

CITY OF BLOOMINGTON
Monroe County, Indiana

**SINGLE AUDIT REPORT IN
ACCORDANCE WITH UNIFORM GUIDANCE**
Year ended December 31, 2022

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CITY OF BLOOMINGTON
SCHEDULE OF OFFICIALS (Unaudited)
December 31, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Jeffrey Underwood	01-01-22 to 12-31-22
Mayor	John Hamilton	01-01-22 to 12-31-22
President of the Board of Public Works	Kyla Cox Deckard	01-01-22 to 12-31-22
President of the Common Council	Susan Sandberg	01-01-22 to 12-31-22

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

To the Honorable Chief Executive and
Members of the City Council
City of Bloomington, Indiana

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bloomington (the "City"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 17, 2024.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying *schedule of findings and questioned costs* as 2022-001, that we consider to be a material weakness.

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 Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying *schedule of findings and questioned costs*. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.


Crowe LLP

Indianapolis, Indiana
October 17, 2024



INDEPENDENT AUDITOR'S 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

To the Honorable Chief Executive and
Members of the City Council
City of Bloomington, Indiana

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City of Bloomington's (the "City") 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 December 31, 2022. 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.

Qualified Opinion on the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the *CSLFRF* program for the year ended December 31, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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.

(Continued)

Matter Giving Rise to Qualified Opinion on CSLFRF

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding *Assistance Listing No. 21.027 CSLFRF as described in finding number 2022-002 for Subrecipient Monitoring*. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-004 and 2022-005. Our opinion on each major federal program is not modified with respect to these matters.

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

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 and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-003 through 2022-005 to be significant deficiencies.

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 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.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated October 17, 2024, 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.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
January 30, 2025

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
Summer Food Service Program for Children	Indiana Department of Education				
2022 Summer Food Grant 201-18-G21008		10.559	FY2022	\$ -	\$ 7,270
Total U.S. Department of Agriculture				-	7,270
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grant/ Entitlement Grant	Direct Grant				
CDBG 250-15-150000		14.218	B17MC180013	-	11,530
CDBG 250-15-150000		14.218	B20MC180013	-	29,862
CDBG COVID 161-15-150000		14.218	B20MW180013	-	140,825
CDBG 250-15-150000		14.218	B21MC180013	-	635,723
CDBG 250-15-150000		14.218	B22MC180013	-	66,994
Total – CDBG – Entitlement Grants Cluster				-	884,934
Home Investment Partnerships Program	Direct Grant				
HOME 254-15-150000		14.239	M17MC180200	-	70,066
HOME 254-15-150000		14.239	M18MC180200	-	34,000
HOME 254-15-150000		14.239	M19MC180200	-	164,730
HOME 254-15-150000		14.239	M20MC180200	-	299,080
HOME 254-15-150000		14.239	M21MC180200	-	82,127
HOME 254-15-150000		14.239	M22MC180200	-	46,631
Total - Home Investment Partnerships Program				-	696,634
Housing Counseling Assistance Program					
HUD 256-15-150002		14.469	HC200421031	-	722
Total U.S. Department of Housing and Urban Development				-	1,582,290
<u>Department of the Interior</u>					
Fish and Wildlife Cluster					
Pittman-Robertson Wildlife Restoration Program	Indiana Department of Natural Resources				
2022 DEER CULL 201-18-G21004		15.611	2022 Deer Cull	-	23,389
Total Department of the Interior				-	23,389

See accompanying notes to the schedule of expenditure of federal awards.

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Justice</u>					
Coronavirus Emergency Supplemental Funding Program COVID 19 Emergency Response 249-14-G22019	Direct Grant	16.034	2020-VD-BX-1249	\$ -	\$ 107,955
Edward Byrne Memorial Justice Assistance Grant	Direct Grant				
JAG 249-14-G22009		16.738	2017DJBX0478	-	21,598
JAG 249-14-G21018		16.738	2018DJBX0659	-	24,281
JAG 249-14-G21019		16.738	2019DJBX0305	-	26,805
JAG 249-14-G21020		16.738	2020DJBX0965	-	32,193
Total – Edward Byrne Memorial Justice Assistance Grant				-	104,877
Equitable Sharing Program	Direct Grant				
Equitable Sharing Program 355-14-149999		16.922	FY2022	-	57,371
Total – Department of Justice				-	270,203
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation				
Jackson Creek Trail 601-02-02000/978-06-06016		20.205	DES 1500398	-	109,058
Bike Pedestrian Facilities B-Line 101-07-07		20.205	DES 1700735	-	263,414
Bike and Pedestrian Facilities 101-07-070000		20.205	DES 1900403	-	76,643
Tapp & Deborah Signal Installation Project		20.205	DES 1297885	-	398,689
MPO Reimbursement FY2022 101-13-130000		20.205	DES 2001050	-	207,607
MPO Reimbursement FY2022 101-13-130000		20.205	DES 2101665	-	78,510
Total - Highway Planning and Construction Cluster				-	1,133,921
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute				
2022 CHIRP ADMIN 249-14-G22005		20.600	CHIRP-2022-00018	-	276
2022 CHIRP MC-HVE 249-14-G22003		20.600	CHIRP-2022-00018	-	918
2022 CHIRP CITLI 249-14-G22001		20.600	CHIRP-2022-00018	4,461	14,173
Total – Highway Safety Cluster				4,461	15,367
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	Indiana Criminal Justice Institute				
2022 CHIRP DUI 249-14-G22002		20.608	CHIRP-2022-00018	2,887	3,228
Total Department of Transportation				7,348	1,152,516

See accompanying notes to the schedule of expenditure of federal awards.

CITY OF BLOOMINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of the Treasury</u>					
American Rescue Plan Act of 2021 Coronavirus American Rescue Plan ARPA SLFRF 176-06-G21005	Direct Grant	21.027	NA	\$ 1,935,000	\$ 4,999,384
Total – Department of the Treasury				<u>1,935,000</u>	<u>4,999,384</u>
<u>Department of Education</u>					
Twenty-First Century Community Learning Center 21 st CCLC Reimbursements	Monroe County Community School Corp	84.287	201-18-G21012	-	17,496
MCCSC 21 st CCLC		84.287	201-18-G22015	<u>-</u>	<u>19,117</u>
Total Department of Education				<u>-</u>	<u>36,613</u>
<u>Department of Health and Human Services</u>					
Youth & Adolescent Physical Activity 2021 YAPA Grant 201-18-G17014	Indiana Department of Health	93.994	SCM#0022365 PO18524512	<u>-</u>	<u>6,941</u>
Total Department of Health and Human Services				<u>-</u>	<u>6,941</u>
Total Federal awards expended				<u>\$ 1,942,348</u>	<u>\$ 8,078,606</u>

See accompanying notes to the schedule of expenditure of federal awards.

CITY OF BLOOMINGTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the City of Bloomington (the “City”), under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in financial position of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. For reimbursement grants passed through the State of Indiana, in accordance with Uniform Guidance, the award is deemed to be expended when evidence of approval is received from the State. For direct award grants, in accordance with Uniform Guidance, the award is deemed to be expended when the cash is disbursed.

NOTE 3 – INDIRECT COST RECOVERY

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

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2022

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the audit issued on whether the
Financial statements audited were prepared
In accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☒ Yes ☐ No

Significant deficiencies identified not
considered to be material weaknesses?

☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

☒ Yes ☐ No

Significant deficiency(ies) identified

☒ Yes ☐ None Reported

Type of auditor's report issued on compliance for
major programs:

COVID-19 – Coronavirus State and Local Fiscal
Recovery Funds (CSLFRF)

Modified

Highway Planning and Construction

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)?

☒ Yes ☐ No

Identification of major programs:

Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

COVID 19 - Coronavirus State and Local Fiscal
Recovery Funds (CSLFRF)

20.205

Highway Planning and Construction Cluster

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

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

(Continued)

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2022

PART II – FINANCIAL STATEMENT FINDINGS

FINDING 2022-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Audit Findings: Material Weakness

Criteria: The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . . There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:
...

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*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 a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(Continued)

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2022

Section II – Financial Statement Findings (Continued)

FINDING 2022-001 (Continued)

(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 CFDA number or other identifying number when the CFDA 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 Basis for determining Federal awards expended, paragraph (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.

(6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

Condition: The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Cause: Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was not formally reviewed prior to submission resulting in the following errors:

1. Certain Highway Planning and Construction Cluster (ALN 20.205) grants were not appropriately classified within the cluster on the SEFA. As a result, the Highway Planning and Construction Cluster was understated by \$684,806. The following grants and expenditures were not included as part of the cluster total:
 - DES 1297885 for \$398,689
 - DES 2001050 for \$207,607
 - DES 2101665 for \$78,510
2. Coronavirus State and Local Fiscal Recovery Fund (ALN 20.027) subrecipient activity was not correctly identified resulting in an overstatement of subrecipient expenditures by \$244,327 on the SEFA.

Adjustments to the SEFA were proposed, accepted by the City, and made to the SEFA to correct the issues noted above.

Effect: Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Identification as a repeat finding, if applicable: No.

(Continue)

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2022

Section II – Financial Statement Findings (Continued)

FINDING 2022-001 (Continued)

Recommendation: We recommended that the City's management establish a formal review over the SEFA to ensure amounts reported are accurate. The City should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting federal receipt fund ledger detail.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

PART III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2022-002

Information on the federal program:

Federal Agency: Department of the Treasury
Pass-Through Entity: N/A – Direct Grant
Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Assistance Listing Number: 21.027
Compliance Requirement: Subrecipient Monitoring
Audit Findings: Material Weakness, Noncompliance

Criteria: Title 2 Subtitle A Chapter II Part 200 Subparts A and D, Section 200.332, establishes requirements that pass-through entities must adhere to their subrecipient grant agreements and the monitoring processes of those subrecipients.

Condition: City of Bloomington was unable to identify subrecipients of CSLFRF funding for the purposes of financial reporting and compliance with requirements under 2 CFR 200.332. Management misreported subrecipient activity on the SEFA, failed to include required contractual language for subrecipient awards in executed agreements, and did not perform monitoring procedures over the subrecipients that were identified during testing procedures.

Cause: The City does not have an effective system of internal controls in place to effectively structure and review CSLFRF subaward agreements or to effectively monitor subrecipients.

Effect: Due to lack of required information being present with agreements and the contracts not clearly differentiating between a subrecipient and a beneficiary, there could be noncompliance issues in how funds are spent and recorded by the subrecipient, which could lead to noncompliance issues for the City of Bloomington and its subrecipients.

Questioned costs: There are no questioned costs.

Context: The 10 subrecipients represent approximately 38%, \$1,935,000, of the total award expenditures of \$4,999,384. The condition reported was prevalent for each subrecipient participating in the award.

Identification as a repeat finding, if applicable: This is not a repeat finding.

(Continued)

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2022

PART III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

FINDING 2022-002 (Continued)

Recommendation: We recommend that the City institute a policy for the handling of subrecipients for all sources of federal funding. The City should review Title 2 Subtitle A Chapter II Part 200 Subpart A and ensure their agreements with subrecipients include all required information. Management should review Title 2 Subtitle A Chapter II Part 200 Subpart D and ensure all necessary monitoring procedures are being performed over subrecipients moving forward.

Views of responsible officials and planned corrective actions: Management acknowledges the finding. See management's corrective action plan attached to this audit report.

FINDING 2022-003

Information on the federal program:

Federal Agency: Department of the Treasury
Pass-Through Entity: N/A – Direct Grant
Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Assistance Listing Number: 21.027
Compliance Requirement: Reporting
Audit Findings: Significant Deficiency

Criteria: The US Department of Treasury's Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds requires quarterly project expenditure reports to be completed with the key line items: 1) Obligations and Expenditures 2) Subawards 3) Detailed information of any loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made by the recipient that are greater than \$50,000. For amounts less than \$50,000, the recipient must report in the aggregate for these same categories of loans issued; contracts and grants awarded; transfers made to other government entities; and direct payments made by the recipient.

Condition: City of Bloomington completed quarterly reporting in a timely manner substantiated by the City's expenditure detail. However, management could not differentiate between subrecipients and standard vendor expenditures.

Cause: The City does not have an effective system of internal controls in place to effectively review CSLFRF reporting data prior to submission to the US Department of Treasury.

Effect: Subrecipient expenditures and subawards on the quarterly data submissions were overstated.

Questioned costs: There are no questioned costs.

Context: During our testing procedures over CSLFRF reporting, we noted that segregation of duties is not present in the Federal reporting process. The City was not able to accurately identify and report subrecipient activity within CSLFRF quarterly reports.

Identification as a repeat finding, if applicable: This is not a repeat finding.

Recommendation: We recommend that the City implement a consistent multi-stage review process for federal data reports, which involves identifying and tracking subrecipient activity as well as expenditures by type.

(Continued)

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2022

PART III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

FINDING 2022-003 (Continued)

Views of responsible officials and planned corrective actions: Management acknowledges the finding. See management's corrective action plan attached to this audit report.

FINDING 2022-004

Information on the federal program:

Federal Agency: Department of the Treasury
Pass-Through Entity: N/A – Direct Grant
Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
Assistance Listing Number: 21.027
Compliance Requirement: Procurement – Suspension and Debarment
Audit Findings: Significant Deficiency, Noncompliance

Criteria: 2 CFR 180.300 states: "When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- a) Checking the SAM Exclusions; or
- b) Collecting a certification from that person; or
- c) Adding a clause or condition to the covered transaction with that person."

Condition: The City could not provide documentation to support that vendors procured under CSLFRF funding were not suspended or debarred.

Cause: The City had not developed a system of internal controls that would have ensured compliance with Procurement and Suspension and Debarment compliance requirements for covered transactions.

Effect: The failure to establish internal controls could have enabled noncompliance to go undetected. If vendors would have been suspended or debarred, the failure to comply with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the City.

Questioned costs: There are no questioned costs.

Context: In a sample of six vendors with aggregate disbursements for the year ended December 31, 2022, above the \$25,000 covered transaction threshold, Crowe noted four vendors that the City had not completed a check for suspension and debarment nor had they obtained a contract clause from the vendor/service provider certifying that they were not suspended and/or debarred.

Identification as a repeat finding, if applicable: This is not a repeat finding.

Recommendation: We recommend that the City establish and implement control procedures to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. This should include ensuring suspension and debarment checks are performed and documented prior to entering into the transaction.

Views of responsible officials and planned corrective actions: Management acknowledges the finding. See management's corrective action plan attached to this audit report.

(Continued)

CITY OF BLOOMINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2022

PART III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

FINDING 2022-005

Information on the federal program:

Federal Agency: Department of Transportation
Pass-Through Entity: Indiana Department of Transportation
Federal Program: Highway Planning and Construction
Assistance Listing Number: 20.205
Compliance Requirement: Procurement – Suspension and Debarment
Audit Findings: Significant Deficiency, Noncompliance

Criteria: 2 CFR 180.300 states: “When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- a) Checking the SAM Exclusions; or
- b) Collecting a certification from that person; or
- c) Adding a clause or condition to the covered transaction with that person.”

Condition: The City could not provide documentation to support that vendors procured under the Highway Planning and Construction funding were not suspended or debarred.

Cause: The City had not developed a system of internal controls that would have ensured compliance with Procurement and Suspension and Debarment compliance requirements for covered transactions.

Effect: The failure to establish internal controls could have enabled noncompliance to go undetected. If vendors would have been suspended or debarred, the failure to comply with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the City.

Questioned costs: There are no questioned costs.

Context: In a sample of two vendors with aggregate disbursements for the year ended December 31, 2022, above the \$25,000 covered transaction threshold, Crowe noted the City had not completed a check for suspension and debarment nor had they obtained a contract clause from the vendor/service provider certifying that they were not suspended and/or debarred for either sample selection.

Identification as a repeat finding, if applicable: This is not a repeat finding.

Recommendation: We recommend that the City establish and implement control procedures to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. This should include ensuring suspension and debarment checks are performed and documented prior to entering into the transaction.

Views of responsible officials and planned corrective actions: Management acknowledges the finding. See management’s corrective action plan attached to this audit report.



City of Bloomington Indiana

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CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

December 31, 2022

Finding 2022-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards

Audit Findings: Material Weakness

Condition: The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was not formally reviewed prior to submission resulting in the following errors:

1. Certain Highway Planning and Construction Cluster (ALN 20.205) grants were not appropriately classified within the cluster on the SEFA. As a result, the Highway Planning and Construction Cluster was understated by \$684,806. The following grants and expenditures were not included as part of the cluster total:
 - a. DES 1297885 for \$398,689
 - b. DES 2001050 for \$207,607
 - c. DES 2101665 for \$78,510
2. Coronavirus State and Local Fiscal Recovery Fund (ALN 20.027) subrecipient activity was not correctly identified resulting in an overstatement of subrecipient expenditures by \$244,327 on the SEFA.

Adjustments to the SEFA were proposed, accepted by the City, and made to the SEFA to correct the issues noted above.

Views of Responsible Officials and Planned Corrective Actions: Management of the City will implement an internal controls process to ensure there are proper segregation of duties between who prepares the SEFA and who reviews the SEFA. The SEFA will be reviewed by the Controller prior to being submitted to the Indiana Gateway portal to ensure accuracy and completeness.

Responsible party and timeline for completion: The City's Controller will oversee the implementation of the corrective action and the corrective action will be implemented for the year ending December 31, 2025.



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FINDING 2022-002

Information on the federal program:

Federal Agency: Department of the Treasury

Pass-Through Entity: N/A – Direct Grant

Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027

Compliance Requirement: Subrecipient Monitoring

Audit Findings: Material Weakness, Noncompliance

Condition: City of Bloomington was unable to identify subrecipients of CSLFRF funding for the purposes of financial reporting and compliance with requirements under 2 CFR 200.332. Management misreported subrecipient activity on the SEFA, failed to include required contractual language for subrecipient awards in executed agreements, and did not perform monitoring procedures over the subrecipients that were identified during testing procedures.

Context: The 10 subrecipients represent approximately 38%, \$1,935,000, of the total award expenditures of \$4,999,384. The condition reported was prevalent for each subrecipient participating in the award.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and will draft a policy and develop an internal controls process regarding subawards and the monitoring of subrecipients to ensure the compliance requirements are met.

Responsible party and timeline for completion: The City's Controller will be responsible for overseeing the implementation of the corrective action plan, which will be implemented starting during calendar year 2025.

FINDING 2023-003

Information on the federal program:

Federal Agency: Department of the Treasury

Pass-Through Entity: N/A – Direct Grant

Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027

Compliance Requirement: Reporting

Audit Findings: Significant Deficiency

Condition: City of Bloomington completed quarterly reporting in a timely manner substantiated by the City's expenditure detail. However, management could not differentiate between subrecipients and standard vendor expenditures.



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Context: During our testing procedures over CSLFRF reporting, we noted that segregation of duties is not present in the Federal reporting process resulting in overstatement of subrecipient activity within CSLFRF quarterly reports.

Views of Responsible Officials and Planned Corrective Actions: Management will develop an internal controls process to ensure that there's segregation of duties within the reporting process for federal programs.

Responsible party and timeline for completion: The City's Controller will oversee the implementation of the corrective action plan, which will be implemented starting during calendar year 2025.

FINDING 2022-004

Information on the federal program:

Federal Agency: Department of the Treasury

Pass-Through Entity: N/A – Direct Grant

Federal Program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Assistance Listing Number: 21.027

Compliance Requirement: Procurement – Suspension and Debarment

Audit Findings: Significant Deficiency, Noncompliance

Condition: The City could not provide documentation to support that vendors procured under CSLFRF funding were not suspended or debarred.

Context: In a sample of six vendors with aggregate disbursements for the year ended December 31, 2022, above the \$25,000 covered transaction threshold, Crowe noted four vendors that the City had not completed a check for suspension and debarment, nor had they obtained a contract clause from the vendor/service provider certifying that they were not suspended and/or debarred.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has formulated a procurement policy specific to federal awards to ensure all necessary requirements are met moving forward, which includes checking whether a vendor is suspended and/or debarred prior to entering into a contract with said vendor.

Responsible party and timeline for completion: The City's Controller will oversee the implementation of the corrective action plan, which will be implemented starting during calendar year 2025.



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FINDING 2022-005

Information on the federal program:

Federal Agency: Department of Transportation
Pass-Through Entity: Indiana Department of Transportation
Federal Program: Highway Planning and Construction
Assistance Listing Number: 20.205
Compliance Requirement: Procurement – Suspension and Debarment
Audit Findings: Significant Deficiency, Noncompliance

Condition: The City could not provide documentation to support that vendors procured under the Highway Planning and Construction funding were not suspended or debarred.

Context: In a sample of two vendors with aggregate disbursements for the year ended December 31, 2022, above the \$25,000 covered transaction threshold, Crowe noted the City had not completed a check for suspension and debarment nor had they obtained a contract clause from the vendor/service provider certifying that they were not suspended and/or debarred for either sample selection.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has formulated a procurement policy specific to federal awards to ensure all necessary requirements are met moving forward, which includes checking whether a vendor is suspended and/or debarred prior to entering into a contract with said vendor.

Responsible party and timeline for completion: The City's Controller will oversee the implementation of the corrective action plan, which will be implemented starting during calendar year 2025.