

CITY OF DOVER, DELAWARE
REPORT ON SINGLE AUDIT
YEAR ENDED JUNE 30, 2021



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**CITY OF DOVER, DELAWARE
TABLE OF CONTENTS
JUNE 30, 2021**

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 <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	7
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	8



**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**

Honorable Mayor and Members
City Council of Dover, Delaware
Dover, Delaware

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, each major fund, and the aggregate remaining fund information of the City of Dover, Delaware (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 31, 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 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 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.

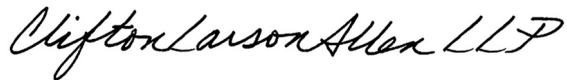
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 result 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
January 31, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Members
City Council of Dover, Delaware
Dover, Delaware

Report on Compliance for Each Major Federal Program

We have audited the City of Dover, Delaware'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 each of the City's major federal programs for the year ended June 30, 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each 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 each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

Honorable Mayor and Members
City Council of Dover, Delaware

The City's response to the internal control over compliance 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 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated January 31, 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. 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.



CliftonLarsonAllen LLP

Baltimore, Maryland
July 21, 2022

CITY OF DOVER, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing & Urban Development:				
Direct				
Community Development Block Grant (CDBG) - Entitlement Grants Cluster				
CDBG	14.218	Not applicable	\$ 135,090	\$ 374,536
COVID-19 CDBG-CV	14.218	Not applicable	457,482	457,482
Total CDBG - Entitlement Grants Cluster			<u>592,572</u>	<u>832,018</u>
Total U.S. Department of Housing & Urban Development			592,572	832,018
U.S. Department of Justice:				
Passed through State of Delaware Office of Management and Budget				
COVID-19 Coronavirus Emergency Supplemental Funding	16.034	2020-VD-CJC-PT-2656	-	15,000
Crime Victim Assistance/Discretionary Grants	16.582	Unknown	-	2,300
Project Safe Neighborhoods	16.609	2018-DB-PT-2197	-	27,673
Project Safe Neighborhoods	16.609	2019-DB-PT-2375	-	22,925
Total Assistance Listing Number 16.609			-	<u>50,598</u>
Public Safety Partnership and Community Policing Grants	16.710	2020-UM-WX-0096	-	62,500
The Edward J. Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0404	-	954
The Edward J. Byrne Memorial Justice Assistance Grant	16.738	2018-DB-PT-2360	-	856
The Edward J. Byrne Memorial Justice Assistance Grant	16.738	2018-DJ-PT-2655	-	10,972
The Edward J. Byrne Memorial Justice Assistance Grant	16.738	2019-DJ-BX-0357	-	11,021
The Edward J. Byrne Memorial Justice Assistance Grant	16.738	2020-DJ-BX-0306	-	26,955
Total Assistance Listing Number 16.738			-	<u>50,758</u>
National Sexual Assault Kit Initiative	16.833	Unknown	-	1,464
Federal Forfeiture Funds	16.922	DE0010100	-	24,552
Total U.S. Department of Justice			-	<u>207,172</u>
U.S. Department of Transportation:				
Passed through State of Delaware Office of Highway Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	69A375300004020DE0	-	2,257
State and Community Highway Safety	20.600	69A37519300004021DE0	-	11,799
State and Community Highway Safety	20.600	69A3752000001540DEA	-	2,287
Total Assistance Listing Number 20.600			-	<u>16,343</u>
National Priority Safety Programs	20.616	69A3751830000405dDEM	-	1,449
National Priority Safety Programs	20.616	69A3752030000405hDE0	-	1,554
National Priority Safety Programs	20.616	69A3752030000405bDEH	-	1,117
National Priority Safety Programs	20.616	69A37519300004021DE0	-	2,102
Total Assistance Listing Number 20.616			-	<u>6,222</u>
Total Highway Safety Cluster			-	<u>22,565</u>
Alcohol Open Container Requirements	20.607	69A3751800001540DEA	-	408
Alcohol Open Container Requirements	20.607	69A3751900001540DEA	-	2,780
Alcohol Open Container Requirements	20.607	69A3752000001540DEA	-	1,066
Total Assistance Listing Number 20.607			-	<u>4,254</u>
Total U.S. Department of Transportation			-	<u>26,819</u>
National Endowment for the Arts:				
Direct				
Promotion of the Arts Partnership Agreements	45.025	Not applicable	-	2,200
Total National Endowment for the Arts			-	<u>2,200</u>
U.S. Environmental Protection Agency:				
Passed through State of Delaware Department of Health and Social Services				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds	66.458	12000102	-	732,200
Total U.S. Environmental Protection Agency			-	<u>732,200</u>
U.S. Department of Homeland Security:				
Passed through State of Delaware Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Unknown	-	403,349
Homeland Security Grant Program	97.067	Unknown	-	1,598
Total U.S. Department of Homeland Security			-	<u>404,947</u>
Total Expenditures of Federal Awards			<u>\$ 592,572</u>	<u>\$ 2,205,356</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CITY OF DOVER, DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Dover, Delaware (the City) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies or other entities are included in the Schedule. 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 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. It includes all Federal awards to the City which had expenditure activity during the year ended June 30, 2021. Such expenditures 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 INDIRECT COST RATE

The City has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**CITY OF DOVER, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

Assistance Listing Number

14.218

Name of Federal Program or Cluster

CDBG – Entitlement Grants Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**CITY OF DOVER, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2021 – 001

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Name: Community Development Block Grant

Assistance Listing Number: 14.218

Award Period: July 1, 2020 – June 30, 2021

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: Public Law 109-282, the Federal Funding Accountability and Transparency Act of 2006 as amended (FFATA), requires disclosure of all entities and organizations receiving federal funds through a single publicly accessible website. Any subcontract greater than \$30,000 is required to be reported by the prime recipient of federal funds. The City of Dover must have internal controls designed to ensure compliance with reporting requirements.

Condition: During our testing, we noted that the City of Dover did not have adequate internal controls designed to ensure that the City followed applicable reporting requirements.

Questioned costs: None

Context: 2 out of 2 required reports were not submitted. The entire population of subrecipient payments were reviewed.

Cause: The City of Dover was unaware of the applicable FFATA reporting requirements.

Effect: The City is not in compliance with applicable FFATA reporting requirements.

Repeat Finding: No

Recommendation: We recommend that the City of Dover implements controls in order to ensure reporting requirements are met in accordance with applicable grant agreements and regulations.

Views of responsible officials: There is no disagreement with the audit finding.