

CITY OF HARRISONVILLE, MISSOURI

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

**City of Harrisonville, Missouri
Single Audit Report**

For the Year Ended December 31, 2017

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**Independent Auditor's Report on the Schedule
of Expenditures of Federal Awards**

To the Honorable Mayor and Members
of the Board of Aldermen
City of Harrisonville, Missouri:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 11, 2018, 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.

Cochran Head Vick & Co., P.C.

Kansas City, Missouri
April 11, 2018

ADDITIONAL INFORMATION

City of Harrisonville, Missouri
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Program	CFDA#	Grant Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passed Through Mid America			
Regional Council -			
CDBG Food Pantry	14.228	2014-PF-08	\$ 34,234
<i>Total U.S. Department of Housing and Urban Development</i>			<u>34,234</u>
U.S. Department of Justice:			
Direct Programs:			
Bullet Proof Vest Partnership	16.607		1,894
<i>Total U.S. Department of Justice</i>			<u>1,894</u>
U.S. Department of Transportation:			
Passed Through Missouri Highways and			
Transportation Commission-			
Highway Planning and Construction Cluster			
Jefferson Parkway	20.205	STP-2900 (410)	90,647
Total Highway Planning and Construction Cluster			<u>90,647</u>
Passed Through Missouri Division of			
Highway Safety -			
Highway Safety Cluster			
Hazardous Moving Violations	20.600	17-PT-02-065	2,800
Enforcing Underage Drinking Laws	20.607	17-154-AL-136	750
Seatbelt	20.616	17-M2HVE-05-019	2,748
Total Highway Safety Cluster			<u>6,298</u>
<i>Total U.S. Department of Transportation</i>			<u>96,945</u>
U.S. Environmental Protection Agency			
Passed Through Missouri Department of			
Natural Resources -			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW291356-01	5,317,456
<i>Total U.S. Environmental Protection Agency</i>			<u>5,317,456</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 5,450,529</u></u>

See accompanying notes to the schedule.

City of Harrisonville, Missouri
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Note 1. Organization

The City of Harrisonville, Missouri (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies are included on the Schedule of Expenditures of Federal Awards.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified-accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3. Local Government Contributions

Local cost sharing, as defined by Title 2 CFR Part 200, Subpart D, Section 200.306 is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2017.

Note 5. Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**City of Harrisonville, Missouri
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017**

Section 1 - Summary of Auditor's Results

Financial Statements:

Type Audit Report Issued on the Basic Financial Statements of Auditee
Unmodified

Internal Control over Financial Reporting
One material weaknesses identified. No significant deficiencies reported.

General Compliance
The audit did not disclose any instances of noncompliance which would be material to the basic financial statements.

Federal Awards:

Internal Control Over Major Programs
No material weaknesses identified. No significant deficiencies reported.

Type Audit Report Issued on Compliance for Major Programs
Unmodified

Audit Findings
None

<u>Major Programs</u>	
<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar Threshold Used to Distinguish Between Type A and Type B Program
\$750,000

Auditee Qualified as a Low-risk Auditee
No

City of Harrisonville, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2017

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

2017-001 Financial Reporting

Condition

Management is responsible for establishing, maintaining and monitoring internal controls over financial reporting, and for the fair presentation of the financial statements and related notes in conformity with U.S. generally accepted accounting principles. Under our professional standards, we have to assess the City's controls over preparing the financial statements including assessing the skills and competencies necessary to prevent, detect, and correct a material misstatement.

Our audit procedures identified adjustments that were required to properly report certain transactions of the City in accordance with generally accepted accounting principles. These adjustments were not initially identified by the City's internal controls over financial reporting.

Criteria

Internal controls should be in place to ensure year-end balances and external financial reporting conforms to generally accepted accounting principles and the City's accounting policies.

Cause

Year-end procedures were not sufficient to identify the adjustments listed above in a timely manner.

Effect

Potential exists for misstatements to the financial statements.

Recommendation

We recommend that management review year-end closing procedures to ensure that transactions are properly recorded in accordance with generally accepted accounting principles. In addition, due to the complexities of financial reporting, we recommend that management explore various alternatives for improving the controls over financial reporting including the use of governmental accounting standards, reference guides and continuing education and training courses.

Management's Response

Management agrees with this recommendation and has scheduled a training with INCODE, the City financial software provider, in May 2018 for training and review of year-end processes and overall financial software processes. This will also help in the review of recording transactions under generally accepted accounting principles. Additional training opportunities will be taken as they are afforded.

City of Harrisonville, Missouri
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2017

Summary Schedule of Prior Audit Findings

2016-001 Reliance Upon the Auditor

Condition

Management should possess the ability to reconcile all accounts and prepare financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements under this basis of accounting requires management possess the ability to properly record and classify transactions in a general ledger, reconcile all accounts, measure and record needed adjustments to the accounts, and prepare the financial statements and related disclosures without the assistance from the auditors. The auditors drafted the financial statements and related note disclosures from a trial balance and other documentation provided by City personnel.

Recommendation

The prior auditors recommended that the City review and approve the proposed auditor adjusting entries, the adequacy of the financial statement disclosures prepared by the auditors, and apply analytic procedures to the draft financial statements among other procedures as considered necessary by management.

Current Year Status

Comment repeated in the current year as part of finding 2017-001

Section 3 – Federal Award Findings and Questioned Costs

Federal Award Findings Required to be Reported in Accordance with the Uniform Guidance

None

Summary Schedule of Prior Audit Findings

None

COMPLIANCE REPORTS



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**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***

To the Honorable Mayor and Members
of the Board of Aldermen
City of Harrisonville, 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Harrisonville, Missouri (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 11, 2018.

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) 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 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 over financial reporting 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a material weakness.

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 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*.

The City's Response to the Finding

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

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.

Cochran Head Vick + Co., P.C.

Kansas City, Missouri
April 11, 2018



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**Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control over Compliance Required by the Uniform Guidance**

To the Honorable Mayor and Members
of the Board of Aldermen
City of Harrisonville, Missouri:

Report on Compliance for the Major Federal Program

We have audited the City of Harrisonville, 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 the City's major federal program for the year ended December 31, 2017. The City's major federal program is 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 the City'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'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 the City's major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the City's 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 its major federal program for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

Cochran Head Vick + Co., P.C.

Kansas City, Missouri
April 11, 2018