

City of Manchester, Missouri

EIN 43-6017491
DUNS No. 070342647

Single Audit Report

For the year ended December 31, 2020



City of Manchester, Missouri
Table of Contents
For the year ended December 31, 2020

	<u>Page</u>
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 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.....	3
Schedule of Expenditures of Federal Awards.....	6
Notes to the Schedule of Expenditures of Federal Awards.....	8
Schedule of Findings and Questioned Costs.....	10
Summary Schedule of Prior Year Findings and Responses.....	12

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
the Board of Aldermen of the
City of Manchester, 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, each major fund, and the aggregate remaining fund information of the City of Manchester, Missouri as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Manchester, Missouri's basic financial statements, and have issued our report thereon dated May 25, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Manchester, Missouri'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 of Manchester, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Manchester, 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.

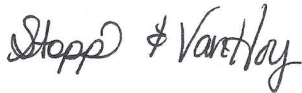
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Manchester, 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 that reads "Stopp & VanHay".

Creve Coeur, Missouri
May 25, 2021

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
the Board of Aldermen of the
City of Manchester, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Manchester, 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 Manchester, Missouri's major federal programs for the year ended December 31, 2020. The City of Manchester, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Manchester, Missouri'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* (CFR) 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 Manchester, 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 Manchester, Missouri's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Manchester, 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 December 31, 2020.

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 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The City of Manchester, Missouri's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Manchester, Missouri's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of Manchester, 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 City of Manchester, 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 City of Manchester, 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.

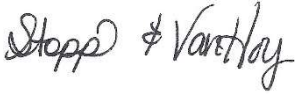
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The City of Manchester, Missouri's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Manchester, Missouri's response was not subjected to the 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, each major fund, and the aggregate remaining fund information of the City of Manchester, Missouri as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Manchester, Missouri's basic financial statements. We issued our report thereon dated May 25, 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Creve Coeur, Missouri
May 25, 2021

City of Manchester, Missouri
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
U.S. Department of Justice			
Direct Program:			
Equitable Sharing Program	16.922	n/a	\$ 17,502
Total U.S. Department of Justice			<u>17,502</u>
U.S. Department of Transportation			
Highway Planning and Construction Cluster			
Passed through state:			
Missouri Highways and Transportation Commission			
Highway Planning and Construction	20.205	STP-5501(601)	21,241
Highway Planning and Construction	20.205	STP-5501(602)	<u>267,406</u>
Total Highway Planning and Construction Cluster			<u>288,647</u>
Highway Safety Cluster			
Passed through state:			
Missouri Department of Transportation			
State and Community Highway Safety	20.600	20-PT-02-110	5,973
State and Community Highway Safety	20.600	21-PT-02-111	<u>1,930</u>
			7,903
Passed through:			
University of Central Missouri			
National Priority Safety Programs	20.616	20-M2HVE-05-030	1,642
Passed through state:			
Missouri Department of Transportation			
National Priority Safety Programs	20.616	21-M2HVE-05-024	827
Total Highway Safety Cluster			<u>2,469</u>
			<u>10,372</u>
Passed through:			
University of Central Missouri			
Alcohol Open Container Requirements	20.607	20-154-AL-017	1,619
Alcohol Open Container Requirements	20.607	21-154-AL-037	668
Passed through state:			
Missouri Department of Transportation			
Alcohol Open Container Requirements	20.607	20-154-AL-114	2,304
Alcohol Open Container Requirements	20.607	21-154-AL-115	<u>857</u>
			<u>5,448</u>
Total U.S. Department of Transportation			<u>304,467</u>

See Notes to the Schedule of Expenditures of Federal Awards

City of Manchester, Missouri
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
U.S. Department of Treasury			
Passed through:			
St. Louis County, Missouri			
Coronavirus Relief Fund	21.019	n/a	1,244,342
Total U.S. Department of Treasury			<u>1,244,342</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,566,311</u></u>

See Notes to the Schedule of Expenditures of Federal Awards

City of Manchester, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

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 Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA number is not available.

This schedule includes all federal awards administered by the City of Manchester, 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 Manchester, Missouri, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Manchester, 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 Manchester, Missouri has not elected to use the 10% de minimis indirect cost rate.

Note 2 - Awards Provided to Subrecipients

The City of Manchester, Missouri provided no federal awards to subrecipients during the year ended December 31, 2020.

Note 3 - Donated Personal Protective Equipment

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

City of Manchester, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the year ended December 31, 2020

Note 4 - Subsequent Events

The Organization has evaluated events subsequent to December 31, 2020 to assess the need for potential recognition or disclosure in the financial statements. Such events have been evaluated through May 25, 2021, the date the financial statements were available to be issued.

City of Manchester, Missouri
Schedule of Findings and Questioned Costs
For the year ended December 31, 2020

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:

CFDA Number	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund

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 Manchester, Missouri
Schedule of Findings and Questioned Costs
For the year ended December 31, 2020

Section 2 - Financial Statement Findings

None.

Section 3 - Federal Award Findings and Questioned Costs

2020-001	Federal Grantor:	All Programs
	Pass-through Grantor	All Programs
	Federal CFDA Number:	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, CFDA 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 December 31, 2021. The phone number for the Finance Director's office is (636) 227-1385 ext. 103.

City of Manchester, Missouri
Summary Schedule of Prior Year Findings and Responses
For the year ended December 31, 2020

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the City of Manchester, Missouri, on the applicable findings in the prior audit report issued for the year ended December 31, 2019.

Financial Statement Findings - Prior Year

2019-001 **Condition:** During the year, the actual expenditures of the Prop S Capital Improvement Fund exceeded the budgeted expenditures.

Criteria: Missouri Statutes requires political subdivisions to prepare an annual budget in which expenditures are not to exceed the budget.

Cause: Oversight

Effect: The City is in violation of Missouri Revised Statutes.

Recommendation: The City should periodically review its actual expenditures as compared to budgeted amounts. An amended budget should be prepared and approved as necessary to comply with statutes.

Management's Response: The City plans to conduct quarterly budget to actual reviews of all funds to ensure that any anticipated overages are brought to the attention of the Board of Aldermen and budget adjustments are prepared and approved to comply with all statutes. The member of management responsible for implementation of the corrective action is Donald Yucuis, Finance Director.

Status: Management has taken appropriate corrective action to remedy this finding.

2019-002 **Condition:** During the audit, we noticed numerous account balances across several funds that were not reconciled as part of the year-end closing process. Consequently, we were required to make material adjusting entries to the financial statements to correct errors that would have been detected by management during a normal monthly and annual closing process.

Criteria: Strong internal control over financial statements require a closing process to ensure all accounts are reconciled and the financial statements are free from material misstatement.

Cause: Management did not follow a formal monthly and annual closing process.

Effect: Without a monthly and annual closing process, errors in the financial statements may remain undetected by management.

Recommendation: We recommend management develop a monthly and annual closing process. This process should include procedures to review and reconcile all accounts in every fund the City maintains. By implementing a closing process, management will have more reliable financial information to make decisions.

Management's Response: The City plans to formalize the closing process including a reconciliation of all funds for accurate and timely financial reporting. The member of management responsible for implementation of the corrective action is Donald Yucuis, Finance Director. Anticipated completion date is September 30, 2020.

Status: Management has taken appropriate corrective action to remedy this finding.

City of Manchester, Missouri
Summary Schedule of Prior Year Findings and Responses
For the year ended December 31, 2020

Federal Award Findings and Questioned Costs - Prior Year

Not applicable.