

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL COMPLIANCE AUDIT REPORT

OF

CITY OF ELKHART

ELKHART COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

07/10/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	10-11
Notes to Schedule of Expenditures of Federal Awards.....	12
Schedule of Findings and Questioned Costs.....	13
Auditee-Prepared Document:	
Summary Schedule of Prior Audit Findings.....	16-23
Other Reports.....	24

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Jamie Arce	01-01-23 to 12-31-24
Mayor	Rod Roberson	01-01-23 to 12-31-24
President of the Board of Public Works	Michael C. Machlan	01-01-23 to 12-31-24
President of the Common Council	Arvis Dawson	01-01-23 to 12-31-24
Clerk of the City Court	Debra Barrett	01-01-23 to 12-31-24



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE CITY OF ELKHART, ELKHART COUNTY, INDIANA

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 statement of the City of Elkhart (City), for the year ended December 31, 2023, and the related notes to the financial statement, which collectively comprise the City's financial statement and have issued our report thereon dated June 20, 2024, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, 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 opinion on the financial statement, 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 City's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is 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*.

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.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 20, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF THE CITY OF ELKHART, ELKHART COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Elkhart's (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 its major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

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 December 31, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

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

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 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 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statement of the City, as of and for the year ended December 31, 2023, and the related notes to the financial statement. We issued our report thereon dated June 20, 2024, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with accounting principles generally accepted in the United States of America, and an unmodified opinion was issued regarding the presentation in accordance with the regulatory basis of accounting. Our audit was performed for the purpose of forming an opinion on the financial statement as a whole. 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 financial statement. 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, 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 financial statement as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

June 20, 2024

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF ELKHART
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through To Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
Community Development Block Grants/Entitlement Grants			B-20-MC-20-0015	\$ 23,855	\$ 41,804
Community Development Block Grants/Entitlement Grants			B-20-MW-18-0015	11,389	62,140
Community Development Block Grants/Entitlement Grants			B-21-MC-18-0015	-	48,675
Community Development Block Grants/Entitlement Grants			B-22-MC-18-0015	363,782	484,742
Community Development Block Grants/Entitlement Grants			B-23-MC-18-0015	24,716	66,985
Total - Community Development Block Grants/Entitlement Grants				<u>423,742</u>	<u>704,346</u>
Total - CDBG - Entitlement Grants Cluster				<u>423,742</u>	<u>704,346</u>
Fair Housing Assistance Program					
Fair Housing Assistance Program State & Local	Direct Grant	14.401			
Fair Housing Assistance Program State & Local			FF205K215036	-	12,648
Fair Housing Assistance Program State & Local			FF205K225036	-	73,412
Fair Housing Assistance Program State & Local			FF205K235036	-	-
Total - Fair Housing Assistance Program				<u>-</u>	<u>86,060</u>
Total - Department of Housing and Urban Development				<u>423,742</u>	<u>790,406</u>
<u>Department of Justice</u>					
Bulletproof Vest Partnership Program					
Bulletproof Vest Partnership Program	Direct Grant	16.607			
Bulletproof Vest Partnership Program			FY2021	-	9,508
Bulletproof Vest Partnership Program			FY2022	-	9,982
Bulletproof Vest Partnership Program			FY2023	-	-
Total - Bulletproof Vest Partnership Program				<u>-</u>	<u>19,490</u>
Edward Byrne Memorial Justice Assistance Grant Program					
Elkhart 2020 JAG Grant	ELKHART COUNTY	16.738			
			2020-DJ-BX-0917	-	18,092
Equitable Sharing Program					
Department of Justice Asset Forfeiture Program	Direct Grant	16.922			
			FY2020	-	25,933
Total - Department of Justice				<u>-</u>	<u>63,515</u>
<u>Department of Transportation</u>					
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs					
Airport Improvement Rehabilitate Runway 18/36 Pavement	Direct Grant	20.106			
Airport Improvement Taxiway D-4 Standards Corrections Feasibility Study			AIP Project 3-18-0018-038-2022	-	113,379
Airport Improvement Project Wildlife Control and Security Fence - Final Phase 3 (Construction)			AIP Project 3-18-0018-039-2022	-	92,301
Airport Improvement Rehabilitate Runway 9-27 Lighting Construction			AIP Project 3-18-0018-033-2020	-	169,077
			AIP3-18-0018-36-2021	-	53,159
Total - Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs				<u>-</u>	<u>427,916</u>
Highway Planning and Construction					
Bristol Street Widening	Indiana Department of Transportation	20.205			
			A249-19-L180113	-	459,764

CITY OF ELKHART
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through To Subrecipient	Total Federal Awards Expended
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Elkhart County	20.608			
DUI Taskforce Grant/Operation Seatbelt			CHIRP-2023-00027	-	12,555
DUI taskforce Grant/Driving Under the Influence			CHIRP-2023-00027	-	569
DUI Taskforce Grant/Operation Pullover			CHIRP-2024-00027	-	-
Total - Minimum Penalties for Repeat Offenders for Driving While Intoxicated				-	13,124
Total - Department of Transportation				-	900,804
<u>Department of the Treasury</u>					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan	Indiana Finance Authority	21.027	CY2021	-	1,824,744
Total - Department of the Treasury				-	1,824,744
<u>Environmental Protection Agency</u>					
Clean Water State Revolving Fund Cluster					
Clean Water State Revolving Fund	Indiana Finance Authority	66.458			
Waste Water Treatment Plant Expansion			DW2223001	-	25,541
Waste Water Treatment Plant Expansion			WW18262004	-	14,726,459
Total - Clean Water State Revolving Fund Cluster				-	14,752,000
Total - Environmental Protection Agency				-	14,752,000
<u>Department of Energy</u>					
State Energy Program					
Elkhart Environmental Grant	Indiana Office of Energy Development	81.041	EE-0008647	-	50,000
Total - Department of Energy				-	50,000
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)					
COVID-19 Emergency Response	Indiana Department of Homeland Security	97.036	125342	-	97,361
COVID-19 Emergency Response/Studebaker Park Damages			DR4363	-	24,958
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				-	122,319
Hazard Mitigation Grant					
Hazard Mitigation Grant Program	Indiana Department of Homeland Security	97.039	FFY20	-	-
Assistance to Firefighters Grant					
Fire Department FEMA Grant	Direct Grant	97.044	EMW-2020-FG-15986	-	300,000
Total - Department of Homeland Security				-	422,319
Total federal awards expended				<u>\$ 423,742</u>	<u>\$ 18,803,788</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ELKHART
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2023. The information in the SEFA 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 SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

B. *Other Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

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

CITY OF ELKHART
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Assistance Listings Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Unmodified
	Clean Water State Revolving Fund Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.

Summary Schedule of Prior Audit Findings

Finding: 2021-001, 2022-001

Fiscal Year of Initial Finding: 2021

Current Audit Period: 2023

Subject: Financial Transactions and Reporting

Summary of Finding:

The City Controller's office prepared month-end reconciliations, which were reviewed and approved by the appropriate officials. The month-end reconciliation compared the City's bank balances to a fund report. The reconciliations reported no variances. However, the City's financial statement is derived from a system report titled Treasurer's fund ledger. The City Controller's office had not designed or implemented an internal control to prevent, or detect and correct, errors to ensure the combined bank accounts reconcile to this report, which is the source of the City's financial statement.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented.

Response Comments:

N/A

Summary Schedule of Prior Audit Findings

Finding: 2021-002, 2022-002

Fiscal Year of Initial Finding: 2021

Current Audit Period: 2023

Subject: Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Summary of Finding:

The City reported expenditures associated with Clean Water State Revolving Funds and Community Development Block Grant (CDBG) that resulted in errors. The City overstated expenditures related to the Clean Water State Revolving Funds that differed from the equivalency letter provided by the Indiana Finance Authority as result of being in trans-it as of December 31, 2022, and understated expenditures related to CDBG.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented.

Response Comments:

N/A

Summary Schedule of Prior Audit Findings

Finding: 2022-003

Fiscal Year of Initial Finding: 2022

Current Audit Period: 2023

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Subrecipient Monitoring

Summary of Finding:

The city provided \$50,000 to Heart City Health Center, Inc. to assist in providing public health information related to the COVID-19 pandemic. The city failed to properly approve and execute a subrecipient agreement with the organization which resulted in a failure to appropriately monitor the subrecipient as required.

Status of Audit Finding: Fully Corrected, but the corrective action implemented differs significantly from the original planned corrective action.

Response Comments:

Management did not update policies specific to State and Local Fiscal Recovery Funds (SLFRF) as described in the corrective action plan. While there were no qualifying transactions during the audit period tested, processes and procedures were updated and are supported by subrecipient agreements being implemented and properly approved and executed in 2024.

Summary Schedule of Prior Audit Findings

Finding: 2022-004

Fiscal Year of Initial Finding: 2022

Current Audit Period: 2023

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Suspension and Debarment

Summary of Finding:

The City did not have a process in place to verify or ensure that prior to entering “covered transactions” that contractors or subrecipients are not suspended, debarred, or otherwise excluded from receiving federal funds.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented.

Response Comments:

N/A

Summary Schedule of Prior Audit Findings

Finding: 2021-003, 2022-005

Fiscal Year of Initial Finding: 2021

Current Audit Period: 2023

Subject: CDBG - Entitlement Grants Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Program Income

Summary of Finding:

The City charged employees' salaries and related benefits for the Community Block Grants (CDBG) to the grant on a fixed percentage. Required time and effort logs were not maintained in a manner sufficient to support the allocation charged to the federal award.

The City also paid for late fees or taxes in error from the federal grant funds in the amount of \$51.15.

These two issues were determined to be questioned costs.

The City recorded the sale of a Neighborhood Stabilization Property as program income without approval. Prior to receiving permission to include this sale as program income an adjustment was made to transfer this program income to another fund. Once approval was given that it was ok to include as program income IDIS was updated to reflect the change; however, the correction journal entry was not.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented.

Response Comments:

N/A

Summary Schedule of Prior Audit Findings

Finding: 2022-006

Fiscal Year of Initial Finding: 2022

Current Audit Period: 2023

Subject: CDBG - Entitlement Grants Cluster - Period of Performance

Summary of Findings:

Claims that were tested were charged to the incorrect grant number in advance of receiving the award. This City did not receive approval from the federal awarding agency to charge these costs before the period of performance began.

Status of Audit Finding: Fully Corrected and the original corrective action was implemented.

Response Comments:

N/A

Summary Schedule of Prior Audit Findings

Finding: 2021-004, 2022-007

Fiscal Year of Initial Finding: 2021

Current Audit Period: 2023

Subject: CDBG - Entitlement Grants Cluster – Reporting

Summary of Finding:

The City was found to have material weaknesses in financial reporting, performance reporting, and special reporting for Federal Funding Accountability and Transparency Act (FFATA).

Financial Reporting:

Required quarterly CDBG Cash on Hand (PR29) and the annual CDBG Financial Summary (PR26) were prepared and submitted without evidence of review or an approval process and were not supported by the City's Records.

Performance Reporting:

The City included HUD 6002, Section 3 Summary Report information as required as part of its Annual Performance and Evaluation Report (CAPER) but failed to include Section 3 information on the close out screens in the Integrated Disbursement and Information System (IDIS). The City was unable to provide documentation supporting the Section 3 information in the CAPER.

Special Reporting for Federal Funding Accountability and Transparency Act (FFATA):

The City completed and submitted two qualifying subawards in the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) during the audit period. The reports that were submitted were not timely and there was no documentation that a review or oversight process was in place to ensure the accuracy of the information submitted in the report.

Status of Audit Finding: Not Corrected

Response Comments:

Management was unable to successfully implement the corrective action plan as intended. Management will continue to work internally and externally with our outside consultant and local state representative to implement the needed corrective action.

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.