

**CITY OF DOVER**

**Single Audit Together with  
Reports of Independent Public Accountants**

**For the Year Ended June 30, 2023**

**CITY OF DOVER**

**Single Audit Together with  
Reports of Independent Public Accountants**

**JUNE 30, 2023**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE FINANCIAL STATEMENTS**

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

### ***Opinions***

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 of Dover, Delaware (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, budget and actual schedule for the general fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

### ***Responsibilities of Management for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are 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 opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the general fund-schedule of revenues, expenditures, and changes in fund balance-budget and actual; the schedules of changes in net pension liability and related ratios for the police pension plan and the general employee pension plan; the schedule of employer contributions for the police pension plan and the general employee pension plan, the schedule of the City's proportionate share of the net pension liability for the county and municipal police and firefighters pension plan; the schedule of the City's contributions for the county and municipal police and firefighters pension plan; and the schedule of changes in net OPEB liability and related ratios for the OPEB plan; schedule of City contributions for the OPEB plan, and the schedule of investment returns for the police pension plan, general employee pension plan, and OPEB plan, and the notes to required supplementary information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements (nonmajor governmental funds, internal service funds, and fiduciary funds), budgetary comparison schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are 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 accompanying combining and individual fund statements, budget and actual schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Owings Mills, Maryland  
January 29, 2025





**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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 of  
Dover, Delaware

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, the aggregate discretely presented component units, 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, 2023, 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 29, 2025.

***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) 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 controls over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

We did identify certain deficiencies, as described in the accompanying schedule of findings and questioned costs, which we consider to be material weaknesses as item 2023-001.

***Report on 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*.

***The City's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our engagement 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 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.

Owings Mills, Maryland  
January 29, 2025

*SBC + Company, LLC*



**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

***Opinion on Each Major Federal Program***

We have audited City of Dover's (the City'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's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of independent public accountants' results section of the accompanying schedule of findings and questioned costs.

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 June 30, 2023.

***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 *Auditor's 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.

### ***Auditor's 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

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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 to be a material weaknesses.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit 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 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.

Owings Mills, Maryland  
March 20, 2025



**CITY OF DOVER, DELAWARE**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant Program	14.218	N/A	\$ 5,258	\$ 5,258
Community Development Block Grant Program	14.218	N/A	190	190
Community Development Block Grant Program	14.218	N/A	140,826	140,826
Community Development Block Grant Program	14.228	N/A	32,426	32,426
Community Development Block Grant Program	14.218	N/A	180,500	180,500
Total U.S. Department of Housing and Urban Development			359,200	359,200
<b>U.S. Department of Justice</b>				
2023 BodyWown Camera Grant	16.835	N/A	29,478	-
2023 DPD Academy Session 5 Overtime	16.738	N/A	15,000	-
2022 DPD Academy Session 3 Equipment	16.738	N/A	1,693	-
2022 BodyWown Camera Grant	16.835	N/A	140,000	-
2023 Dover Project Safe Neighborhoods Yr 4	16.609	N/A	27,951	-
2023 DPD Academy Session 4 Overtime	16.738	N/A	15,000	-
2022 City of Dover Treatment Improvement Project (3 year program)	16.838	N/A	7,268	-
Contract Medical Practitioner \$ Other Items	16.738	N/A	60,712	-
2022 Justice Assistance Grant	16.738	N/A	38,179	-
2021 Justice Assistance Grant	16.738	N/A	19,757	-
2020 Justice Assistance Grant	16.738	N/A	17,362	-
COPS Hiring Program (CHP) Grant for 5 Police Officers	16.710	N/A	527,402	-
COPS Hiring Program (CHP) Grant for 5 Police Officers	16.710	N/A	164,456	-
Federal Forfeiture Funds	16.922	N/A	9,072	-
Total U.S. Department of Justice			1,073,330	-
<b>Federal Emergency Management Agency</b>				
Pass-through Delaware Emergency Management Agency				
Midwest CNT Conference, 9/6-9/22, Columbus, OH (Garey, B Wood, Aviles, Bufalini & B Jackson)	97.067	N/A	5,327	-
TACOPS East Conference, Arlington, VA, September 7-9, 2022 (Bauer)	97.067	N/A	1,365	-
ALERRT Conf, Oxon Hill, MD, 10/5-8/22 (Mast)	97.067	N/A	1,931	-
HNT Seminar, Hunt Valley, MD, 3/3-9/23 (Garey, Gedney, B Wood & W Johnson)	97.067	N/A	2,598	-
NTOA Basic SWAT, Fincastle, VA, 4/23-28/23 (J Miller & T Smith)	97.067	N/A	3,226	-
NTOA TACOPS Conference, 4/24-28/23, Verona, NY, Hurd (L Spicer & Killen)	97.067	N/A	3,737	-
Total Federal Emergency Management Agency			18,184	-

The accompanying notes are an integral part of this schedule.

**CITY OF DOVER, DELAWARE**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
<b>U.S. Department of Transportation</b>				
Pass-through State Department of Transportation				
FY22 Drug Recognition Experts	20.616	69A3752030000405dDEM	\$ 186	\$ -
FY22 July Speed Mobilizaiton	20.600	69A37522300004020DE0	632	-
FY22 Summer DUI Patrols	20.607	69A3752100001540DEA	477	-
FY22 Summer Occupant Protection/Distracted Enforcement	20.600	69A37522300004020DE0	1,140	-
FY22 August/Spetember Pedestrian	20.616	69A3752230000405hDE0	2,834	-
FY22 Drive Sober or Get Pulled Over	20.607	69A3752100001540DEA	477	-
FY22 September Speed	20.600	69A37522300004020DE0	661	-
FY23 October Pedestrian Enforcement/Education Outreach	20.600	69A37523300004020DE0	764	-
FY 23 Fall Occupant Protection/Distracted Driving Enforcement	20.600	69A37523300004020DE0	725	-
Oct 23 DUI Patrols	20.607	69A3752100001540DEA	942	-
FY 23 SFH Occupant Protection/Distracted Driving Enforcement	20.600	69A37523300004020DE0	493	-
FY23 Safe Family Holiday Speed Enforcement	20.600	69A37523300004020DE0	689	-
FY23 Safe Family Holiday Pedestrian Education/Enforcement and Outreach	20.600	69A37523300004020DE0	1,378	-
FY23 Winter Occupant Protection / Distracted Driving	20.600	69A37523300004020DE0	934	-
Feb-Mar 23 DUI Patrols	20.607	69A3752100001540DEA	1,058	-
FY23 Febuary/March Speed Enforcement	20.600	69A37523300004020DE0	790	-
FY23 April/May Motorcycle Enforcement	20.600	69A37523300004020DE0	510	-
FY 23 Click It or Ticket Enforcement	20.616	69A3752330000405BDEH	1,244	-
FY23 Safe Family Holiday DUI Patrols	20.607	69A3752100001540DEA	1,797	-
Mar-Apr 23 Pedestrian Enforcement/Education Outreach	20.600	69A37523300004020DE0	1,712	-
Apr 23 Distracted Driving Enforcement	20.600	69A37523300004020DE0	1,193	-
Apr-May 23 Speed Enforcement	20.600	69A37523300004020DE0	575	-
Operation Breaking Point 2.0	20.600	69A37523300004020DE0	575	-
FY23 Summer DUI Patrols	20.607	69A3752200001540DEA	1,711	-
Total U.S. Department of Transportation			23,497	-
<b>U.S. Department of Treasury</b>				
Coronavirus State and Local Fiscal Recovery Funds-COVID 19	21.027	N/A	14,000	-
Coronavirus State and Local Fiscal Recovery Funds-COVID 19	21.027	N/A	46,204	-
Coronavirus State and Local Fiscal Recovery Funds-COVID 19	21.027	N/A	516,256	-
Coronavirus State and Local Fiscal Recovery Funds-COVID 19	21.027	N/A	241,059	-
Coronavirus State and Local Fiscal Recovery Funds-COVID 19	21.027	N/A	2,734,703	-
Coronavirus State and Local Fiscal Recovery Funds-COVID 19	21.027	N/A	12,440	-
Total U.S. Department of Treasury			3,564,662	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 5,038,873</b>	<b>\$ 359,200</b>

The accompanying notes are an integral part of this schedule.

# CITY OF DOVER, DELAWARE

## Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of the City of Dover, Delaware (the City) are included in the scope of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant program noted below. The programs on the schedule of expenditures of federal awards (the Schedule) represent all Federal award programs and other grants with fiscal year 2023 cash or non-cash expenditure activities. For our single audit testing, we tested the federal award program below with fiscal year 2023 cash and non-cash expenditures to ensure coverage of at least 40% of Federally granted funds. Our actual coverage was 71%.

Expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Major Program</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Treasury		
Coronavirus State and Local Fiscal Recovery Funds	21.027	3,564,662
		<u>\$ 3,564,662</u>

### 2. BASIS OF PRESENTATION

The accompanying Schedule includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2023, and is reported on the accrual basis of accounting. The information in the Schedule is presented in accordance with 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 assets, or cash flows of the City.

### 3. RECONCILIATION TO THE FINANCIAL STATEMENTS

Total expenditures of Federal Awards	\$ 5,038,873
Other non-Federal grants	<u>2,266,211</u>
Total grant revenues per ACFR	<u>\$ 7,305,084</u>

**CITY OF DOVER, DELAWARE**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

**Section I - Summary of Independent Public Accountants' Results**

**Financial Statements**

Type of Independent Public Accountants' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiencies?	None reported
Noncompliance material to financial statements?	No

**Federal Awards**

Type of Independent Public Accountants' report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiencies?	None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance?	No

**Identification of Major Programs:**

Major Program	Federal Assistance Listing Number	Federal Expenditures
<b>U.S. Department of Treasury</b>		
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 3,564,662
		<b>\$ 3,564,662</b>
Threshold for distinguishing between Type A and B programs		\$ 750,000
Did the City qualify as a low risk auditee?		No

**CITY OF DOVER, DELWARE**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

**Section II – Financial Statement Findings**

**Finding 2023-001**

**Programs: All**

**Material Weakness over Financial Reporting**

**Repeat Finding: No**

***Condition:***

The City had significant post year-end adjustments to its fiscal year 2023 financial statements related to grants revenue recorded. Additionally, cash accounts that were not reconciled during the fiscal year and as a result there may have been material errors that occurred in financial information throughout the year ended June 30, 2023 which may have not been adjusted to after June 30, 2023.

***Criteria:***

In accordance with Uniform Guidance, the City must maintain an adequate system of internal control over financial reporting in order to initiate, authorize, record, process and report financial data reliably in accordance with generally accepted accounting principles.

***Cause:***

During the year end June 30, 2023, the City was in the process of implementation of new general ledger and related application software which caused significant delays in the review of information due to the demands of working on the implementation. Additionally, there was turnover in the accounting department that further caused delays and errors to occur.

***Effect:***

The City had significant audit adjustments for the year ended June 30, 2023. Additionally, interim financial information produced by the City may be inaccurate.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend the City to develop a formal written procedure to develop monthly and year-end financial reporting procedures and checklists and to consider obtaining more resources to assist in the preparation of financial statements.

***Auditee Response and Corrective Action Plan:***

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

**CITY OF DOVER, DELWARE**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

**Section III – Federal Award Findings**

**Finding 2023-002**

**Programs:** All

**Material Weakness over Schedule of Expenditures of Federal Awards (SEFA) Reporting**

**Repeat Finding:** No

***Condition:***

Finance is responsible for preparing the schedule of expenditures of Federal awards based upon grant information obtained from the financial accounting records and other information provided by each department or agency. Management included unearned revenue as expenditures on the schedule and resulted in an audit adjustment to both the schedule and the financial statements.

***Criteria:***

In accordance with 2 CFR 200.303, Internal controls: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR 200.508, Auditee responsibilities: The auditee must: (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510 Financial statements.

In accordance with 2 CFR 200.510, Financial statements: (b) Schedule of expenditures of Federal awards: the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must: (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual

## **CITY OF DOVER, DELWARE**

### **Schedule of Findings and Questioned Costs For the Year Ended June 30, 2023**

#### **Finding 2023-002 (continued)**

##### ***Criteria:*** (continued)

Federal award or by Federal agency and major subdivision within the Federal agency. (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included. (3) Provide total Federal awards expended for each individual Federal program and the AL number or other identifying number when the AL information is not available. For a cluster of programs, also provide the total for the cluster. (4) Include the total amount provided to subrecipients from each Federal program. (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule and (6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the non-Federal entity elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

##### ***Cause:***

The City does not maintain a centralized grant accounting function or standardized policies and procedures, including requirements to periodically submit and reconcile expenditures; instead, each department maintains its own grant information. The lack of submission of grant documents and accurate information by the various agencies and departments to Finance weakens internal controls over grant reporting and hinders the ability of Finance to accurately prepare the Schedule.

Internal controls over financial reporting should be designed to prevent, detect or correct errors in a timely manner. Without adequate controls, the City cannot provide reasonable assurance that the Schedule is fairly presented. Controls have not been established by the City to ensure complete and accurate reporting for the Schedule for the 2023 fiscal year.

##### ***Effect:***

The determination of which major programs will be audited is affected by the accuracy of the Schedule at the time of audit. Without proper internal controls over financial reporting, inaccurate reporting of the City's financial information could occur and the City cannot provide reasonable assurance that the SEFA is fairly presented. As a result, individual program reports throughout the year could have inaccurate information. There were also significant delays in the preparation of the Schedule of Expenditures of Federal awards, which prevented the City from meeting the March 31, 2024 deadline with the Federal clearinghouse.

##### ***Questioned Costs:***

Unknown.

##### ***Recommendation:***

We recommend that Finance establish policies and procedures to ensure that the Federal funds are properly identified and reported accurately in the Schedule in accordance with Uniform Guidance requirements. We also recommend that individuals responsible for administering Federal assistance programs with the City receive training in grant administration.

**CITY OF DOVER, DELWARE**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

**Finding 2023-002 (continued)**

***Auditee Response and Corrective Action Plan:***

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

***Auditor's Conclusion:***

Finding remains as stated.

**CITY OF DOVER, DELAWARE**

**Schedule of Prior Year Audit Findings and Questioned Costs  
For the Year Ended June 30, 2023**

There were no prior year findings.