# Report to
# The Honorable Mayor
# and City Council

# City of Joplin, Missouri




## Financial and Compliance Audit

## For the year ended October 31, 2022


# Hood and Associates CPAs PC

*Certified Public Accountants*

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## *Certified Public Accountants*

- Serving Missouri, Kansas, Oklahoma, and Texas since 1975.

- Peer Review – We have been awarded the highest rating given as a result of our peer review.

- Member of-
  - American Institute of Certified Public Accountants (AICPA)
  - AICPA Government Audit Quality Center
  - AICPA Employee Benefit Plan Audit Quality Center
  - One (1) members of our governmental services audit team is a member of the Government Finance Officer's Association (GFOA) GFOA Special Review Committee
  - Licensed in Missouri, Kansas, Oklahoma, and Texas

# Scope of Audit

- Annual Comprehensive Financial Report
  - Introductory Section
    - Certificate of Achievement for Excellence in Financial Reporting - 32 consecutive years
    - Letter of Transmittal
  - Financial Section
    - Independent Auditor's Report
    - Management's Discussion and Analysis
    - Basic Financial Statement and related notes
    - Required and Supplementary Information
  - Statistical Section
    - 10- year schedules of financial trends and other data.
- Audit the City's compliance over federal awards (Single Audit)
  - Major Program 20.106 Airport Improvement Program
- Policemen's and Firemen's Pension Plan Audit
- Passenger Facility Charge Audit

# Auditor Responsibilities

- Conduct our audit 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 of America.

- Plan and perform our audit to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and Government Auditing Standards will always detect a material misstatement when it exists.

  In performing an audit in accordance with generally accepted auditing standards, we:

  - Exercise professional judgment and maintain professional skepticism throughout the audit.

  - Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.

  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

  - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Report on internal controls over financial reporting and compliance with laws and regulations.

# Management Responsibilities

- Management is responsible for

  - The preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - Following laws and regulations
  - Ensuring that financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.
  - Selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America

# The Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) recommends that we communicate the following matters to the Governing Board:

| | |
|---|---|
| Illegal Acts – None came to our attention as a result of performing our audit procedures. | |
| Changes in Significant Accounting Policies – The City implemented Government Accounting Standards Board (GASB) Statement No. 87 Leases in 2022. | |
| No difficulties or disagreements with management. | |
| Cooperation – Full access to books and records. | |

# Financial and Compliance Audit addresses three basic questions:

| Question | Answers |
|---|---|
| Are the financial statements free of material misstatement? | We have issued an unmodified opinion that the financial statements are fairly presented in all material respects |
| Are internal controls over financial reporting adequately designed and operating effectively? | We did not identify any deficiencies in internal control that we consider to be material weaknesses. |
| Did the City of Joplin, Missouri comply, in all material respects, with the finance-related laws and regulations? | We material noncompliance was noted with finance-related laws and regulations that govern their operations. |

# Other Management Letter Comments

Other Management Letter Comments – Contains suggestions for best practices and possible improvements in internal control noted in the conduct of the audit.

- Key Employees and Cross Training
- Implementation of GASB Statement No. 87 Leases
- Account Reconciliations
- Future Accounting Pronouncements

Prior Year Comments

- American Rescue Plan Act Funds
- Future Accounting Pronouncements

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**We appreciate the opportunity to serve as the auditor for**

**the City of Joplin, Missouri**