



CITY OF SAINT CHARLES, MISSOURI

INFORMATION REQUIRED FOR
FEDERAL AWARDS REPORTING

DECEMBER 31, 2021

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**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**

To Honorable Mayor and Members
Of the City Council
City of Saint Charles, 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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Saint Charles, Missouri, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Saint Charles, Missouri's basic financial statements, and have issued our report thereon dated June 21, 2022.

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) 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 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 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'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.

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
June 21, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

To Honorable Mayor and Members
of the City Council
City of Saint Charles, Missouri

Report on Compliance for Each Major Federal Program

We have audited the City of Saint Charles, Missouri's (the "City") 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 the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, the City 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 December 31, 2021.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City 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 the City'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 the City's federal programs.

Auditors' 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 the City'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 the City'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 the City'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 the City'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 the City'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.

Report on 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated June 21, 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.

Kenner, Eck & Braeckel LLP

St. Louis, Missouri
June 21, 2022

City of St. Charles, Missouri
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Program Title	Assistance Listing Number	Pass-Through Identification Number	Expenditures
<u>U.S. Department of Housing and Urban Development:</u>			
Direct:			
Community Development Block GrantS/Entitlement Grants	14.218	N/A	\$ 419,366
<u>U.S. Department of the Treasury:</u>			
Direct:			
COVID-19: Coronavirus Local Fiscal Recovery Fund (CLFRF)	21.027	N/A	750,501
<u>U.S. Department of Health and Human Services:</u>			
Direct:			
COVID-19: Provider Relief Fund	93.498	N/A	36,312
<u>Department of Homeland Security:</u>			
Passed through Missouri State Emergency Management Agency			
Disaster Grants - Public Assistance	97.036	N/A	38,919
Passed through East West Gateway Council of Governments			
Urban Area Security Initiative	97.067	49987-EQSUPP-CSC	67,556
Total Department of Homeland Security			106,475
<u>U.S. Department of Justice:</u>			
Direct:			
COVID-19: Coronavirus Emergency Supplemental Funding	16.034	N/A	32,303
Bulletproof Vest Partnership Program	16.607	N/A	23,136
Equitable Sharing Program	16.922	N/A	86,730
Total U.S. Department of Justice			142,169
<u>U.S. Department of Transportation:</u>			
Passed through Missouri Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	FWZEM11Z	1,808
Highway Planning and Construction	20.205	STP-5414(622)	25,000
Highway Planning and Construction	20.205	STP-5414(631)	83
Highway Planning and Construction	20.205	TAP-7303(616)	124,672
Highway Planning and Construction	20.205	STP-7302(671)	26,252
Highway Planning and Construction	20.205	CMAQ-4917(602)	22,269
Highway Planning and Construction	20.205	STP-5645(603)	155,788
Total Highway Planning and Construction Cluster			355,872
Passed through Missouri Department of Transportation, Highway Safety Division:			
Highway Safety Cluster:			
Hazardous Moving Violations	20.600	21-PT-02-124	13,313
Hazardous Moving Violations	20.600	22-PT-02-132	3,269
Occupant Protection Project	20.616	21-M2HVE-05-029	4,408
Occupant Protection Project	21.616	22-M2HVE-05-027	2,476
Impaired Driving Enforcement	20.616	21-154-AL-127	10,768
Impaired Driving Enforcement	20.616	22-154-AL-117	1,869
Youth Enforcement	20.616	21-154-AL-126	2,265
Youth Enforcement	20.616	22-154-AL-118	1,941
Subtotal CFDA #20.600			16,582
Subtotal CFDA #20.616			23,727
Total Highway Safety Cluster			40,309
Total U.S. Department of Transportation			396,181
Total			\$ 1,851,004

City of St. Charles, Missouri
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE A | BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2021. 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 the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C | INDIRECT COST RATE

The City has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE D | SUBRECIPIENTS

There have been no awards passed through to subrecipients.

City of St. Charles, Missouri
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiency identified that is not
considered to be a material weakness? yes none reported

Noncompliance material to financial
statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiency identified that is not
considered to be a material weakness? yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR Section
200.516(a) of the Uniform Guidance? yes no

The program tested as a major program was:

Coronavirus Local Fiscal Recovery Fund (CLFRF) CFDA # 21.027

The threshold for distinguishing Type A and B programs was \$750,000.

Auditee qualified as a low-risk auditee? yes no

City of St. Charles, Missouri
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings which are required to be reported in accordance with Generally Accepted *Government Auditing Standards*.

3. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings and questioned costs related to major federal award programs.