

CITY OF JENNINGS, MISSOURI

REPORT ON FEDERAL AWARDS
(Audited)

Year Ended March 31, 2021

CITY OF JENNINGS, MISSOURI
REPORT ON FEDERAL AWARDS

	Page
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 <i>Government Auditing Standards</i>	1
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	3
Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7
Corrective Action Plan	9
Summary Schedule of Prior Audit Findings	10

15450 South Outer Forty Rd., Suite 135
Chesterfield, MO 63017
636.532.9525

SIKICH.COM

**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 JENNINGS, 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, each major fund, and the aggregate remaining fund information of the **CITY OF JENNINGS, MISSOURI** (the City), as of and for the year ended March 31, 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 September 29, 2021. That report noted the financial statements were prepared on the modified cash basis of accounting.

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 a certain deficiency 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 finding identified in our audit are described in the accompanying schedule of finding and questioned costs. The City'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 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.

Sibich LLP

Chesterfield, Missouri
September 29, 2021

15450 South Outer Forty Rd., Suite 135
Chesterfield, MO 63017
636.532.9525

SIKICH.COM

**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 JENNINGS, MISSOURI

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the **CITY OF JENNINGS, 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 March 31, 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 March 31, 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, each major fund, and the aggregate remaining fund information of the City as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 29, 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 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

Chesterfield, Missouri
September 29, 2021

CITY OF JENNINGS, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED MARCH 31, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice			
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	-	\$ 49,180
Federal Equitable Sharing	16.922	-	<u>12,408</u>
Total U.S. Department Of Justice			<u>61,588</u>
U.S. Department of Treasury			
St. Louis County, Missouri: COVID-19 Coronavirus Relief Fund	21.019*	-	<u>1,011,759</u>
Total U.S. Department Of Treasury			<u>1,011,759</u>
Total Awards Expended			<u>\$1,073,347</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.

Note 2 - Summary of Significant Accounting Policies -- Expenditures reported on the Schedule are reported on the modified cash 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 time of receipt during the year ended March 31, 2021 was \$890.

CITY OF JENNINGS, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
MARCH 31, 2021

Section I - Summary of 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:

<u>Assistance Listing Number(s)</u>	<u>Name Of Federal Program Or Cluster</u>
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? | _____ Yes | ___X___ No |

Section II - Financial Statements Findings

Finding No. 2021-001 - Preparation of Financial Statements

Criteria/Specific Requirement -- The City is required to maintain a system of controls over the preparation of financial statements in accordance with the modified cash basis of accounting which includes having adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board.

CITY OF JENNINGS, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
MARCH 31, 2021

Section II - Financial Statements Findings (Continued)

Condition -- During the audit, we recommended various modifications individually and, in the aggregate, to present the financial statements and related note disclosures in accordance with the modified cash basis of accounting. This finding was repeated and is reported in Section IV - Summary Schedule of Prior Audit Findings as Finding 2020-001.

Effect -- Potential that the City's financial statements and related disclosures are materially misstated.

Cause -- Lack of control over the preparation of the financial statements and related disclosures.

Recommendation -- We recommend the City implement controls to ensure the financial statements and related disclosures are prepared in accordance with the modified cash basis of accounting.

View of Responsible Officials and Planned Corrective Action

Management agrees with this finding and the response is included in the Corrective Action Plan.

Section III - Federal Award Findings and Questioned Costs None



CORRECTION ACTION PLAN FOR CURRENT YEAR FINDINGS

Year Ending March 31, 2021

Condition - During the audit, we recommended various modifications individually and, in the aggregate, to present the financial statements and related note disclosures in accordance with the modified cash basis of accounting.

Corrective Action Plan – The City maintains general ledgers for all funds, and we engage the auditor to complete the financial reports. Previously, the Accounts Receivable Clerk and Accounts Payable Clerk performed many of the tasks that resulted in transactions that impact the general ledger. These positions worked under the direction of the Financial Director. During the 2021-2022 fiscal year, the City restructured the Finance Department by revising job descriptions and positions. We have replaced the Accounts Receivable and Accounts Payable Clerk positions with an Accounting Coordinator and Accounting Clerk. We have raised the education and training standards, started creating better internal controls of the duties and more training on bank reconciliations, preparation of financial reporting and statements with the anticipation to transition those duties from the engaged auditor to internal functions within the City's Finance Department.

CITY OF JENNINGS, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
MARCH 31, 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 -- Preparation of Financial Statements

Finding -- Significant adjustments were required to correct the City's year-end financial statements in accordance with the modified cash basis of accounting.

Recommendation -- The City should enhance its internal control procedures over financial reporting so that it is able to produce financial statements in accordance with the modified cash basis of accounting.

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

Federal Award Findings

There were no federal award findings in the prior year.