

City of Hazelwood, Missouri

EIN 43-6004533

DUNS No. 075894980

UEI: QFA6JCV8HXXH3

Single Audit Report

For the year ended June 30, 2022



City of Hazelwood, Missouri
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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

To the Honorable Mayor and
Members of City Council
City of Hazelwood, Missouri

We have audited, in accordance with 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Hazelwood, Missouri as of and for the year ended June 30, 2022, 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 December 19, 2022.

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) as a basis for designing 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 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.

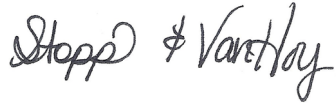
Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Hazelwood, Missouri'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script, reading "Stopp & VanHoy".

Creve Coeur, Missouri
December 19, 2022

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE; AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
UNIFORM GUIDANCE

Independent Auditor's Report

To the Honorable Mayor and
Members of City Council
City of Hazelwood, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Hazelwood, Missouri's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Hazelwood, Missouri's major federal programs for the year ended June 30, 2022. 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.

In our opinion, City of Hazelwood, Missouri complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Hazelwood, Missouri and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Hazelwood, Missouri's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Hazelwood, Missouri's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Hazelwood, Missouri's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Hazelwood, Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Hazelwood, Missouri's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Hazelwood, Missouri's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Hazelwood, Missouri's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on City of Hazelwood, Missouri's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. City of Hazelwood, Missouri's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

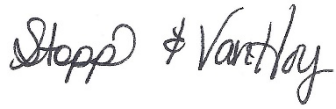
Government Auditing Standards requires the auditor to perform limited procedures on City of Hazelwood, Missouri's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. City of Hazelwood, Missouri's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Hazelwood, Missouri as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Hazelwood, Missouri's basic financial statements. We issued our report thereon, dated December 19, 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 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.

A handwritten signature in cursive script, reading "Stopp & VanHoy".

Creve Coeur, Missouri
December 19, 2022

City of Hazelwood, Missouri
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Assistance Listing Number | Pass-Through Entity Number | Federal Expenditures |
|---|---------------------------------|----------------------------------|-------------------------|
| U.S. Department of Justice | | | |
| Direct Program: | | | |
| Equitable Sharing Program | 16.922 | n/a | 55,948 |
| U.S. Department of Transportation | | | |
| Highway Planning and Construction Cluster | | | |
| Passed through state: | | | |
| Missouri Department of Transportation | | | |
| Highway Planning and Construction | 20.205 | STP-5408(608) | 106,766 |
| Total Highway Planning and Construction Cluster | | | <u>106,766</u> |
| Highway Safety Cluster | | | |
| Passed through state: | | | |
| Missouri Department of Transportation | | | |
| State and Community Highway Safety | 20.600 | 21-PT-02-100 | 14,836 |
| State and Community Highway Safety | 20.600 | 22-PT-02-085 | 23,291 |
| | | | <u>38,127</u> |
| Passed through: | | | |
| University of Central Missouri | | | |
| National Priority Safety Programs | 20.616 | 22-M2HVE-05-032 | 848 |
| Passed through state: | | | |
| Missouri Department of Transportation | | | |
| National Priority Safety Programs | 20.616 | 21-M2HVE-05-019 | 646 |
| National Priority Safety Programs | 20.616 | 22-M2HVE-05-013 | 5,769 |
| | | | <u>7,263</u> |
| Total Highway Safety Cluster | | | <u>45,390</u> |
| Passed through state: | | | |
| Missouri Department of Transportation | | | |
| Alcohol Open Container Requirements | 20.607 | 21-154-AL-102 | 4,754 |
| Alcohol Open Container Requirements | 20.607 | 21-154-AL-105 | 3,445 |
| Alcohol Open Container Requirements | 20.607 | 22-154-AL-068 | 1,570 |
| Alcohol Open Container Requirements | 20.607 | 22-154-AL-077 | 2,191 |
| Alcohol Open Container Requirements | 20.607 | 22-154-AL-078 | 11,361 |
| | | | <u>23,321</u> |

See Notes to the Schedule of Expenditures of Federal Awards

City of Hazelwood, Missouri
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Assistance Listing Number | Pass-Through Entity Number | Federal Expenditures |
|---|---------------------------------|----------------------------------|----------------------------|
| U.S. Department of Treasury | | | |
| Direct Program: | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | n/a | 2,558,543 |
| U.S. Department of Homeland Security | | | |
| Direct Program: | | | |
| Assistance to Firefighters Grant | 97.044 | n/a | 135,270 |
| Assistance to Firefighters Grant | 97.044 | n/a | 227,272 |
| | | | <u>362,542</u> |
| Direct Program: | | | |
| Staffing for Adequate Fire and Emergency Response | 97.083 | n/a | <u>298,759</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 3,451,269</u></u> |

See Notes to the Schedule of Expenditures of Federal Awards

City of Hazelwood, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

Note 1 - Summary of Significant Accounting Policies

Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Uniform Guidance requires a schedule that provides total federal awards expended for each federal program and the assistance listing number or other identifying number when the assistance listing number is not available.

This schedule includes all federal awards administered by the City of Hazelwood, Missouri.

Basis of Presentation

The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Because the Schedule presents only a selected portion of operations of the City of Hazelwood, Missouri, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Hazelwood, Missouri.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. Such expenditures are recognized following 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 this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The City of Hazelwood, Missouri has not elected to use the 10% de minimis indirect cost rate.

Note 2 - Awards Provided to Subrecipients

The City of Hazelwood, Missouri provided no federal awards to subrecipients during the year ended June 30, 2022.

Note 3 - Donated Personal Protective Equipment

The City of Hazelwood, Missouri received no donated personal protective equipment which had been purchased with federal funds. This footnote is unaudited.

City of Hazelwood, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

Note 4 - Subsequent Events

The Organization has evaluated events subsequent to June 30, 2022 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through December 19, 2022, the date the financial statements were available to be issued.

City of Hazelwood, Missouri
Schedule of Findings and Questioned Costs
For the year ended June 30, 2022

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes _____ X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes _____ X None Reported

Any noncompliance material to financial statements noted? _____ Yes _____ X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes _____ X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ X 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 section 200.516(a)? _____ X Yes _____ No

Identification of Major Programs:

| Assistance Listing No. | Name of Federal Program or Cluster |
|------------------------|--|
| 21.027 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds |

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

Auditee qualified as low-risk auditee? _____ Yes _____ X No

City of Hazelwood, Missouri
Schedule of Findings and Questioned Costs
For the year ended June 30, 2022

Section 2 - Financial Statement Findings

None reported.

Section 3 - Federal Award Findings and Questioned Costs

2022-001 Federal Grantor: All Programs
 Pass-through Grantor: All Programs
 Federal Assistance Listing No.: All Programs
 Program Title: All Programs

Criteria: Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires auditees to prepare an accurate Schedule of Expenditures of Federal Awards containing awards expended, assistance listing title and number, award number, name of the Federal agency, name of pass-through entity, and awards paid to subrecipients.

Condition: During our audit, we noted that the Schedule of Expenditures of Federal Awards contained errors. The City's current internal controls over Schedule of Expenditures of Federal Awards reporting are not sufficient enough to ensure correct reporting. This finding is a repeat finding and was reported in the most recent audit for the year ended June 30, 2021.

| Assistance Listing Number | As Reported On Original SEFA | As Corrected | \$ Difference |
|---------------------------------|------------------------------------|---------------------|-------------------|
| 16.922 | \$ 55,078 | \$ 55,078 | \$ - |
| 20.205 | - | 106,766 | 106,766 |
| 20.600 | 33,810 | 38,127 | 4,317 |
| 20.607 | 33,506 | 23,321 | (10,185) |
| 20.616 | 3,953 | 7,263 | 3,310 |
| 21.027 | 2,558,543 | 2,558,543 | - |
| 97.044 | 362,542 | 362,542 | - |
| 97.083 | 298,759 | 298,759 | - |
| | <u>\$ 3,346,191</u> | <u>\$ 3,450,399</u> | <u>\$ 104,208</u> |

Cause: Management failed to follow reporting requirements related to the Schedule of Expenditures of Federal Awards.

Effect: Federal expenditures reported in the Schedule of Expenditures of Federal Awards were incorrect.

Recommendation: We recommend management develop internal controls over reporting and consult with external consultants, if necessary, to ensure an accurate Schedule of Expenditures of Federal Awards is prepared.

Management's Response: Title 2 U.S. *Code of Federal Regulations* Part 200 is being reviewed and training sessions will be initiated by the Finance Director's office. The Finance Director is working towards capturing grant transactions in a manner sufficient to readily report the necessary information required on the Schedule of Expenditures of Federal Awards by the next audit period. The expected completion date is June 30, 2023. The phone number for the Finance Director's office is (314) 513-5040.

City of Hazelwood, Missouri
Summary Schedule of Prior Year Findings and Questioned Costs
For the year ended June 30, 2022

Financial Statement Findings - Prior Year

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the City of Hazelwood, Missouri, on the applicable findings in the prior financial statement audit report issued for the year ended June 30, 2021. No findings were reported.

Federal Award Findings and Questioned Costs - Prior Year

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the City of Hazelwood, Missouri, on the applicable findings in the prior single audit report issued for the year ended June 30, 2021.

| | | |
|----------|---------------------------------|--------------|
| 2021-001 | Federal Grantor: | All Programs |
| | Pass-through Grantor: | All Programs |
| | Federal Assistance Listing No.: | All Programs |
| | Program Title: | All Programs |

Criteria: Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires auditees to prepare an accurate Schedule of Expenditures of Federal Awards containing awards expended, assistance listing title and number, award number, name of the Federal agency, name of pass-through entity, and awards paid to subrecipients.

Condition: During our audit, we noted that the Schedule of Expenditures of Federal Awards contained errors. The City's current internal controls over Schedule of Expenditures of Federal Awards reporting are not sufficient enough to ensure correct reporting.

Cause: Management failed to follow reporting requirements related to the Schedule of Expenditures of Federal Awards.

Effect: Federal expenditures reported in the Schedule of Expenditures of Federal Awards were incorrect.

Recommendation: We recommend management develop internal controls over reporting and consult with external consultants, if necessary, to ensure an accurate Schedule of Expenditures of Federal Awards is prepared.

Management's Response: Title 2 U.S. *Code of Federal Regulations* Part 200 is being reviewed and training sessions will be initiated by the Finance Director's office. The Finance Director is working towards capturing grant transactions in a manner sufficient to readily report the necessary information required on the Schedule of Expenditures of Federal Awards by the next audit period. The expected completion date is June 30, 2022. The phone number for the Finance Director's office is (314) 513-5040.

Status: Management has not applied appropriate corrective action, therefore, this finding will be repeated in the current year as 2022-001.