

City of Columbia, Missouri

Compliance Report
September 30, 2021

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**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, 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 18, 2022. Our report includes an emphasis of matter paragraph for a restatement due to the adoption of GASB Statement No. 84, *Fiduciary Activities*.

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. 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.

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*.

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 18, 2022

**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, 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 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 September 30, 2021.

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, 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 18, 2022, which contained unmodified opinions on those financial statements. Our report includes an emphasis of matter paragraph for a restatement due to the adoption of GASB Statement No. 84, *Fiduciary Activities*. 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 VS LLP

Kansas City, Missouri

March 14, 2022, except for our report on the schedule of expenditures
of federal awards, for which the date is February 18, 2022

City of Columbia, Missouri

Schedule of Expenditures of Federal Awards Year Ended September 30, 2021

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number or 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	20-21 WIC, 20-21BRSTFEDWIC	\$ -	\$ 617,604
Summer Food Program	10.559	21SFSP	-	6,473
Total U.S. Department of Agriculture			-	624,077
U.S. Department of Commerce:				
Passed through the Missouri Department of Economic Development:				
Economic Development Cluster:				
COVID-19 - CARES-Show Me Strong DMO Funding	11.300	21-03-027-25	-	90,376
Total U.S. Department of Commerce			-	90,376
U.S. Department of Housing and Urban Development:				
CDBG - Entitlement Grants Cluster,				
2020-21 Community Development Block Grant (CDBG)	14.218	B-19-MC-29-0001	1,049,185	2,081,863
COVID-19 - CDBG-CARES	14.218	B-21-MC-29-0002	-	561,419
Subtotal for AL 14.4128			1,049,185	2,643,282
HOME Program	14.239	M-21MC-29-0502	391,401	870,778
Total U.S. Department of Housing and Urban Development			1,440,586	3,514,060
U.S. Department of Interior:				
Passed through the Missouri Department of Public Safety:				
Historical Preservation Grant	15.904	29-18-16413-008	-	20,976
Clary-Shy Park Development	15.916	29-01644, 29-01665	-	337,692
Total U.S. Department of Interior			-	358,668
U.S. Department of Justice:				
Passed through the Missouri Department of Public Safety:				
Domestic Violence Enforcement Grant (DOVE)	16.588	2020-VAWA-008	-	98,756
Total U.S. Department of Justice			-	98,756

(Continued)

City of Columbia, Missouri

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2021

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation:				
Federal Transit Cluster:				
Federal Transit Capital and Operating Assistance Formula Grants	20.507	MO-2017-041-00, 043-00	\$ -	\$ 1,655,771
COVID-19 - Federal Transit Capital and Operating Assistance Formula Grants	20.507	MO-2020-024-00	-	4,125,378
Federal Transit Capital and Operating Assistance Formula Grants	20.526	MO-2020-021-00	-	395,919
Total Federal Transit Cluster			-	6,177,068
Passed through the Federal Aviation Administration,				
Airport Improvement Program	20.106	3-29-0022-46,47,49,51,53	-	10,253,249
COVID-19—CARES Act Funding—Airport Programs	20.106	3-29-0022-050-2020	-	2,182,178
Subtotal			-	12,435,427
Highway Planning and Construction Cluster:				
Passed through the Missouri Highway and Transportation:				
Transportation Alternative Program (TAP) Grant	20.205	STP-2101(508)	-	20,007
Highway Planning and Construction	20.205	STP-2100(527), GOVCS06	-	1,477,873
Total Highway Planning and Construction Cluster			-	1,497,880
Passed through the Missouri Highway and Transportation				
Federal Transit Technical Studies Grant	20.505	MP32001C	-	285,563
DWI Saturation Enforcement	20.607	21-154-AL-023, 21-154-AL-037, 21-M5HVE-03-006	-	6,993
Highway Safety Cluster				
DWI Traffic Unit	20.616	21-PT-02-022	-	233,633
Hazardous Moving Violations Enforcement	20.600	21-PT-02-098	-	7,561
Total Highway Safety Cluster			-	241,194
Subtotal			-	533,750
Highway Safety Cluster:				
Passed through the Missouri Safety Center,				
Youth Alcohol Enforcement Campaign	20.607	20-154-AL-017	-	11,979
Total Highway Safety Cluster			-	11,979
Total U.S. Department of Transportation			-	20,656,104
U.S. Department of Treasury:				
Passed through the State of Missouri:				
COVID-19—CARES Unemployment	21.019		-	24,480
Passed through the County of Boone:				
COVID-19—Health Department Contact Tracing	21.019	CS0001192	-	126,150
Total U.S. Department of Treasury			-	150,630

(Continued)

City of Columbia, Missouri

Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2021

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant Number or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services:				
Passed through the Missouri Department of Health:				
Regional Public Health Emergency Planning & Prep	93.069	DH210048497; 20/21PHEP	\$ -	\$ 87,898
TB Elimination and Laboratory	93.116	ERS166620008; PS910202-01	-	5,488
Crisis Cooperative Agreement	93.354	DH220050850 20/21	-	255,530
CCDF Cluster:				
Local Sanitation Inspections for Child Care Facilities	93.575	ERS22017026: 20CCDF	-	12,205
Child Care and Development Block Grant	93.575	MCH	-	2,595
Total CCDF Cluster			-	14,800
Show Me Healthy Women	93.898	ERS16148609: DP171701-04B	-	1,981
CORE Public Health	93.767	DH220050452 20/21LPHAMEDEAR; NF20/21	-	365,526
HIV Prevention Activities	93.940	DH210049606; PS924625-01; DH200048050; PS924577-03A PS924577-04A	-	136,954
Local Sanitation Inspections for Child Care Facilities	93.994	ERS22020026: 21 CCDF	-	8,995
Teen Outreach Program	93.994	AOC19380180; 20/21MCH	-	33,508
Maternal and Child Health	93.994	AOC19380199; 20/21MCH	-	163,047
Subtotal			-	205,550
Passed through North East Community Action, Family Planning Title X	93.217	FPHPA076285	-	22,363
Total U.S. Department of Health and Human Services			-	1,096,090
U.S. Department of Homeland Security:				
Law Enforcement Officer Reimbursement, Transportation Security Administration (TSA)	97.090	HSTS02-16-H-SLR833	-	32,520
FEMA	97.083	EMW-2019-FG-08883	-	172,613
FEMA	97.036	ID 019-15670-00	-	545,000
Total U.S. Department of Homeland Security			-	750,133
Executive Office of the President:				
Passed through the Missouri Department of Public Safety:				
High Intensity Drug Trafficking Area	95.001	G18QQ	-	5,958
Total Executive Office of the President			-	5,958
Total expenditures of federal awards			\$ 1,440,586	\$ 27,344,852

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, 2021**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of City of Columbia, Missouri (the City) for the year ended September 30, 2021. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (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. Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

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 the Uniform Guidance 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 SEPTMEBER 30, 2021

Identifying Number: 2020-001

Criteria: Management is responsible for establishing and maintaining effective internal controls over financial reporting which should be designated 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 \$982,000 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 assets related transactions are properly recorded in the financial statements during the fiscal year in which the transaction occurs.

Corrective Action Taken: Processes and procedures have been put in place to mitigate these errors including 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 department property stewards on an in-depth review of all assets in the financial system to insure it is up to date and accurate. Finance provides a monthly list of all asset changes within the department including new assets, transfers, and disposal. Yearly asset listings will be signed by departments starting in FY22. The Controller is overseeing this review in the finance department and anticipates it being complete by September 30, 2022.

City of Columbia, Missouri

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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
20.106	Airport Improvement Program, includes COVID-19 CARES Act Funding
20.507, 20.526	Federal Transit Cluster, includes COVID-19 CARES Act Funding

Dollar threshold used to distinguish between type A and type B programs: \$820,345

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

(Continued)

City of Columbia, Missouri

Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2021

II. Financial Statement Findings

A. Internal Control

No matters to report.

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