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Report on Federal Awards, 2004

City of Festus

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CITY OF FESTUS, MISSOURI

REPORT ON FEDERAL AWARDS
(Audited)

Year Ended September 30, 2004

CITY OF FESTUS, MISSOURI
REPORT ON FEDERAL AWARDS

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Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

January 12, 2005

Honorable Mayor and City Council
CITY OF FESTUS, MISSOURI

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **CITY OF FESTUS, MISSOURI** (the City) as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 12, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of the 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the in-

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ternal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting which we have reported to the management of the City in a separate letter dated January 12, 2005.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Nochschild, Bloom & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF FESTUS, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Number</u>	<u>Expenditures</u>
U.S. Department of Transportation:			
Missouri Department of Transportation:			
Highway Planning and Construction	20.205	STP-2600(601)	\$ 644,687
Highway Planning and Construction	20.205	STP-2605(601)	343,444
Highway Planning and Construction	20.205	STP-5467(603)	<u>43,936</u>
Total Missouri Department Of Transportation			<u>1,032,067</u>
Missouri Department of Public Safety:			
Highway Safety	20.600	04-PT-02-33	4,801
Highway Safety	20.600	04-PT-02-32	<u>4,675</u>
Total Missouri Department Of Public Safety			<u>9,476</u>
Total U.S. Department Of Transportation			<u>1,041,543</u>
U.S. Environmental Protection Agency:			
Missouri Department of Natural Resources:			
Clean Water State Revolving Funds	66.458	-	1,732,365
Drinking Water State Revolving Funds	66.468	-	<u>7,197</u>
			<u>1,739,562</u>
U.S. Department of Justice:			
Local Law Enforcement Block Grant	16.592	2003-LB-BX-0572	<u>11,217</u>
Federal Emergency Management Agency:			
Missouri Emergency Management Agency			
Public Assistance	83.544	1463-DR-MO	<u>2,940</u>
Total Awards Expended			<u>\$2,795,262</u>

NOTES:

1. General

The schedule of federal awards (schedule) presents the activity of all federal financial assistance programs of the City. The City's reporting entity is defined in Note A to the City's financial statements. Federal financial assistance received directly from federal agencies, as well as passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The schedule is presented using the modified accrual basis of accounting, which is described in Note A of the City's financial statements.



Hochschild, Bloom & Company LLP
Certified Public Accountants
Consultants and Advisors

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

January 12, 2005

Honorable Mayor and City Council
CITY OF FESTUS, MISSOURI

Compliance

We have audited the compliance of the **CITY OF FESTUS, MISSOURI** (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2004. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2004.

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Internal Control Over Compliance

The management of the City is **responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs**. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a **direct and material effect** on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over **compliance in accordance with OMB Circular A-133**.

Our consideration of the **internal control over compliance** would not necessarily disclose all matters in the internal control that might be **material weaknesses**. A material weakness is a condition in which the design or operation of one or more of the **internal control components** does not reduce to a relatively low level the risk that noncompliance with **applicable requirements of laws, regulations, contracts, and grants** that would be material in relation to a **major federal program** being audited may occur and not be detected within a **timely period by employees in the normal course** of performing their assigned functions. We noted no matters involving the **internal control over compliance and its operation** that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the **financial statements of the City as of and for the year ended September 30, 2004**, and have issued our report thereon dated **January 12, 2005**. Our audit was made for the purpose of forming opinions on the **financial statements of the City taken as a whole**. The accompanying schedule of expenditures of federal awards is **presented for purposes of additional analysis as required by OMB Circular A-133** and is not a **required part of the financial statements**. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated, in all material respects, **in relation to the financial statements taken as a whole**.

This report is intended solely for the **information and use of management, federal awarding agencies, and pass-through entities** and is not intended to be and should not be used by anyone other than these specified parties.

Hochschild, Bloom + Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF FESTUS, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2004

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. Summary of the auditors' results:

- A. The type of report issued on the financial statements of the auditee: Unqualified opinion.
- B. No reportable conditions in internal control were disclosed by the audit of the financial statements.
- C. The audit did not disclose any noncompliance which is material to the financial statements of the auditee.
- D. No reportable conditions in internal control over major programs were disclosed by the audit.
- E. The type of report the auditors issued on compliance for major programs: Unqualified opinion.
- F. The audit disclosed no audit findings which the auditors are required to report under §.510(a).
- G. Identification of major programs: Clean Water State Revolving Fund and Highway Planning and Construction.
- H. The dollar threshold used to distinguish between Type A and Type B programs, as described in §.520(b): \$300,000.
- I. The auditee does not qualify as a low-risk auditee under §.530.

II. Findings relating to the financial statements which are required to be reported in accordance with GAGAS: None

III. Findings and questioned costs for federal awards which shall include audit findings as defined in §.510(a): None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings relating to financial statements which are required to be reported in accordance with *Government Auditing Standards*:

NA