THE CITY OF KANSAS CITY, MISSOURI

COMPLIANCE REPORT
(WITH INDEPENDENT AUDITOR’S REPORT)

FOR THE YEAR ENDED APRIL 30, 2024

THE CITY OF KANSAS CITY, MISSOURI

FOR THE YEAR ENDED APRIL 30, 2024

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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*

The Honorable Mayor and
Members of the City Council
City of Kansas City, 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 (*Government Auditing Standards*), 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 Kansas City, Missouri (City), as of and for the year ended April 30, 2024, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2024. Our report includes a reference to other auditors who audited the financial statements of the Kansas City Board of Police Commissioners, the Port Authority of Kansas City, Missouri, and the American Jazz Museum, which are component units included in the financial statements of the aggregate discretely presented component units as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Kansas City International Airport - Community Improvement District, Maintenance Reserve Corporation, Employees' Retirement System, Firefighters' Pension System, Police Retirement System and Civilian Employees' Retirement System, which are included in the City's financial statements, were not audited in accordance with *Government Auditing Standards.*

Report on 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the

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Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters
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 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*.

City's Response to the Finding
Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
October 31, 2024

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Honorable Mayor and
Members of the City Council
City of Kansas City, 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 Kansas City, Missouri (City) as of and for the year ended April 30, 2024, and the related notes to financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 31, 2024, which contained unmodified opinions on those financial statements. Our report included a reference to the reports of other auditors.

Our audit was performed 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 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.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Overland Park, KS
October 31, 2024

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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

The Honorable Mayor
And Members of the City Council
City of Kansas City, Missouri
Kansas City, Missouri

Report on Compliance for Each Major Federal Program

Qualified, Unmodified, and Disclaimer of Opinions

We have audited the City of Kansas City, 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 the City of Kansas City, Missouri's major federal programs for the year ended April 30, 2024; and we were engaged to audit the City of Kansas City, 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 Hope VI Cluster, for the year ended April 30, 2024. The City of Kansas City, Missouri's major federal programs are identified in the Summary of Opinions section of our report.

Summary of Opinions:

Major Federal Program	***Type of Opinion***
Major Federal Program A – Emergency Rental Assistance Program	Qualified
Major Federal Program B - Federal Transit Cluster	Unmodified
Major Federal Program C – Community Development Block Grants/Entitlement Grants (CDBG – Entitlement Grants Cluster)	Unmodified
Major Federal Program D - Coronavirus State and Local Fiscal Recovery Funds	Unmodified
Major Federal Program E - Energy Efficiency and Conservation Block Grant Program	Unmodified
Major Federal Program F - HIV Emergency Relief Project Grants	Unmodified

Qualified Opinion on Emergency Rental Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of Kansas City, Missouri complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Emergency Rental Assistance Program for the year ended April 30, 2024.

Unmodified Opinion on each of the other major federal programs

In our opinion, the City of Kansas City, Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the

Federal Transit Cluster, CDBG – Entitlement Grants Cluster, Coronavirus State and Local Fiscal Recovery Funds, Energy Efficiency and Conservation Block Grant Program, and HIV Emergency Relief Project Grants for the year ended April 30, 2024.

Basis for Qualified and Unmodified Opinions

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). 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 the City of Kansas City, 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City of Kansas City, Missouri's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on Emergency Rental Assistance Program

As described in the accompanying schedule of findings and questioned costs, the City of Kansas City, Missouri did not comply with requirements regarding Assistance Listing No. 21.023 Emergency Rental Assistance Program as described in *finding 2024-004* for M) Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for the City of Kansas City, Missouri to comply with the requirements applicable to that program.

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 of Kansas City, Missouri's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Auditor's Responsibilities for the Audit of Compliance for each of the other major federal programs

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 of Kansas City, 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 generally accepted auditing standards, *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 of Kansas City, Missouri's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 of Kansas City, 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 the City of Kansas City, 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 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the City of Kansas City, 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.

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. However, as discussed below, we did identify deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as *finding 2024-004* to be a material weakness.

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 *finding 2024-003* to be a significant deficiency.

Our audit of CDBG – Entitlement Grants Cluster, Federal Transit Cluster, Emergency Rental Assistance Program, Coronavirus State and Local Fiscal Recovery Funds, Energy Efficiency and Conservation Block Grant Program, and HIV Emergency Relief Project Grants 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 the City of Kansas City, Missouri's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Kansas City, 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.

Welch & Associates, L.L.C.

Welch & Associates, L.L.C.
Kansas City, Missouri
December 4, 2024

THE CITY OF KANSAS CITY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2024

Federal Grantor / Pass-Through Entity / Program Title	*Cluster*	*Federal Assistance Listing Number*	*Identifying Number*	*Total Federal Expenditures*	*Amounts Passed Through to Subrecipients*
Department of Agriculture					
Summer Food Service Program for Children	1	10.559	ERS21954054	$ 20,200	$ -
Total Department of Agriculture Programs				$ 20,200	$ -
Department of Housing and Urban Development Programs					
Community Development Block Grants / Entitlement Grants	2	14.218*	B-15-MC-29-0003	$ (8,700)	$ -
Community Development Block Grants / Entitlement Grants	2	14.218*	B-16-MC-29-0003	(33,479)	-
Community Development Block Grants / Entitlement Grants	2	14.218*	B-17-MC-29-0003	68,386	-
Community Development Block Grants / Entitlement Grants	2	14.218*	B-22-MC-29-0003	954,322	-
Community Development Block Grants / Entitlement Grants	2	14.218*	B-23-MC-29-003	2,944,313	524,621
Community Development Block Grants / Entitlement Grants	2	14.218*	B-19-MC-29-0003	850,000	-
Community Development Block Grants / Entitlement Grants	2	14.218*	B-20-MC-29-0003	172,101	-
Community Development Block Grants / Entitlement Grants	2	14.218*	B-20-MW-29-0003	259,181	-
Community Development Block Grants / Entitlement Grants	2	14.218*	B-20-MW-29-0003	1,684,090	-
Community Development Block Grants / Entitlement Grants	2	14.218*	B-21-MC-29-0003	569,149	-
			Total AL 14.218	7,459,363	524,621
Emergency Solutions Grants Program		14.231	E-21-MC-290003	33,520	-
Emergency Solutions Grants Program		14.231	E-22-MC-290003	384,575	-
Emergency Solutions Grants Program		14.231	E-23-MC-290003	91,817	-
Emergency Solutions Grants Program (COVID-19)		14.231	E-20-MW-29-0003	(135,373)	-
Emergency Solutions Grants Program (COVID-19)		14.231	E-20-MW-29-0003	402,676	-
			Total AL 14.231	777,215	-
HOME Investment Partnerships Program		14.239	M-15-MC-290201	22,115	-
HOME Investment Partnerships Program		14.239	M-16-MC-290201	26,669	
HOME Investment Partnerships Program		14.239	M-23-MC-290201	106,142	-
HOME Investment Partnerships Program		14.239	M-21-MP-290201	103,090	-
HOME Investment Partnerships Program		14.239	M-17-MC-290201	871,681	-
HOME Investment Partnerships Program		14.239	M-18-MC-290201	18,460	-
HOME Investment Partnerships Program		14.239	M-20-MC-290201	67,000	-
			Total AL 14.239	1,215,157	-
Housing Opportunities for Persons with AIDS		14.241	MOH21F001	125,962	111,890
Housing Opportunities for Persons with AIDS		14.241	MOH22-F001	474,155	345,909
Housing Opportunities for Persons with AIDS		14.241	MOH23-F001	1,508,935	1,408,820
Housing Opportunities for Persons with AIDS		14.241	MO-H200117	730,378	631,593
			Total AL 14.241	2,839,430	2,498,212
Continuum of Care		14.267	MO0117L7P042113	68,199	65,880
Continuum of Care		14.267	MO0117L7P042214	358,134	354,221
			Total AL 14.267	426,333	420,101
Passed Through Kansas City Housing Authority:					
HUD Choice Initiative Grant	3	14.889	FR-5800-N-11	158,226	-
HUD Choice Initiative Grant	3	14.889	FR-5800-N-11	41,504	-
			Total AL 14.889	199,730	-
Lead-Based Paint Hazard Control in Privately-Owned Housing		14.900	MOLHD0434-20	1,348,331	-
Passed Through University of Missouri - Kansas City:					
Homes that Put Children At High Risk for Lead Poisoning		14.902	00104818/00071699 Amd 1	3,979	-
Total Department of Housing and Urban Development Programs				$ 14,269,538	$ 3,442,934

(CONT)

Department of Justice Programs				
Community-Based Violence Intervention and Prevention Initiatve	16.045	15PBJA-22-GG-04718-CVIP	539,332	-
Community-Based Violence Prevention Program	16.123	2013-PB-FX-K003	(1,955)	-
				-
Crime Victim Assistance	16.575	ER130220096	40,528	-
Domestic Violence Victims of Crime Act	16.588	2022-VAWA-027	114,708	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2023-WE-AX-0024	21,936	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2017-WE-AX-0024	238,647	-
		Total AL 16.590	260,583	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0180	46,221	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0601	71,467	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0522	360,677	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01611-JAGX	152,362	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-22-GG-02090-JAGX	111,007	-
		Total AL 16.738	741,734	-
Aim4Peace Hospital Repsonders Program / Byrne Discretionary Community Project	16.753	15POVC-22-GG-00676-BRND	123,842	-
Domestic Violence Reinvestment Initiative	16.827	2020-ZB-BX-0023	177,716	-
Total Department of Justice Programs			$ 1,996,488	$ -
Department of Transportation Programs				
Airport Improvement Program	20.106	70T04021T7672N018	$ 391,868	$ -
Airport Improvement Program	20.106	3-29-0040-085	461,190	-
Airport Improvement Program	20.106	3-29-0040-089	50,676	-
Airport Improvement Program	20.106	3-29-0041-036-2023	329,235	-
Airport Improvement Program	20.106	3-29-0041-031	5,104,291	-
Airport Improvement Program	20.106	3-29-0040-090	1,994,707	-
Airport Improvement Program	20.106	3-29-0040-091	739,195	
Airport Improvement Program	20.106	3-29-0041-035-2023	93,594	-
Airport Improvement Program	20.106	6-29-0041-035-2023	11,859	-
Airport Improvement Program	20.106	3-29-0040-093	736,153	-
Airport Improvement Program	20.106	3-29-0040-094	85,515	-
Airport Improvement Program	20.106	70T02020T9NNCP446	217,563	-
		Total AL 20.106	10,215,846	-
Passed Through Missouri Department of Transportation (MODOT):				
Highway Planning and Construction	20.205	STP 3400 (438)	(1,649)	-
Highway Planning and Construction	20.205	STP-3337(411)	(4,805)	-
Highway Planning and Construction	20.205	TAP 3301 (489)	(126,424)	-
Highway Planning and Construction	20.205	CMAQ-3301(503)	6,708	-
Highway Planning and Construction	20.205	STP 3301 (517)	1,097,259	-
Highway Planning and Construction	20.205	STP 3301 (508)	1,271,342	-
Passed Through Missouri Highway Transportation:				
Highway Planning and Construction	20.205	CMAQ-3319(412)	(77,084)	-
Highway Planning and Construction	20.205	CMAQ-3313(410)	708,762	-
Highway Planning and Construction	20.205	CMAQ-3301(514)	280,000	-
Highway Planning and Construction	20.205	BRO-B048(50)	(21,465)	-
Highway Planning and Construction	20.205	STP-3377(408)	(8,549)	-
Highway Planning and Construction	20.205	STP-3311(402)	89,622	-
Highway Planning and Construction	20.205	STP-3451(403)	(37,081)	-
Highway Planning and Construction	20.205	STP-3374(402)	(340,008)	-
Highway Planning and Construction	20.205	STP-3451(404)	(2,291,537)	-
Highway Planning and Construction	20.205	STP-3451(401)	79,671	-
Highway Planning and Construction	20.205	CMAQ-9901(437)	(22,875)	-
Highway Planning and Construction	20.205	TAP-3324(412)	1,350,000	-
Highway Planning and Construction	20.205	CMAQ-3376(404)	(605)	-
		Total AL 20.205	1,951,282	-

(CONT)

Federal Transit - Capital Investment Grants	4	20.500*	MO-2021-001-01	$ 34,527,175	$ -
Federal Transit - Capital Investment Grants	4	20.500*	MO-2021-001-01	303,949	-
Federal Transit - Capital Investment Grants	4	20.500*	MO-2021-001-01	332,880	-
Federal Transit - Capital Investment Grants	4	20.500*	MO-2022-015-00	22,375,172	-
Federal Transit - Capital Investment Grants	4	20.500*	MO-2021-033-00	92,019	-
			Total AL 20.500	57,631,195	-
Total Department of Transportation Programs				$ 69,798,323	$ -
Department of Treasury Programs					
Passed Through State of Missouri:					
Emergency Rental Assistance Program (COVID-19)		21.023*	N/A	3,143,999	3,079,008
Emergency Rental Assistance Program (COVID-19)		21.023*	N/A	1,891,040	1,519,000
Emergency Rental Assistance Program (COVID-19)		21.023*	N/A	127,999	46,622
			Total AL 21.023	5,163,038	4,644,630
Coronavirus State And Local Fiscal Recovery Funds (COVID-19)		21.027*	N/A	17,961,438	-
Total Department of Treasury Programs				$ 23,124,476	$ 4,644,630
Environmental Protection Agency Programs					
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements		66.818	BF-97700901	$ 85,362	$ -
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements		66.818	4B-97794401	14,343	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements		66.818	4B-97794301	19,741	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements		66.818	BF-97782201	61,311	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements		66.818	4B-97798101	204,767	-
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements		66.818	4B-97798201	9,590	-
			Total AL 66.818	395,114	-
Total Environmental Protection Agency Programs				$ 395,114	$ -
Department of Energy Programs					
Energy Works KC		81.128	DE-EE0003564	911,095	-
Total Department of Energy Programs				$ 911,095	$ -
Department of Health and Human Services Programs					
Passed Through Missouri Department of Health and Senior Services:					
Public Health Emergency Preparedness		93.069	DH210048687 - Amd 03	$ 123,796	$ -
Public Health Emergency Preparedness		93.069	DH240053900	138,625	-
Public Health Emergency Preparedness		93.069	DH240053845	698,611	
Community Pandemic Preparedness		93.069	N/A	(10,227)	-
Passed Through Centers for Disease Control:					
Public Health Emergency Preparedness		93.069	DH210048521 - Amd 03	153,996	-
Public Health Emergency Preparedness		93.069	DH210048521 - Amd 04	223,235	-
			Total AL 93.069	1,328,036	-
Food and Drug Administrative Research		93.103	G-BM&A-202109-00802	10,145	-
Passed Through Centers for Disease Control:					
Project Grants and Cooperative Agreements for Tuberculosis Control Programs		93.116	DH200048261 - Amd 04	50,654	-

(CONT)

Passed Through The University of Kansas Hospital Authority:				
Injury Prevention and Control Research and State and Community Based Programs	93.136	FY2022-080-M1	65,273	-
KC Health IQ	93.137	1CPIMP211239-01-00	740,368	475,454
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI081078-01	195,644	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI085920-01	220,605	-
		Total AL 93.243	416,249	-
Passed Through Centers for Disease Control:				
Immunization Cooperative Agreements	93.268	DH220050009 - Amd 01	17,159	-
Immunization Cooperative Agreements	93.268	DH220050009 - Amd 02	79,115	-
Immunization Cooperative Agreements (COVID-19)	93.268	DH210049861 - Amd 01	178,451	-
		Total AL 93.268	274,725	-
Passed Through University of Missouri - Kansas City:				
Trans-NIH Research Support (COVID-19)	93.310	00103595/00072663 - Amd01	1,229	-
Passed Through Centers for Disease Control:				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	DH220051269-Amd 01	405,697	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	DH210049957 - Amd 02	4,590	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	DH210049957 - Amd 03	1,387	-
Passed Through Missouri Department of Health and Senior Services:				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	DH220051764 - Amd 01	550,152	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	DH220051764 - Amd 02	7,001	-
		Total AL 93.323	968,827	-
Passed Through Centers for Disease Control:				
Public Health Emergency Response	93.354	DH220050190-Amd 01	167,398	-
Passed Through Centers for Disease Control:				
COVID Interventions for High Risk and Underserved Populations (COVID-19)	93.391	21NH75OT000012C5	614,996	-
Passed Through Missouri Department of Health and Senior Services:				
Child Care and Development Block Grant 5	93.575	ERS22023052	20,330	-
Passed Through Missouri Department of Health and Senior Services:				
CORE Public Health Functions	93.767	DH210050477- Year 2	94,890	-
CORE Public Health Functions	93.767	DH210050477- Year 3	404,017	-
		Total AL 93.767	498,907	-
Passed Through Centers for Disease Control:				
Capacity Building Assistance (CBA) for High-Impact HIV Prevention	93.834	PS 19-1904 - Amd 05	29,638	-
HIV Emergency Relief Project Gants (Ryan White HIV/AIDS Program Part A)	93.914*	H89HA00028 30 02	3,707,726	3,080,831
HIV Emergency Relief Project Gants (Ryan White HIV/AIDS Program Part A)	93.914*	H89HA00028 31	239,561	1,724
HIV Emergency Relief Project Gants (Ryan White HIV/AIDS Program Part A)	93.914*	H89HA00028-30-02MAI	271,257	246,876
HIV Emergency Relief Project Gants (Ryan White HIV/AIDS Program Part A)	93.914*	H89HA00028-31-MAI	9,754	5,204
		Total AL 93.914	4,228,298	3,334,635

(CONT)

Passed Through Missouri Department of Health and Senior Services:				
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	93.917	DH230052238	(8,081)	-
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	93.917	DH230052238 - Amd 01	1,506,782	1,210,368
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	93.917	DH230052238 - Amd 02	15,977	-
		Total AL 93.917	1,514,678	1,210,368
Passed Through Centers for Disease Control:				
HIV Prevention Activities Health Department Based	93.940	DH230053065	366,339	195,291
HIV Prevention Activities Health Department Based	93.940	DH230053065 - Amd 01	127,880	53,501
HIV Prevention Activities Health Department Based	93.940	DH230053002	100,146	-
HIV Prevention Activities Health Department Based	93.940	DH210049607 - Amd 02	190,147	144,058
HIV Prevention Activities Health Department Based	93.940	DH210049607 - Amd 03	248,107	151,394
		Total AL 93.940	1,032,619	544,244
Passed Through Centers for Disease Control:				
Assistance Programs for Chronic Disease Prevention and Control	93.945	6 NU58DP007298-01-01	20,224	-
CDC's Collaboration with Academia to Strengthen Publi Health	93.967	1 NE11OE000091-01-00	813,269	-
Passed Through Missouri Department of Health and Senior Services:				
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	DH210049524 - Amd 01	(7,053)	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	DH210049524 - Amd 02	219,198	-
		Total AL 93.977	212,145	-
Passed Through Centers for Disease Control:				
Sexually Transmitted Diseases (STD) Provider Education Grants	93.978	WU-24-0127	62,373	-
Passed Through Missouri Department of Health and Senior Services:				
Maternal and Child Health Services Block Grant to the States	93.994	BB10012022	111,355	-
Maternal and Child Health Services Block Grant to the States	93.994	OOC23000078 - Amd 01	164,760	-
Maternal and Child Health Services Block Grant to the States	93.994	ERS04422009	6,743	-
Maternal and Child Health Services Block Grant to the States	93.994	ERS04422010	16,706	-
Maternal and Child Health Services Block Grant to the States	93.994	ERS04422010 - Amd 01	87,487	-
Maternal and Child Health Services Block Grant to the States	93.994	DH220051096 - Amd 01	68,097	-
Maternal and Child Health Services Block Grant to the States	93.994	DH220051096 - Amd 02	89,156	-
		Total AL 93.994	544,304	-
Passed Through Missouri Department of Health and Senior Services:				
Total Department of Health and Human Services Programs			$ 13,614,685	$ 5,564,701
Department of Homeland Security Programs				
Passed Through Missouri State Emergency Management Agency:				
Emergency Management Performance Grants	97.042	EMK-2022-EP-00004-055	106,175	-
Emergency Management Performance Grants	97.042	EMK-2023-EP-APP-0004-055	81,950	-
		Total AL 97.042	188,125	-
Assistance to Firefighters Grant	97.044	EMW-2021-FG-01975	195,860	-
Assistance to Firefighters Grant	97.044	EMW-2022-FP-00561	31,968	-
		Total AL 97.044	227,828	-
Total Department of Homeland Security Programs			$ 415,953	$ -

(CONT)

TOTAL EXPENDITURES OF FEDERAL AWARDS	**$**	**124,545,872**	**$**	**13,652,265**

* **Major Programs as determined by Auditor**

Clusters

1 - Child Nutrition Cluster	$	20,200
2 - CDBG - Entitlement Grants Cluster	$	7,459,363
3 - Hope VI Cluster	$	199,730
4 - Federal Transit Cluster	$	57,631,195
5 - CCDF Cluster	$	20,330

THE CITY OF KANSAS CITY, MISSOURI
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2024

Note 1. Basis of Presentation
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Kansas City, Missouri (the Organization) under programs of the federal government for the year ended April 30, 2024. 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 Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization. This Schedule includes only those awards received by the primary government.

Note 2. Summary of Significant Accounting Policies
The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. Expenditures reported on the Schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Schedule includes federally funded projects received directly from federal agencies and the federal fund amounts of pass-through awards received by the City through the State of Missouri or other non-federal entities.

Note 3. Indirect Cost Rate
The Organization did not elect to use the 10% de minimis Indirect Cost Rate allowed under Uniform Guidance.

Note 4. Balances of Loan and Loan Guarantee Programs

The City (Water Service Department) has loan funds listed below, which were originally financed with federal financial assistance, passed-through from the state of Missouri. These programs either are not part of a federal loan or loan guarantee program or have no continuing compliance requirements other than continued loan payments; therefore, the outstanding loan balances have not been included in the accompanying schedule of expenditures of federal awards.

Funding Agency/Program Name	AL #	Description	Reference #	Issue Date	Maturity Date	Balance 4/30/2024
Environmental Protection Agency						
Clean Water State Revolving Fund Loan Program (CWSRFL)						
CWSRFL	66.458	SRF Series 2004H	C295248-13	12/9/2004	1/5/2025	655,000
CWSRFL **- ARRA**	66.458	SRF Series 2009B	C295588-01	12/15/2009	6/15/2030	5,008,800
CWSRFL	66.458	SRF Series 2021A	C295840-01	4/28/2021	1/1/2044	85,719,023
						91,382,823

THE CITY OF KANSAS CITY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2024

SUMMARY OF AUDITOR'S RESULTS

I. Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal Control over financial reporting:

• Material weakness(es) identified?	☒Yes	☐None Reported
• Significant deficiencies identified?	☐Yes	☒None Reported
• Noncompliance material to financial statements noted?	☐Yes	☒No

II. Federal Awards

Type of report the auditor issued on compliance for major programs:

- Qualified Opinion for Emergency Rental Assistance Program
- Unmodified Opinion for all other Major Programs

Internal Control over compliance for major programs:

• Material weakness(es) identified?	☒Yes	☐None Reported
• Significant deficiencies identified?	☒Yes	☐No

Audit findings relative to the major programs were disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a): ☒Yes ☐No

Identification of Major Programs:

AL Number	Name of Federal Program/Cluster
14.218	CDBG – Entitlement Grants Cluster
20.500	Federal Transit Cluster
21.023	Emergency Rental Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
81.128	Energy Efficiency and Conservation Block Grant Program
93.914	HIV Emergency Relief Project Grants

Dollar threshold used to distinguish between Types A and B programs: $3,000,000

Auditee qualified as low-risk auditee? ☐Yes ☒No

III. Findings and Questioned Costs for Financial Statements

Finding 2024-001: Adjustments and Year-End Reconciliations (Material Weakness)
Kansas City, Missouri Department of Water
(A Department of the City of Kansas City, Missouri)

Condition: During the audit we identified adjustments related to cash, due to/from, accounts receivable, and inventory balances and reported an uncorrected misstatement in connection service charges.

Criteria: Management is responsible for designing internal controls that are sufficient to ensure year end balances are appropriately reported and agree to supporting documentation.

Cause: Internal controls were not sufficient to ensure year end balances were appropriately reported and agree to supporting documentation.

Effect: The Department's financial statements could be materially misstated.

Recommendation: We recommend the department implement controls related to the monthly reconciliation of service charges and for ensuring year end balances are appropriately recorded. This will ensure that controls are in place to identify material items and verify financial statement amounts are properly reported.

Corrective Action Plan (Unaudited): The Department's Finance staff will work with IT to accurately identify the source of each of the values used in monthly reporting and identify any inconsistency between the reports themselves through a monthly reconciliation of the reports to the general ledger. New staff will be cross trained for the posting and reconciliation process to avoid any delays caused by staffing issues.

Responsible Staff: Water Services Finance Staff and division management.

Anticipated Completion Date: The Department plans to have their reconciliation processes in place by 11/30/24

Finding 2024-002: Adjustments and Year-End Reconciliations (Material Weakness)
Kansas City, Missouri Department of Aviation
(A Department of the City of Kansas City, Missouri)

Condition: During the audit we identified misstatements related to accounts receivable and revenues. It was determined that reports obtained from the parking operator had double-counted certain activity, therefore resulting in an overstatement of parking revenue. This issue also required a recalculation of rates and charges and resulted in an adjustment to decrease prepaid lease revenue and increase terminal revenue.

Criteria: Management is responsible for designing internal controls that are sufficient to ensure year end balances are appropriately reported.

Cause: Internal controls were not sufficient to ensure year end balances were appropriately reported.

Effect: The Department's financial statements could be materially misstated.

Recommendation: We recommend the Department implement controls related to the monthly reconciliation of parking revenue and related credit card receivables to ensure year-end balances are appropriately recorded and reported.

Corrective Action Plan (Unaudited): The Corrective Action Plan will involve a multi-pronged approach, which will prevent this incident from happening again. Some of these steps are already under way. The steps include:

1. The Parking Management company has replaced a vacant Revenue Accountant position to help ensure the specific Parking Revenues get assigned to the specific lot and there is no occurrence of double counting of activity. This will help ensure accuracy and completeness of the revenue reports.

2. The Parking Management company will be required to conduct quarterly internal audits as well as an annual external audit. This is anticipated to prevent any large irregularities.

3. Training and an understanding of the transactional level processes on both the Parking Management and Kansas City Aviation Department (KCAD) sides will occur.

4. There will be more communication, via reports, from both the Parking Management company and KCAD. KCAD will provide credit card deposit reports to the Parking Management company in order for the Parking Management company to compare their revenue reports with the deposit information.

5. Examine the balance sheet for any irregularities on a monthly basis in order to prevent any other potential misstatements in our financial reports from occurring. As time passes, there will also be more historical data to compare trends, month-over-month and year-over-year.

Responsible Staff: The KCAD Parking Manager and Accounts Receivable Manager, along with the Parking Management company are directly responsible.

Anticipated Completion Date: By November 30, 2024

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IV. Findings and Questioned Costs for Federal Awards

Finding 2024-003 (Significant Deficiency)

Program: Community Development Block Grants/Entitlement Grants
Federal Agency: Department of Housing and Urban Development (HUD)
AL #: 14.218
Federal Award Identification Number and Year: Various – See SEFA
Pass-through Entity: N/A
Type of Compliance Finding: N – Special Tests and Provisions

Criteria
Projects must have an environmental review unless they meet criteria specified in the regulations that would exempt or exclude them from RROF and environmental certification requirements (24 CFR sections 58.1, 58.22, 58.34, 58.35, and 570.604).

Condition/Context
The City did not provide evidence supporting the City's compliance with this requirement.

Cause
The City failed to provide evidence of the environmental review certification necessary for a project.

Effect
The City may not be compliant with HUD, which could result in the City not receiving federal assistance or repayment of grant funds.

Questioned Costs
Unknown

Is the finding a repeat finding
No

Recommendations
We recommend that the City submit and maintain the required environmental review documentation to meet compliance requirements.

Views of Responsible Officials / Planned Corrective Actions
Management agrees with the finding. See Corrective Action Plan on Organization's letterhead.

Finding 2024-004 (Material Weakness)

Program: Emergency Rental Assistance Program
Federal Agency: Department of Treasury (DOT)
AL #: 21.023
Federal Award Identification Number and Year: Various – See SEFA
Pass-through Entity: N/A
Type of Compliance Finding: M – Subrecipient Monitoring

Criteria
Per OMB Uniform Guidance, 2 CFR sections 200.331 (d) through (f), a pass-through entity (the City) must “monitor the activities of subrecipients as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.” Also, per the City’s Grant Award Manual (City policy) regarding the Site Monitoring Plan of all subrecipients – “staff shall conduct and document at least one site visit annually.”

Condition
Management did not annually monitor “all” subrecipients as required by the Federal regulations and City’s policy.

Cause
Management does not have controls and processes in place to ensure that all subrecipients are monitored in accordance with the City’s policy.

Effect
Subrecipients may not be complying with the terms and conditions of the subaward or achieving program performance goals.

Questioned Costs
$4,644,629

Is the finding a repeat finding
No

Recommendations
We recommend management establish a process to ensure all subrecipients are monitored as stated in the Federal regulations and City’s policy.

Views of Responsible Officials/ Planned Corrective Actions
Management agrees with the finding. See Corrective Action Plan on Organization’s letterhead.

Finance Department

Accounts Division

3rd Floor, City Hall
414 East 12th Street (816) 513-1173
Kansas City, Missouri 64106 Fax: (816) 513-1174

The City of Kansas City, Missouri

Summary Schedule of Prior Audit Findings

For the Period Ended April 30, 2024

Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Section 511 – Audit Findings Follow-up requires *the auditee to prepare a Summary Schedule of Prior Audit Findings (Schedule). This* Schedule identifies the status of all findings included in the prior audit's *Schedule of Findings and Questions Costs* and the findings reported in the prior audit's *Summary Schedule of prior Audit Findings* that were identified as unresolved or partially resolved.

2023-001 **Program:** Community Development Block Grants/Entitlement Grants

Federal Agency: Department of Housing and Urban Development (HUD)

AL #: 14.218

Federal Award Identification Number and Year: Various – See SEFA

Pass-Through Entity: N/A

Type of Compliance Finding: N – Special Tests and Provisions

Finding Type: Compliance and Internal Control

Internal Control Impact: Material Weakness

Finding: The City did not respond to HUD regarding the findings outlined in the onsite monitoring report within the response timeframe.

Status: The Housing Department and the Finance Department meet with HUD on a regular basis to work on correcting all outstanding issues. HUD was onsite in May 2024 to provide training and technical assistance on correcting outstanding findings and addressing other issues. This is an ongoing process with HUD that is being worked in stages. The City had a list of the findings to be addressed and what is needed for each to be closed out. City staff are working on getting the needed information documented and approved to be sent to HUD.

Person(s) Responsible for Implementation: LaToya Jones, Housing Department, Fiscal Officer, Telephone (816) 513-8436, Email: LaToya.Jones@kcmo.org; Robin Flaherty, Finance Department Grant Manager, Telephone (816) 513-1202, Email: Robin.Flaherty@kcmo.org

Implementation Date: On-going

2023-002 **Program:** Community Development Block Grants/Entitlement Grants

Federal Agency: Department of Housing and Urban Development (HUD)

AL #: 14.218

Federal Award Identification Number and Year: Various – See SEFA

Pass-Through Entity: N/A

Type of Compliance Finding: L - Reporting

Finding Type: Compliance and Internal Control

Internal Control Impact: Significant Deficiency

Finding: The City did not properly report information into IDIS and submit reports according to deadlines.

Status: The Housing Department and the Finance Department meet with HUD on a regular basis to work on correcting all outstanding issues. HUD was onsite in May 2024 to provide training and technical assistance on correcting outstanding findings and addressing other issues. This is an ongoing process with HUD that is being worked in stages. The City had a list of the findings to be addressed and what is needed for each to be closed out. City staff are working on getting the needed information documented and approved to be sent to HUD.

Person(s) Responsible for Implementation: LaToya Jones, Housing Department, Fiscal Officer, Telephone (816) 513-8436, Email: LaToya.Jones@kcmo.org; Robin Flaherty, Finance Department Grant Manager, Telephone (816) 513-1202, Email: Robin.Flaherty@kcmo.org

Implementation Date: On-going

2023-003 **Program:** Choice Neighborhoods Implementation Grants

Federal Agency: Department of Housing and Urban Development (HUD)

AL #: 14.889

Federal Award Identification Number and Year: Various – See SEFA

Pass-Through Entity: N/A

Type of Compliance Finding: G – Matching, Level of Effort, Earmarking

Finding Type: Compliance and Internal Control

Internal Control Impact: Material Weakness

Finding: The City did not provide evidence that they met the grant's matching requirement.

Status: Resolved

Person(s) Responsible for Implementation: Jeffrey Williams, Director of City Planning, Telephone: (816) 513-8803, Email: Jeffrey.Williams@kcmo.org; Mario Vasquez, City Planning and Development Director, Telephone: 816-513-6559, Email: Mario.Vasquez@kcmo.org

Implementation Date: Completed – this grant has ended as of FYE 2023.

2023-004 **Program:** Choice Neighborhoods Implementation Grants

Federal Agency: Department of Housing and Urban Development (HUD)

AL #: 14.889

Federal Award Identification Number and Year: Various – See SEFA

Pass-Through Entity: N/A

Type of Compliance Finding: I – Procurement, Suspension & Debarment

Finding Type: Compliance and Internal Control

Internal Control Impact: Material Weakness

Finding: The City did not follow their internal control processes and procedures.

Status: Resolved

Person(s) Responsible for Implementation: Jeffrey Williams, Director of City Planning, Telephone: (816) 513-8803, Email: Jeffrey.Williams@kcmo.org; Mario Vasquez, City Planning and Development Director, Telephone: 816-513-6559, Email: Mario.Vasquez@kcmo.org

Implementation Date: Completed – this grant has ended as of FYE 2023.

2023-005 **Program:** Choice Neighborhoods Implementation Grants

Federal Agency: Department of Housing and Urban Development (HUD)

AL #: 14.889

Federal Award Identification Number and Year: Various – See SEFA

Pass-Through Entity: N/A

Type of Compliance Finding: N – Special Tests and Provisions

Finding Type: Compliance and Internal Control

Internal Control Impact: Material Weakness

Finding: The City did not provide evidence supporting the City's compliance with this requirement.

Status: Resolved

Person(s) Responsible for Implementation: Jeffrey Williams, Director of City Planning, Telephone: (816) 513-8803; Email: Jeffrey.Williams@kcmo.org; Mario Vasquez, City Planning and Development Director, Telephone: 816-513-6559, Email: Mario.Vasquez@kcmo.org

Implementation Date: Completed – this grant has ended as of FYE 2023.

KANSAS CITY
Finance Dept

Finance Department
Accounts Division

3rd Floor, City Hall
414 East 12th Street (816) 513-1206
Kansas City, Missouri 64106-2790 Fax: (816) 513-1174

The City of Kansas City, Missouri

Corrective Action Plan

For the Period Ended April 30, 2024

Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Subpart F, Section 511 – Audit Findings Follow-up requires the auditee to prepare a corrective action plan to address each audit finding included in the current year auditor's reports. The *Corrective Action Plan for Current Year Findings* presents the City's corrective action plan for the Financial Statement and Federal Award Findings described in the accompanying *Schedule of Findings and Questioned Costs* for the period ended April 30, 2024.

2024-001 **Program/Department:** Water Department

Federal Agency: N/A

AL #: N/A

Federal Award Identification Number and Year: N/A

Pass-through Entity: N/A

Type of Finding: Internal Control Related to Financial Statements

Internal Control Impact: Material Weakness

Finding: During the audit we identified adjustments related to cash, due to/from, accounts receivable, and inventory balances and reported an uncorrected misstatement in connection service charges.

Status: Corrective action plan in progress with an anticipated completion date of November 30, 2024.

Corrective Action Plan: The Water Department's Finance staff will work with IT to accurately identify the source of each of the values used in monthly reporting and identify any inconsistency between the reports themselves through a monthly reconciliation of the reports to the general ledger. New staff will be cross trained for the posting and reconciliation process to avoid any delays caused by staffing issues.

Person(s) Responsible for Implementation: Water Department Finance Staff and Division Management

2024-002 **Program/Department:** Aviation Department

Federal Agency: N/A

AL #: N/A

Federal Award Identification Number and Year: N/A

Pass-through Entity: N/A

Type of Finding: Internal Control Related to Financial Statements

Internal Control Impact: Material Weakness

Finding: During the audit we identified misstatements related to accounts receivable and revenues. It was determined that reports obtained from the parking operator had double-counted certain activity, therefore resulting in an overstatement of parking revenue. This issue also required a recalculation of rates and charges and resulted in an adjustment to decrease prepaid lease revenue and increase terminal revenue.

Status: Corrective action plan in progress with an anticipated completion date of November 30, 2024.

Corrective Action Plan: The Corrective Action Plan will involve a multi-pronged approach, which will prevent this incident from happening again. Some of these steps are already under way. The steps include:

1. The Parking Management company has replaced a vacant Revenue Accountant position to help ensure the specific Parking Revenues are assigned to the specific lot and there is no occurrence of double counting of activity. This will help ensure the accuracy and completeness of the revenue reports.

2. The Parking Management company will be required to conduct quarterly internal audits as well as an annual external audit. This is anticipated to prevent any large irregularities.

3. Training and an understanding of the transactional level processes on both the Parking Management and Kansas City Aviation Department (KCAD) sides will occur.

4. There will be more communication, via reports, from both the Parking Management company and KCAD. KCAD will provide credit card deposit reports to the Parking Management company for the Parking Management company to compare their revenue reports with the deposit information.

5. Examine the balance sheet for any irregularities monthly in order to prevent any other potential misstatements in our financial reports from occurring. As time passes, there will also be more historical data to compare trends, month-over-month and year-over-year.

Person(s) Responsible for Implementation: The KCAD Parking Manager and Accounts Receivable Manager, along with the Parking Management company are directly responsible.

2024-003 **Program:** Community Development Block Grant/Entitlement Grants

Federal Agency: Department of Housing and Urban Development

AL #: 14.218

Federal Award Identification Number and Year: Various – See SEFA

Pass-through Entity: N/A

Type of Compliance Finding: N – Special Tests and Provisions

Internal Control Impact: Material Weakness

Finding: The City did not provide evidence supporting the City's compliance with this requirement.

Status: In progress – anticipated completion December 2024 with the current round of contracts.

Corrective Action Plan: The Housing Department will implement procedures to ensure that all the contract requirements listed in Uniform Guidance are included prior to the City signing the contract with the outside agency.

Person(s) Responsible for Implementation:

LaToya Jones, Financial Manager, Housing and Community Development, Telephone: (816) 513-8436; Email: LaToya.Jones@kcmo.org

Dion Lewis, Deputy Director, Housing and Community Development, Telephone: (816) 513-8494; Email: Dion.Lewis@kcmo.org

2024-004 **Program:** Emergency Rental Assistance Program

Federal Agency: US Department of Treasury

AL #: 21.023

Federal Award Identification Number and Year: Various – See SEFA

Pass-through Entity: N/A

Type of Compliance Finding: M – Subrecipient Monitoring

Internal Control Impact: Material Weakness

Finding: Management did not annually monitor "all" subrecipients as required by the Federal regulations and City policy.

Status: In progress – The Housing Department anticipates this will be completed by April 30, 2025 for subrecipient contracts. The City Grants Manual is being updated by the Finance Department grant staff currently and the anticipated completion is January 31, 2025.

Corrective Action Plan: The Housing Department will have procedures in place to ensure the subrecipient monitoring is completed for each subrecipient contract annually. Information regarding subrecipient monitoring will be included in the updated City Grants Manual.

Person(s) Responsible for Implementation:

LaToya Jones, Financial Manager, Housing and Community Development, Telephone: (816) 513-8436; Email: LaToya.Jones@kcmo.org

Dion Lewis, Deputy Director, Housing and Community Development, Telephone: (816) 513-8494; Email: Dion.Lewis@kcmo.org

Robin Flaherty, Financial Manager, Finance Department, Telephone: (816) 513-1202; Email: Robin.Flaherty@kcmo.org