial Reporting

Criteria -- The City presents its annual financial statements in accordance with GAAP for local governments as promulgated by the Governmental Accounting Standards Board.

Condition -- Significant adjusting journal entries were required to correct various amounts on the year-end financial statements of the City in accordance with accounting principles generally accepted in the United States of America (GAAP). This finding was repeated and is reported in Section IV - Summary Schedule of Prior Audit Finding as Finding 2020-01.

Effect -- Without the proposed audit adjustments, certain general ledger accounts would be incorrect and the financial statements would be materially misstated.

Cause -- The City did not adequately review the year-end financial records required for the GAAP basis of accounting. In addition, account reconciliations of significant financial statement amounts and supervisory review of those reconciliations did not detect errors described above.

Recommendation -- We recommend the City enhance its internal control procedures over financial reporting so that it is able to produce financial statements in accordance with GAAP without requiring significant audit adjustments. These internal control procedures should include reconciliation of significant financial statement amounts to subsidiary records and sufficient supervisory review of those reconciliations, prior to the audit, in order to determine proper adjustments to the City's financial statements.

View of Responsible Officials and Planned Corrective Action

The process for year-end financial reporting is very time consuming. In addition, the City had turnover in the Finance Department resulting in limited availability. The City is currently in the process of evaluating their staffing levels to provide increased availability to the Finance Department so that the year-end reporting process is completed timely.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None



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Corrective Action Plan February 24, 2022

The City of University, Missouri (the "City") respectively submits the following corrective action plan for the year ended June 30, 2021. Sikich LLP, 12655 Olive Blvd., Suite 200, Creve Coeur, Missouri 63141, is the independent public accounting firm that performed the audit dated February 24, 2022.

The findings from the 2021 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the references assigned in the schedule.

FINANCIAL STATEMENT FINDINGS

Finding No. 2021-001 Finding Type: Significant Deficiency

Recommendations: The auditors recommend the City enhance its internal control procedures over financial reporting so that it is able to produce financial statements in accordance with GAAP without requiring significant audit adjustments. These internal control procedures should include reconciliation of significant financial statement amounts to subsidiary records and sufficient supervisory review of those reconciliations, prior to the audit, in order to determine proper adjustments to the City's financial statements.

Corrective Action Plan: The process for year-end financial reporting here at City of University City is very tedious and time consuming. The Finance Department strives to review and enhance its internal control procedures to include segregation of duties, accounting system access controls, standardized documentation, timely periodic reconciliations of accounts, and timely supervisory review of reconciliations and reporting.

The Finance Department continues to seek best practices in developing schedules to enhance the reconciliation of significant financial statement amounts process to be on an interim basis. This type of action would potentially, allow adequate time for supervisory review prior to commencing of the audit. It would also allow time to produce financial statements in accordance with GAAP.

Furthermore, the Finance Department will work with other key departments who have significant financial statement amounts to ensure they are requesting proper reports on an interim basis and incorporating this process in the internal control procedures. In addition, the Finance Department will review these reports timely to the best of their ability and reconcile the reports to the General Ledger and schedules on an interim basis.

COVID and key staff leaving the City has had some delay in the action plan. The City continues to evaluate the probability of adding one additional staff member to the Finance Department to provide availability so that periodic and year-end reporting is completed timely and prior to when the audit commences.

Contact: Keith Cole, Director of Finance

Anticipated Completion Date: This corrective action plan will be implemented by late fiscal year 2022.

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CITY OF UNIVERSITY CITY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2021

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings relating to financial statements which are required to be reported in accordance with *Government Auditing Standards*:

Financial Statement Findings

Finding No. 2020-001 - Significant Deficiency

Finding -- Significant adjusting journal entries were required to correct the City's year-end financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Recommendation -- The City should enhance its internal control procedures over financial reporting so that it is able to produce financial statements in accordance with GAAP.

Status of Prior Year Finding -- This finding was repeated and it is reported in Section II - Financial Statements Finding as Finding 2021-001.

Federal Award Findings

There were no federal award findings in the prior year.