

City of Columbia, Missouri

Compliance Report
September 30, 2020

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RSM US LLP

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
Government Auditing Standards**

Independent Auditor's Report

Honorable Mayor and
Members of the City Council

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 Columbia, Missouri (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 4, 2021.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 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 Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an 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.

RSM US LLP

Kansas City, Missouri
February 4, 2021



RSM US LLP

**Report on Compliance for Each Major Federal Program,
Report on Internal Control Over Compliance and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

Honorable Mayor and
Members of the City Council

Report on Compliance for Each Major Federal Program

We have audited the City of Columbia, 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 the City's major federal programs for the year ended September 30, 2020. 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 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 program for the year ended September 30, 2020.

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 the 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, each major fund and the aggregate remaining fund information of the City as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 4, 2021, 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 basic 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Kansas City, Missouri
February 4, 2021

City of Columbia, Missouri

Schedule of Expenditures of Federal Awards Year Ended September 30, 2020

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
Passed through the Missouri Department of Health:				
Special Supplemental Food Program for Women, Infants and Children	10.557	19-20 WIC, 19-20BRSTFEDWIC	\$ -	\$ 500,154
Summer Food Program	10.559	20SFSP	-	5,175
Total U.S. Department of Agriculture			<u>-</u>	<u>505,329</u>
U.S. Department of Housing and Urban Development:				
CDBG - Entitlement Grants Cluster,				
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-29-0001	259,000	870,039
HOME Program	14.239	M-19MC-29-0502	-	671,735
Total U.S. Department of Housing and Urban Development			<u>259,000</u>	<u>1,541,774</u>
U.S. Department of Justice:				
COPS HIRING Program				
16.710	2016-UM-WX-0177		-	94,551
Passed through Boone County:				
Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0599	-	45,778
Passed through the Missouri Department of Public Safety,				
Domestic Violence Enforcement Grant	16.588	2013-VAWA-027-NC	-	53,236
Total U.S. Department of Justice			<u>-</u>	<u>193,565</u>
U.S. Department of Transportation:				
Federal Transit Capital and Operating Assistance				
Federal Transit Cluster, Formulas Grants	20.507	MO-2017-01-4100, 043-00 MO-2020-023-00	-	90,718
COVID-19—CARES Act Funding	20.507	MO-2020-024-00	-	2,182,193
Subtotal			<u>-</u>	<u>2,272,911</u>
Passed through the Federal Aviation Administration,				
Airport Improvement Program	20.106	3-29-0022 40, 42, 45, 46, 48	-	2,322,346
COVID-19—CARES Act Funding	20.106	3-29-0022-050-2020	-	1,999,420
Subtotal			<u>-</u>	<u>4,321,766</u>
Highway Planning and Construction Cluster:				
Passed through the Missouri Highway and Transportation:				
Nonmotorized Transportation Grant	20.205	CPP-9999	-	1,976,240
Federal Transit Technical Studies Grant	20.205	MP00FY319	-	210,133
Passed through the Missouri Safety Center,				
TAPS Grant	20.205	TAP - 2100(524)	-	14,411
Total Highway Planning and Construction Cluster			<u>-</u>	<u>2,200,784</u>
Passed through the Missouri Highway and Transportation				
Hazardous Moving Violations Enforcement	20.600	20-PT-02-109	-	8,919
DWI Saturation Enforcement	20.607	20-154-AL-034	-	6,750
DWI Traffic Unit	20.616	20-M5HV-03-008	-	85,326
Subtotal			<u>-</u>	<u>100,995</u>
Highway Safety Cluster:				
Passed through the Missouri Safety Center,				
Youth Alcohol Enforcement Campaign	20.607	20-154-AL-017	-	3,023
Total Highway Safety Cluster			<u>-</u>	<u>3,023</u>
Total U.S. Department of Transportation			<u>-</u>	<u>8,899,479</u>
U.S. Department of Treasury:				
Passed through the State of Missouri:				
COVID-19—Coronavirus Relief Fund - Convention and Visitor's Bureau	21.019	21-03-027-25	-	123,955
Passed through the County of Boone:				
COVID-19—Health Department Contact Tracing	21.019	CS0001192	-	657,180
Total U.S. Department of Treasury			<u>-</u>	<u>781,135</u>

(Continued)

City of Columbia, Missouri

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended September 30, 2020**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services:				
Association of Food Drug Officials	93.103	G-SP-1910-08116	\$ -	\$ 5,500
Passed through the Missouri Department of Health:				
Regional Public Health Emergency Planning & Prep	93.069	DH210048497 19/20PHEP	-	158,533
TB Directly Observed	93.116	ERS166620008 PS004711-05	-	1,652
TB Elimination and Laboratory	93.116	ERS166620008 PS910202-01	-	2,152
Subtotal			-	3,804
CCDF Cluster:				
Local Sanitation Inspections for Child Care Facilities	93.575	ERS22017026; 19CCDF; ERS22020026; 20 CCDF	-	21,895
Show Me Healthy Women	93.898	ERS16148609; DP171701-01B	-	3,067
CORE Public Health	93.767	AOC1380307 20/21LPHAMEDEAR NF20/21 0101DCPH	-	246,626
HIV Prevention Activities	93.940	AOC17380094, PS924577-02A DH200048050; PS924577-03A	-	96,775
Child Care and Development Block Grant	93.575	DH200048113; 20CCDF	-	3,497
Teen Outreach Program	93.994	AOC19380180; 19/20MCH	-	44,954
Maternal and Child Health	93.994	AOC19380199; 19/20MCH	-	68,025
Healthy Families America	93.994	AOC18380138, 20MCH	-	89,402
Health Fitastic Education	93.994	DH19004001; DP006506-01	-	645
Subtotal			-	206,523
Passed through North East Community Action, Family Planning Title X	93.217	FPHPA076285	-	24,008
Total U.S. Department of Health and Human Services			-	766,731
U.S. Department of Homeland Security:				
Transportation Security Administration	97.090	N/A	-	23,100
FEMA	97.083	EMW-2018-FH00374	-	119,649
FEMA	97.036	ID 019-15670-000	-	71,604
Total U.S. Department of Homeland Security			-	214,353
Executive Office of the President:				
Passed through the Missouri Department of Public Safety: High Intensity Drug Trafficking Area	95.001	G18QQ	-	5,817
Total Executive Office of the President			-	5,817
Total expenditures of federal awards			\$ 259,000	\$ 12,908,183

See notes to schedule of expenditures of federal awards.

City of Columbia, Missouri

**Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2020**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Columbia, Missouri (the City) for the year ended September 30, 2020. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies expended during the year, is included in the schedule. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

Expenditures of federal awards are recognized under the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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.

Note 3. Indirect Cost Rate

The City elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**SUMMARY OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2020**

Identifying Number: 2019-001

Criteria: Per the OMB Compliance Supplement, the performance HUD 600022 report is to be submitted within 90 days after the program's year end.

Condition: The City did not comply with the reporting requirement of the OMB Compliance Supplement for the CDBG program. The City submitted the report after the reporting deadline.

Cause: City personnel did not follow the process in place to submit the report within the reporting deadline.

Effect or potential effect: The City is not in compliance with reporting requirements of the OMB Compliance Supplement.

Recommendation: City personnel establish procedures to assure the HUD 60002 report is submitted in accordance with the reporting requirement.

View of responsible officials: Management agrees with this finding

Corrective Action Taken: Staff responsible for submitting this report have completed training on submitting the OMB Compliance Supplement report. City staff is also working on incorporating the Grant Accountant position in finance to help mitigate any future problems that arise from various departments administering grants.

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Our vision: Columbia is the best place for everyone to live, work, learn and play.

City of Columbia, Missouri

**Schedule of Findings and Questioned Costs
Year Ended September 30, 2020**

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes No
 Yes None reported
 Yes No

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes No
 Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200 516(a)?

Yes No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.507	Federal Transit Assistance Grant, including COVID-19 CARES Act Funding
21.019	COVID-19—Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee?

Yes No

(Continued)

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2020

II. Financial Statement Findings

A. Internal Control

2020-001—Prior year error relating to contributed capital assets of the sewer fund—significant deficiency

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting which should be designed to prevent or detect and correct misstatements on a timely basis.

Condition: Management identified two capital assets (pump stations) of the Sewer Fund, with an original acquisition value of \$928,000 that had been contributed to the City in fiscal year 2012 and 2015, that were not properly recorded in the financial statements. These assets should have been recorded as capital assets and contributed capital revenue and subsequently recorded depreciation expense on these assets.

Cause: Management did not have adequate process in place to properly review and record these contributed assets in the financial statements.

Effect or potential effect: There was a restatement of beginning net position for business-type activities and the sewer fund for \$787,759.

Recommendation: We recommend management implement the necessary procedures to ensure all capital asset related transactions are properly recorded in the financial statements during the fiscal year in which the transaction occurs.

View of responsible official: Management agrees with the finding.

B. Compliance Findings

No matters to report.

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

No matters to report.

B. Instances of Noncompliance

No matters to report.



**CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2020**

Identifying Number: 2020-001

Finding: Management identified two capital assets (pump stations) of the Sewer Fund, with an original acquisition value of \$928,000 that had been contributed to the City in fiscal years 2012 and 2015, that were not properly recorded in the financial statements. These assets should have been recorded as capital assets and contributed capital revenue and subsequently recorded depreciation expense on these assets.

Corrective Action Taken or Planned: Processes and procedures have already been put in place to mitigate these errors in the future to include quarterly meetings between finance and all departments across the City. These meetings include reviews of ongoing projects and assets in the financial system. In addition to these meetings, finance staff is working with the Building Facilities Manager on an in-depth review of all assets in the financial system to insure it is up to date and accurate. The Controller is overseeing this review in the finance department and anticipates it being complete by September 30, 2022.

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