

City of Allentown, Pennsylvania

Single Audit Report

Year Ended December 31, 2021 with

Independent Auditor's Reports

CITY OF ALLENTOWN, PENNSYLVANIA

SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2021

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Zelenkofske Axlerod LLC

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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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
City of Allentown, Pennsylvania

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allentown, Pennsylvania (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2022. Our report includes a reference to other auditors who audited the financial statements of the Redevelopment Authority of the City of Allentown and the Allentown Parking Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Redevelopment Authority of the City of Allentown and the Allentown Parking Authority were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Redevelopment Authority of the City of Allentown and the Allentown Parking Authority.

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) to determine the 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 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.



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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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 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.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
December 21, 2022



Zelenkofske Axlerod LLC

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
City of Allentown, Pennsylvania

Report on Compliance for Each Major Federal Program

Qualified Opinion on Community Development Block Grants/Entitlement Grants

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City of Allentown (the "City") complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grants/Entitlement Grants for the year ended December 31, 2021.

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, 2021.

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.

Matters Giving Rise to Qualified Opinion on Community Development Block Grants/Entitlement Grants

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding Assistance Listing No. 14.218 Community Development Block Grants/Entitlement Grants as described in finding numbers 2021-001 for Reporting and 2021-002 for Activities Allowed or Unallowed.

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.



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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 Matter

The results of our auditing procedures disclosed other 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 item 2021-002. 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 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.



Zelenkofske Axlerod LLC

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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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.

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 did not note any 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.



Zelenkofske Axlerod LLC

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

We have audited the financial statements of the City as of and for the year ended December 31, 2021 and have issued our report thereon dated December 21, 2022, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Redevelopment Authority of the City of Allentown or the Allentown Parking Authority. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
December 21, 2022

CITY OF ALLENTOWN
SINGLE AUDIT REPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Grant/ Pass-Through Grantor's Number	(Accrued)/ Deferred Revenue at December 31, 2020	Federal Grant Receipts	Federal Grant Expenditures	(Accrued)/ Deferred Revenue at December 31, 2021	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development:							
Entitlement Grants Cluster							
Community Development Block Grant/Entitlement Grants	14.218	B-10-MC-42-0002	\$ -	\$ 13,199	\$ -	\$ 13,199	\$ -
Community Development Block Grant/Entitlement Grants	14.218	B-14-MC-42-0002	(17,686)	226,863	793	208,384	793
Community Development Block Grant/Entitlement Grants	14.218	B-15-MC-42-0002	-	38,635	-	38,635	-
Community Development Block Grant/Entitlement Grants	14.218	B-16-MC-42-0002	(21,744)	1,000	-	(20,744)	-
Community Development Block Grant/Entitlement Grants	14.218	B-17-MC-42-0002	(35,933)	8,082	-	(27,851)	-
Community Development Block Grant/Entitlement Grants	14.218	B-18-MC-42-0002	-	65,615	163,992	(98,377)	163,450
Community Development Block Grant/Entitlement Grants	14.218	B-19-MC-42-0002	(644,627)	941,785	703,205	(406,047)	683,782
Community Development Block Grant/Entitlement Grants	14.218	B-20-MC-42-0002	210,858	877,826	786,451	302,233	577,174
Community Development Block Grant/Entitlement Grants	14.218	B-20-MW-42-0002	(120,451)	458,483	785,715	(447,683)	128,371
Community Development Block Grant/Entitlement Grants	14.218	B-21-MC-42-0002	-	993,252	1,226,759	(233,507)	695,844
Subtotal 14.218 Total CDBG - Entitlement Grants Cluster			<u>(629,583)</u>	<u>3,624,740</u>	<u>3,666,915</u> *	<u>(671,758)</u>	<u>2,249,414</u>
Emergency Solutions Grant Program	14.231	E-19-MC-42-0011	(94,151)	77,307	-	(16,844)	-
Emergency Solutions Grant Program	14.231	E-20-MC-42-0011	-	77,715	85,728	(8,013)	70,851
COVID Emergency Shelter Grants Program	14.231	E-20-MW-42-0011	(245,102)	522,741	262,784	14,855	262,784
Emergency Solutions Grant Program	14.231	E-21-MC-42-0011	-	39,487	76,253	(36,766)	64,298
Subtotal 14.231			<u>(339,253)</u>	<u>717,250</u>	<u>424,766</u>	<u>(46,768)</u>	<u>333,635</u>
HOME Investment Partnerships Program	14.239	M-15-MC-42-0200	-	-	228,168	(228,168)	-
HOME Investment Partnerships Program	14.239	M-17-MC-42-0200	(85,808)	316,017	-	230,209	-
HOME Investment Partnerships Program	14.239	M-18-MC-42-0200	-	-	94,957	(94,957)	-
HOME Investment Partnerships Program	14.239	M-19-MC-42-0200	35,000	-	-	35,000	-
HOME Investment Partnerships Program	14.239	M-20-MC-42-0200	-	97,557	-	97,557	-
HOME Investment Partnerships Program	14.239	M-21-MC-42-0200	-	21,893	175,221	(153,328)	79,417
HOME Investment Partnerships Program - ARP	14.239		-	-	-	-	-
Subtotal 14.239			<u>(50,808)</u>	<u>435,467</u>	<u>498,346</u>	<u>(113,687)</u>	<u>-</u>
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	FR-6000-N 012	-	527,135	527,135	-	-
Total U.S. Department of Housing and Urban Development			<u>(1,019,644)</u>	<u>5,304,592</u>	<u>5,117,162</u>	<u>(832,213)</u>	<u>2,583,049</u>
U.S. Department of Interior:							
Passed through the Commonwealth of Pennsylvania,							
Pennsylvania Historical and Museum Commission:							
Historic Preservation Fund Grants-In-Aid	15.904	42-00-000000	(25,100)	25,100	28,310	(28,310)	-
Total U.S. Department of Interior			<u>(25,100)</u>	<u>25,100</u>	<u>28,310</u>	<u>(28,310)</u>	<u>-</u>

CITY OF ALLENTOWN
SINGLE AUDIT REPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Grant/ Pass-Through Grantor's Number	(Accrued)/ Deferred Revenue at December 31, 2020	Federal Grant Receipts	Federal Grant Expenditures	(Accrued)/ Deferred Revenue at December 31, 2021	Passed Through to Subrecipients
U.S. Department of Justice:							
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1730	-	35,984	94,837	(58,853)	-
Public Safety Partnership and Community Policing Grants	16.710	2017-UM-WX-0005	-	3,854	11,016	(7,162)	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0584	-	10,853	10,853	-	10,853
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0654	-	-	52,482	(52,482)	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0332	-	-	45,723	(45,723)	-
Subtotal 16.738			-	10,853	109,058	(98,205)	10,853
Body Worn Camera Policy and Implementation Program	16.835	2018-BC-BX-0005	(16,935)	16,935	-	-	-
Total U.S. Department of Justice			(16,935)	67,626	214,911	(164,220)	10,853
US Department of Transportation:							
Passed through the Commonwealth of Pennsylvania, Pennsylvania Department of Transportation Alcohol Impaired Driving Countermeasures:							
National Priority Safety Programs - Highway Safety Cluster	20.616	PTS 2021-S Whitehall-00055	(1,070)	34,632	41,853	(8,291)	-
Total U.S. Department of Transportation			(1,070)	34,632	41,853	(8,291)	-
U.S. Department of Treasury:							
Passed through the Commonwealth of Pennsylvania, Department of Community and Economic Development: Passed through Lehigh County:							
Coronavirus Relief Fund	21.019	C000073967	1,313,284	-	1,227,573 *	85,711	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	28,566,302	3,411,823 *	25,154,479	-
Total U.S. Department of Treasury			1,313,284	28,566,302	4,639,396	25,240,190	-
U.S. Department of Health and Human Services:							
Passed through the Commonwealth of Pennsylvania, Pennsylvania Department of Health:							
Public Health Emergency Preparedness	93.069	4100083767	(29,762)	29,762	-	-	-
Public Health Emergency Preparedness	93.069	4100085990	(92,889)	213,536	120,647	-	-
Public Health Emergency Preparedness	93.069	4100089370	-	47,154	99,518	(52,364)	-
Subtotal 93.069			(122,651)	290,452	220,165	(52,364)	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	4100085604	(38,209)	164,437	165,877	(39,649)	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Blood Lead Levels in Children	93.197	4100082847	(4,244)	22,152	23,751	(5,843)	-
Immunization Cooperative Agreements	93.268	4100085962	(55,271)	249,658	194,387	-	-
Immunization Cooperative Agreements	93.268	4100089410	-	25,002	120,800	(95,798)	-
Subtotal 93.268			(55,271)	274,660	315,187	(95,798)	-

CITY OF ALLENTOWN
SINGLE AUDIT REPORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Assistance Listing Number	Grant/ Pass-Through Grantor's Number	(Accrued)/ Deferred Revenue at December 31, 2020	Federal Grant Receipts	Federal Grant Expenditures	(Accrued)/ Deferred Revenue at December 31, 2021	Passed Through to Subrecipients
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	4100085990	(28,133)	96,704	68,571	-	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	4100087739	(230,180)	1,269,474	1,455,334	(416,040)	-
Subtotal 93.323			<u>(258,313)</u>	<u>1,366,178</u>	<u>1,523,905</u> *	<u>(416,040)</u>	-
COVID - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health							
Crisis Response	93.354	4100083767 SAF2	(406,722)	406,722	-	-	-
Crisis Response	93.354	4100085990 SAF2	(67,758)	182,249	114,491	-	-
Subtotal 93.354			<u>(474,480)</u>	<u>588,971</u>	<u>114,491</u>	<u>-</u>	<u>-</u>
HIV Prevention Activities Health Department Based Block Grants for Prevention and Treatment of Substance Abuse							
	93.940	4100079935 R1	(18,496)	103,343	119,918	(35,071)	-
	93.959	21-DA-33	-	4,130	9,380	(5,250)	-
Preventive Health and Health Services Block Grant							
Preventive Health and Health Services Block Grant	93.991	4100085926	(40,643)	160,840	120,197	-	-
Preventive Health and Health Services Block Grant	93.991	4100085926 SAF1	-	72,161	113,385	(41,224)	-
Subtotal 93.991			<u>(40,643)</u>	<u>233,001</u>	<u>233,582</u>	<u>(41,224)</u>	<u>-</u>
Maternal and Child Health Block Grant to the States							
Maternal and Child Health Block Grant to the States	93.994	4100080468	(22,080)	93,409	71,329	-	-
Maternal and Child Health Block Grant to the States	93.994	4100080468 R1	-	53,533	77,086	(23,553)	-
Maternal and Child Health Block Grant to the States	93.994	4100073550 R2	(23,685)	74,225	50,540	-	-
Subtotal 93.994			<u>(45,765)</u>	<u>221,167</u>	<u>198,955</u>	<u>(23,553)</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>(1,058,072)</u>	<u>3,268,491</u>	<u>2,925,211</u>	<u>(714,792)</u>	<u>-</u>
U.S. Department of Homeland Security:							
Federal Emergency Management Agency - Direct							
COVID-19 - Assistance to Firefighters Grant	97.044	EMW-2019-FG-05828	(45,455)	45,455	-	-	-
COVID-19 - Assistance to Firefighters Grant	97.044	EMW-2020-FG-02079	-	40,701	40,701	-	-
Subtotal 97.044			<u>(45,455)</u>	<u>86,156</u>	<u>40,701</u>	<u>-</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ (852,992)</u>	<u>\$ 37,352,899</u>	<u>\$ 13,007,544</u>	<u>\$ 23,492,364</u>	<u>\$ 2,593,902</u>

* Denotes tested as major program

CITY OF ALLENTOWN
SINGLE AUDIT REPORT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (Schedule) presents the expenditures of all federal awards programs of the City of Allentown, Pennsylvania (City) using the modified accrual basis of accounting.

2. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the City's basic financial statements.

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

CITY OF ALLENTOWN
 SINGLE AUDIT REPORT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2021

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)?
 Yes None reported

3. Noncompliance material to financial statements noted? Yes No

4. Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)?
 Yes None reported

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

6. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? Yes No

7. Major Programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants/Entitlement Grants
21.019	Coronavirus Relief Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

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

9. Auditee qualified as low-risk auditee? Yes No

CITY OF ALLENTOWN
SINGLE AUDIT REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

- II. Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

None noted

- III. Findings and questioned costs for federal awards.

**Finding 2021-001 Reporting
Repeat Finding – See Finding 2020-001**

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants (Assistance Listing #14.218).

Condition: The City did not accurately report amounts on the Form SF-425 for the year ended December 31, 2021. The City did not provide a reconciliation to the general ledger for the C04PR26 – CDBG Financial Summary for the year.

Criteria: Pursuant to 24 CFR the grantee must accurately report amounts to U.S. Department of Housing and Urban Development.

Cause: The City does not have procedures in place to ensure that SF-425 and the C04PR26 reconcile to the general ledger in accordance with federal reporting requirements.

Effect: The City did not accurately report amounts on the SF-425 and the C04PR26 for the year ended December 31, 2021.

Questioned Costs: This finding does not result in questioned costs.

Recommendation: We recommend that the City implement procedures to ensure that all required reports are reconciled to the general ledger.

Management's Response: The City will take this recommendation and review current procedures and implement revised procedures based on the reporting requirements.

Finding 2021-001 Activities Allowed or Unallowed

U.S. Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants (Assistance Listing #14.218).

Condition: The City did not accurately charge payroll costs for personnel charged to the grant.

Criteria: Pursuant to 24 CFR the grantee must accurately report amounts to U.S. Department of Housing and Urban Development.

Cause: The City does not have procedures in place to ensure that amounts charged to the program are accurate.

Effect: The City did not accurately charge payroll costs for the year ended December 31, 2021.

Questioned Costs: \$166

Recommendation: We recommend that the City implement procedures to ensure that all required reports are reconciled to the general ledger.

CITY OF ALLENTOWN
SINGLE AUDIT REPORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021

Management's Response: The City will take this recommendation and review current procedures and implement revised procedures based on the reporting requirements.

CITY OF ALLENTOWN, PENNSYLVANIA
SINGLE AUDIT REPORT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021

**Finding 2017-004: Reporting (Assistance Listing #14.218)
Repeat Finding 2020-001**

Condition: The City did not accurately report amounts on the SF-425 for the year ended December 31, 2017. The City did not provide a reconciliation to the general ledger for the C04PR26 – CDBG Financial Summary for the year.

Current Status: See current year finding 2020-001

Finding 2018-004 Procurement Suspension, and Debarment

Condition: The City did not have the required language for Uniform Guidance procurement standards in their contracts or contract policies.

Current Status: Unresolved



SETH O'NEILL
DIRECTOR OF FINANCE
Department of Finance
435 Hamilton St
Allentown PA 18101

December 21, 2022

CORRECTIVE ACTION PLAN

U.S. Department of Housing and Urban Development

The City of Allentown respectfully submits the following corrective action plan for the year ended December 31, 2021.

As audited by:
Zelenkofske Axelrod LLC
2370 York Road, Suite A-5
Jamison, PA 18929

Audit Period: January 1, 2021 thru December 31, 2021.

The findings from the December 31, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding 2021-001 Reporting

U.S. Department of Housing and Urban Development — Community Development Block Grants/Entitlement Grants (Assistance Listing #14.218).

Recommendation: We recommend that the City implement procedures to ensure that all required reports are reconciled to the general ledger.

Corrective Action: The City will take this recommendation and review current procedures and implement revised procedures based on the reporting requirements. Finance Director Seth O'Neill will be responsible for resolving this finding by December 31, 2023.

Finding 2021-002 Activities Allowed/Unallowed

U.S. Department of Housing and Urban Development — Community Development Block Grants/Entitlement Grants (Assistance Listing #14.218).

Recommendation: We recommend that the City implement procedures to ensure that all personnel are properly charged to the program.

Corrective Action: The City will take this recommendation and review current procedures and implement revised procedures based on the activities allowed/unallowed requirements. Finance Director Seth O'Neill will be responsible for resolving this finding by December 31, 2023.

Finding 2018-004 Procurement Suspension, and Debarment

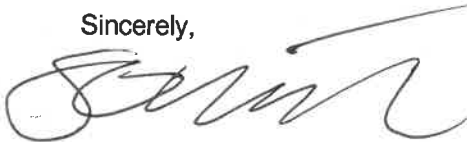
U.S. Department of Housing and Urban Development — Community Development Block Grants/Entitlement Grants (Assistance Listing #14.218).

Recommendation: We recommend that the City implement procedures to ensure that all required provisions are included in contracts and contract policies.

Corrective Action: The City will amend contract language moving forward to include all necessary requirements. Finance Director Seth O'Neill will be responsible for resolving this finding by December 31, 2023.

If HUD has any questions regarding this plan, please contact me at 610-437-7500.

Sincerely,

A handwritten signature in black ink, appearing to be "Seth O'Neill", written in a cursive style.