

***CITY OF HAZELWOOD, MISSOURI***

***SINGLE AUDIT REPORT***

***JUNE 30, 2016***

**CITY OF HAZELWOOD, MISSOURI**  
SINGLE AUDIT REPORT  
HAZELWOOD, MISSOURI

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**CITY OF HAZELWOOD, MISSOURI**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE OR CLUSTER TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	TOTAL FEDERAL EXPENDITURES
<b>Highway Safety Cluster:</b>			
U.S. Department of Transportation programs:			
Passed through Missouri Division of Highway Safety:			
State and Community Highway Safety	15-PT-02-025	20.600	\$ 7,172
State and Community Highway Safety	16-PT-02-034	20.600	11,572
Alcohol Impaired Driving Countermeasures Incentive Grants	15-154-AL-021	20.601	3,307
Alcohol Impaired Driving Countermeasures Incentive Grants	16-154AL-036	20.601	3,492
Alcohol Impaired Driving Countermeasures Incentive Grants	16-154-AL-145	20.601	2,470
Alcohol Impaired Driving Countermeasures Incentive Grants	15-M5HVE-03-018	20.601	1,750
Alcohol Impaired Driving Countermeasures Incentive Grants	15-M5HVE-03-019	20.601	8,647
Alcohol Impaired Driving Countermeasures Incentive Grants	16-M5HVE-03-023	20.601	26,399
Alcohol Impaired Driving Countermeasures Incentive Grants	16-M5HVE-03-024	20.601	1,009
Alcohol Impaired Driving Countermeasures Incentive Grants	16-M5HVE-03-025	20.601	6,546
National Priority Safety Programs	15-M2HVE-05-010	20.616	2,971
National Priority Safety Programs	16-M2HVE-05-014	20.616	9,740
			<u>85,075</u>
Total Passed through Missouri Department of Transportation			
Passed through University of Central Missouri:			
State and Community Highway Safety	16-M2OP-05-006	20.600	3,401
Child Safety and Child Booster Seats Incentive Grants	15-M5HVE-03-035	20.613	1,498
National Priority Safety Programs	15-M5HVE-03-035	20.616	1,193
National Priority Safety Programs	16-M2HVE-05-002	20.616	736
			<u>6,828</u>
Total Passed through University of Central Missouri			
Total Department of Transportation programs in cluster			
Total Highway Safety Cluster			<u>91,903</u>
 U.S. Department of Transportation program:			
Passed through Missouri Department of Transportation:			
Highway Planning and Construction Grant	STP 5408(606)	20.205	991,419
Highway Planning and Construction Grant	STP 5408(607)	20.205	<u>144,387</u>
			<u>1,135,806</u>
Total Passed through Missouri Department of Transportation			
Passed through University of Central Missouri:			
Alcohol Open Container Requirements	16-154-AL-141	20.607	2,875
Alcohol Open Container Requirements	15-M5HVE-03-035	20.607	<u>1,098</u>
			<u>3,973</u>
Total Passed through University of Central Missouri			
Total U.S. Department of Transportation			<u>1,139,779</u>
 U.S. Department of Justice programs:			
Bulletproof Vest Partnership Program			
Federal Equitable Sharing Program		16.607	1,050
		16.922	<u>34,647</u>
Total U.S. Department of Justice			<u>35,697</u>
 U.S. Department of Homeland Security program:			
Passed through Missouri Emergency Management:			
Emergency Management Performance Grants	EMK-2016-EP-APP-00004-045	97.042	<u>9,430</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,276,809</u>

See accompanying notes to schedule of expenditures of federal awards.

**CITY OF HAZELWOOD, MISSOURI**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Hazelwood, Missouri under programs of the federal government for the year ended June 30, 2016. 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 City of Hazelwood, Missouri, it is not intended to and does not present the financial position, or changes in net assets of City of Hazelwood, Missouri.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the 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 - SUBRECIPIENTS**

There were no awards passed through to sub-recipients.

**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**



The Honorable Mayor and Members of the City Council  
**CITY OF HAZELWOOD, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hazelwood, Missouri, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Hazelwood, Missouri's basic financial statements, and have issued our report thereon dated November 23, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Hazelwood, Missouri'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 City of Hazelwood, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Hazelwood, Missouri'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 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of finding and questioned costs as item 2016-001, to be a material weaknesses.

## **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether City of Hazelwood, Missouri's financial statements are free of 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*.

## **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.

Botz Deal & Company  
November 23, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**



The Honorable Mayor and Members of the City Council  
**CITY OF HAZELWOOD, MISSOURI**

***Report on Compliance for Each Major Federal Program***

We have audited the City of Hazelwood, Missouri's 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 of Hazelwood, Missouri's major federal programs for the year ended June 30, 2016. City of Hazelwood, Missouri'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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Hazelwood, Missouri's major federal program 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 of Hazelwood, Missouri'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 of Hazelwood, Missouri's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Hazelwood, Missouri 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, 2016.

### **Report on Internal Control over Compliance**

Management of the City of Hazelwood, Missouri 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 of Hazelwood, Missouri'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 of Hazelwood, Missouri'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.

## **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hazelwood, Missouri as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Hazelwood, Missouri's basic financial statements. We have issued our report thereon dated November 23, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 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 expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Botz, Deal & Company  
November 23, 2016

**CITY OF HAZELWOOD, MISSOURI**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016

**A. Summary of Audit Results**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of City of Hazelwood, Missouri were prepared in accordance with GAAP.
2. One material weakness relating to the audit of the financial statements is reported in the *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*.
3. No instances of noncompliance material to the financial statements of City of Hazelwood, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit were reported in the *Independent Auditors' Report on Compliance with Requirements Applicable To Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance*.
5. The auditors' report on compliance for the major federal awards programs for City of Hazelwood, Missouri expresses an unmodified opinion for each major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was U.S. Department of Transportation Highway Planning and Construction CFDA No. 20.205.
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The City of Hazelwood, Missouri was determined to be a low risk auditee.

## **B. Findings - Financial Statement Audit**

### 2016-001 Internal Control Over Financial Reporting

*Condition:* We proposed material audit adjustments.

*Criteria:* Under the reporting requirements, if material audit adjustments are made by the audit team then it may be considered a material weakness in financial reporting.

*Cause:* Lack of adequate review of invoices received subsequent to year end.

*Effect:* An invoice received from the project's contractor for work done during the fiscal year was not accrued in accounts payable. As a result, the reimbursement request to the grantor for those construction costs were not recorded in the year-end receivables balance.

*Recommendation:* Additional care needs to be taken with review of year-end accounts payable, particularly construction related contracts.

*Grantee's Response:* The City management concurs with the finding. Project personnel have been informed of the City's cash disbursement procedures and accounting personnel have enhanced their year-end procedures. It is anticipated that audit adjustments will not be required in the future.

## **C. Findings and Questioned Costs - Major Federal Awards Programs Audit**

None.

## **D. Summary Schedule of Prior Audit Findings**

N/A