

CITY OF GREENSBORO, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no

- Significant deficiency(ies) identified that are not considered to be material weaknesses? X yes ___ none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes X no

- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to federal awards?

___ yes X no

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

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

___ yes X no

Identification of major federal programs:

Federal Assistance Listing No.

Name of Federal Program or Cluster

14.218

Community Development Block Grants

14.239

HOME Investment Partnerships Program

17.258, 17.259, 17.278

Workforce Innovation Opportunity Act Cluster

21.027

COVID-19: American Rescue Plan Act

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

\$ 854,664

CITY OF GREENSBORO, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Section I. Summary of Auditor's Results (continued)

Federal Awards (continued)

Auditee qualified as low-risk auditee? yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to State awards? yes no

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act yes no

Identification of major State programs:

State Program Name
Industrial Development Fund Utility Account
Greensboro Randolph Megasite
LT Apparel
One North Carolina Fund
State Contingency Fund

Section II. Financial Statement Findings

**Financial Reporting and Close
Significant Deficiency
Finding 2024-001**

Criteria: Entities are responsible for ensuring that proper internal controls over the financial reporting and close process are adequate to prevent and/or detect errors in financial reporting in a timely manner.

Statement of Condition: During the performance of our analytical procedures over Solid Waste Management Fund revenues, the City discovered the internal charges to record usage by the General Fund were not recorded for May 2024.

CITY OF GREENSBORO, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Section II. Financial Statement Findings (continued)

Cause: The City acknowledged that this error occurred due to an oversight. Notification to process the journal entry each month was only being sent to one individual. This process and journal entry were also inadvertently not included on the Month End Closing Checklist and procedures.

Effect of Condition: Expenditures in the General Fund and revenues in the Solid Waste Management Fund were understated by approximately \$600,000, prior to the discovery of this error. The entry was a noncash transaction. Management posted an adjusting journal entry to properly record this charge in the fiscal year ended June 30, 2024.

Recommendation: We recommend the City ensure that notification procedures are in place for more than one individual regarding the entry to be posted each month. This journal entry should be added to the month end checklist to ensure proper accruals are accounted for every month.

Management's Response: Management agrees with the finding; See corrective action plan.

Financial Reporting and Close
Significant Deficiency
Finding 2024-002

Criteria: Entities are responsible for ensuring that notes receivable balances are processed and accounted for in accordance with U.S. generally accepted accounting principles.

Statement of Condition: The following two issues were identified in the City's analysis of the Notes Receivable balance as of June 30, 2024:

First, the City found an error with the Notes Receivable balance during the year ended June 30, 2024 in which \$3,195,000 in loans, which were disbursed prior to June 30, 2023, were not correctly reported as an asset but rather as an expenditure in previous years.

Second, the City had recorded Notes Receivables of \$4,209,669 in the Housing Partnership Revolving Fund and \$1,948,270 in the HOME Fund that were considered forgivable loans in which repayment is only required and contingent on the third party selling the home before a certain date in the future.

Cause: *Due to the contingency of forgiveness, the City believed recording the note receivable balance was required until the terms of the agreement were met.*

Effect of Condition: Notes receivable and Beginning Fund Balance/Net Position was overstated by \$2,962,939. The City has corrected these errors through current year operations.

Recommendation: We recommend that the City ensure that procedures are in place to ensure that notes receivable are properly recorded in accordance with U.S. Generally Accepted Accounting Principles.

Management's Response: Management agrees with the finding; See corrective action plan.

**CITY OF GREENSBORO, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2024

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

Finding: 2024-003

One North Carolina Fund

Significant Deficiency/Nonmaterial noncompliance – Reporting

Criteria: The grantee should submit a performance report every February 1st specifying what has been accomplished and what they expect to accomplish for the upcoming year.

Condition: The City did not ensure one grantee submitted the required report to the North Carolina Department of Commerce.

Context: There were two grantees who were required to submit the report during the fiscal year.

Effect: The City was not in compliance with the reporting requirements of the grant program.

Questioned costs: N/A

Cause: Oversight with respect to ensuring the grantee provided the report.

Recommendation: We recommend the City strengthen controls to ensure required reports are provided by the grantee to the State on a timely basis.

Management's Response: Management agrees with the finding; See corrective action plan.



Corrective Action Plan: 2024 - 001

Corrective Action:

Management agrees with the finding as stated.

The following corrective action steps have been taken or are in process by the City's Finance Department as it relates to recording of internal charges:

Internal charges for city services are addressed through journal entries into the financial system. The entries related to solid waste transactions are created in the Treasury Division and then forwarded to Accounting for data entry. A change in process will ensure that multiple staff members in the Accounting Division are notified when the data is available for input, in order to ensure that notification isn't overlooked due to staff absences, etc.

Accounting staff maintains a log of expected monthly transactions to be recorded before month end preparation of financial statements. The internal solid waste distribution will be added to this log and discussed with appropriate staff members to ensure that the transaction is recorded before beginning the closing process in the system. In addition, the transaction will be added to the year-end closing documents to ensure that a complete year of internal charges has been recorded during normal processing cycles. This would provide additional assurance that expenses and revenues have been recognized in the appropriate fiscal year.

This plan has been implemented in October 2024.

Contact Person: Marlene Druga



Corrective Action Plan: 2024 - 002

Corrective Action:

Management agrees with the finding as stated.

The Finance Department will work with the Neighborhood Development Department (ND) staff to help establish procedures to be ensure that once a loan expenditure occurs, recording of the transaction in the subsidiary loan ledger "CLCS" is accurate and timely. More supervisory review of loan activity will be performed, as well as additional checklists will be prepared for ND staff to follow and for training purposes. Finance will explore use of the Payables System for additional functionality to collect pertinent payment data, to detect errors and to help with accurate and reliable accumulation of financial data for note receivable activity.

Finance will also collaborate with ND to evaluate the functionality of their more than 30-year old CLCS loan tracking system for the potential development of new system coding and/or reporting capabilities or other necessary processes to:

Separately track forgiveable loans from all other types of loans for efficient retrieval of specific loan type data for analysis

Easily identify which forgiveable loans have met certain terms that allows the loan to be forgiven, (which may be over a number of years) and then to be finalized and removed from accounting ledgers if that criteria is met

Track history of payments for both forgiveable and regular loans to determine trends for development of appropriate accounting "allowances" for non-payment of loans, as necessary

Finance staff will periodically review loan documents to ensure that appropriate coding of terms and conditions has been recorded in the proper fiscal period, which will allow proper accounting in the City's general ledger and financial reporting systems along with the analysis identified above.

Contact Person: Marlene Druga
Proposed Completion Date: 12/31/25



Corrective Action Plan: 2024 - 003

Corrective Action:

Management agrees with the finding as stated.

The following corrective action steps are in process by the City's Finance Department and other City departments with grantee relationships:

The Finance Department will work with other City departments to establish procedures that will provide assurance that appropriate pass-through grantee reporting is addressed. As grants are awarded, reporting requirements will be documented. Finance staff will coordinate with departments to establish a timeline for communication with grantees in order to receive confirmation of reporting obligations.

Research will be conducted by Finance staff to obtain training opportunities for educating City departments on monitoring requirements.

Contact Person: Marlene Druga
Proposed Completion Date: 06/30/2025

CITY OF GREENSBORO, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

Section V. Prior Year Findings

2023-001: Corrected.