

TOWN OF HUNTINGTON

SINGLE AUDIT REPORTS

Year Ended December 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	5-7
Schedule of Findings and Questioned Costs.....	8-9
Schedule of Prior Year Audit Findings	10

TOWN OF HUNTINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development				
<u>Direct Program:</u>				
New York State Housing Trust Fund Corporation Community Development Block Grant	14.218		\$ 1,009,746	\$ 34,750
U.S. Department of Transportation				
<u>Direct Program:</u>				
Federal Transit Formula Grants	20.507		277,028	
U.S. Department of Homeland Security				
Port Security Grant Program	97.056	N/A	330,000	
U.S. Department of Agriculture				
<u>Pass-through Program from:</u>				
New York State Summer Food Service Program for Children	10.559	N/A	42,232	
U.S. Department of Health and Human Services				
<u>Direct Program from:</u>				
Runaway and Homeless Youth Program	93.623		160,298	160,298
<u>Pass-through Program from:</u>				
Suffolk County Department of Health Services:				
Block Grants for the Prevention and Treatment of				
Substance Abuse	93.959	N/A	231,689	231,689
Opioid Grant	93.788	N/A	59,040	59,040
			290,729	290,729
Suffolk County Office of Aging - Aging Cluster:				
Special Programs for the Aging - Title III, Part B -				
Grants for Supportive Services and Senior Centers	93.044	SC00000008629	21,700	
Special Programs for the Aging - Title III, Part C -				
Nutrition Services	93.045	SC00000008998	66,457	
Special Programs for the Aging - Title III, Part E -				
National Family Caregiver Support	93.052	SC00000008979	7,238	
Nutrition Services Incentive Program	93.053	SC00000008998	48,185	
Total Aging Cluster			143,580	
Subtotal U.S. Department of Health and Human Services			594,607	
Total Expenditures of Federal Awards			\$ 2,253,613	\$ 485,777

See accompanying notes to schedule of expenditures of federal awards.

TOWN OF HUNTINGTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Town of Huntington, New York (the "Town") under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). All federal financial assistance passed through to other government agencies is included in the schedules of expenditures of federal awards. Because the Schedule presents only a selected portion of the operations of the Town of Huntington, New York it is not intended to and does not present the financial position or changes in net position of the Town of Huntington, New York.

B. Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following either the cost principles contained in the Uniform Guidance or the cost principles contained in OMB Circular A-87 "*Cost Principles for State, Local and Indian Tribal Governments*" based on the grant award date. Generally, for grants (including funding increments with modified terms and conditions) awarded after December 26, 2014, such expenditures are recognized following the cost principles contained in the Uniform Guidance and for grant expenditures related to grants awarded prior to December 26, 2014, such expenditures are recognized following the cost principles contained in OMB Circular A-87 "*Cost Principles for State, Local and Indian Tribal Governments*". The award date is based on the date the Federal award is signed by the authorized official of the Federal awarding agency.

Certain types of expenditures are not allowable or are limited as to reimbursement.

- (2) Pass-through entity identifying numbers are presented where available.
- (3) The Town of Huntington, New York has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.
- (4) Federal grants received by the Town are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such an audit, the grantor agencies could make claims for reimbursement, which would become a liability of the Town.

C. Loan Funds – Not Subject to Compliance

The Town's Community Development Agency (Agency) has a deferred loan and fixed rate program that is originally financed with federal financial assistance from the Community Development Block Grant (CFDA 14.218). Monies from this funding are used to purchase, construct and rehabilitate single family or multifamily residential properties in low-income areas in the Town of Huntington, New York.

Under the deferred rate loan program, no monthly payments are made. However, upon the death of the homeowner(s), or the sale or refinancing of the home, the loan is repaid by the homeowner or their estate. The money received from the repayment is credited to the rehabilitation budget and spent on the deferred rate loan program. The amounts outstanding under the deferred rate loan program as of December 31, 2019 is \$5,866,534. This amount is not reflected in the Schedule of Expenditures of Federal Awards.

Under the fixed rate loan program, the individual homeowner is required to make monthly payments at a low interest rate to the Agency. As of December 31, 2019, there is one outstanding loan with a balance of \$4,976. This amount is not reflected in the Schedule of Expenditures of Federal Awards.



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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

Honorable Supervisor and Town Board
Town of Huntington
Huntington, New York

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Huntington, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Huntington, New York's basic financial statements and have issued our report thereon dated August 20, 2020. Our report includes a reference to other auditors who audited the financial statements of the following discretely presented component units: South Huntington Water District and Greenlawn Water District, as described in our report on the Town of Huntington, New York's basic financial statements. The financial statements of South Huntington Water District and Greenlawn Water District were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Huntington, New York's internal control over financial reporting (internal control) to determine 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 Town of Huntington, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Huntington, New York'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 Town of Huntington, New York'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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

BEYOND THE NUMBERS... 

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Huntington, New York'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 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*.

The Town of Huntington, New York's Response to Findings

The Town of Huntington, New York's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Huntington, New York's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Town of Huntington, New York'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 Town of Huntington, New York's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ahnt, Vajir, Zeh & Lenny P.C.

Hauppauge, New York
August 20, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Supervisor and Town Board
Town of Huntington
Huntington, New York

Report on Compliance for Each Major Federal Program

We have audited the Town of Huntington, New York's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Huntington, New York's major federal programs for the year ended December 31, 2019. The Town of Huntington, New York's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Town of Huntington's financial statements include the operations of the South Huntington Water District and the Greenlawn Water District (included in the discretely presented component unit data), which are not included in this report since they have engaged other auditors to perform an audit of their financial statements for the year ended December 31, 2019. Therefore, our audit, described below, did not include the operations of the South Huntington Water District and the Greenlawn Water District.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Huntington, New York's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Huntington, New York's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of the Town of Huntington, New York's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Huntington, New York, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

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Report on Internal Control Over Compliance

Management of the Town of Huntington, New York is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Huntington, New York's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Huntington, New York's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider this to be a material weakness.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Huntington, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Huntington, New York's basic financial statements. We issued our report thereon dated August 20, 2020, 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. We did not audit the financial statements of the following discretely presented component units: South Huntington Water District and Greenlawn Water District, as described in our report on the Town of Huntington, New York's financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts included for such component units, is based solely on the reports of the other auditors. 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.

Purpose of this Report

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.

Ahert, Vajjo, Zab & Conny P.C.

Hauppauge, New York
August 20, 2020

TOWN OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the basic financial statements of the Town of Huntington, New York.
2. There were no significant deficiencies relating to the audit of the basic financial statements reported in the "INDEPENDENT AUDITORS' 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*." No material weaknesses are reported.
3. No instances of noncompliance material to the basic financial statements of the Town of Huntington, New York, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. There is one control deficiency disclosed during the audit of the compliance reported in the "INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE." The condition is reported as a material weakness.
5. The independent auditors' report on compliance for the major federal awards programs for the Town of Huntington, New York expresses an unmodified opinion on all major federal programs.
6. There was one audit finding that is required to be reported in accordance with 2 CFR Section 200.516(a) in this Schedule.
7. The programs tested as major programs included:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant/Entitlement Grant

8. The threshold used for distinguishing Types A and B programs was \$750,000.
9. The Town of Huntington, New York was not determined to be a low-risk auditee.

TOWN OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019

FINDINGS – FINANCIAL STATEMENTS AUDIT NONE

FINDINGS – SINGLE AUDIT

2019-001 CDBG #14.218 Reporting Requirements

Condition

During the audit, the Director was unable to provide C04PR03 – Activity Summary Report, C04PR26 – CDBG Financial Summary and HUD 60002, Section 3 Summary Report, Economic Opportunities for Low-and Very Low-Income Persons (OMB No. 2529-0043).

Criteria

The Community Development Block Grant (CDBG) has financial reporting requirements that require the information from the C04PR03- Activity Summary Report and C04PR26-CDBG Financial Summary be provided and submitted within 90 days after the grantee's program year. In addition to this CDBG has performance reporting requirements that require HUD 60002, Section 3 Summary Report, Economic Opportunities for Low-and Very Low-Income Persons (OMB No. 2529-0043) be submitted in a timely manner.

Cause

The Town of Huntington, New York had a key employee from Community Development Block Grant (CDBG) retire during the fiscal year and this employee was the only individual with Administrative rights.

Possible Asserted Effect

The Town is not in compliance with the compliance supplement issued from the Federal Government. According to the compliance supplement, the reports must be submitted 90 days after the end of the grantee's program year. The reports were never provided during the audit.

Recommendation

We recommend the Town file all required reports timely and maintain adequate documentation. In addition to this we recommend policies and procedures be established over program reporting requirements to ensure timely submission of all reports and records retention policies in accordance with program regulations.

Views of Responsible Officials

The Town agrees with this comment and will obtain Administrative access during the 2020 fiscal year. In addition, the Town will more closely monitor grant requirements specific to reporting requirements.

TOWN OF HUNTINGTON
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2019

SUMMARY OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS

2018-001 CAPITAL ASSETS - MATERIAL WEAKNESS

Condition

The Town of Huntington, New York does not have an adequate system in place to properly record fixed asset records for additions, including capital-lease type assets.

Criteria

Capital assets are the largest group of assets the Town maintains. A detailed record of all assets owned (above the capitalization threshold) should be maintained in the equivalent of a subsidiary ledger. In addition, a good system of internal control should be able to properly track additions, deletions, locations, and classifications of capital assets and calculate depreciation expense based on appropriate useful lives in order to properly report these assets in the financial statements and to safeguard these assets. This information is used to support the financial statement amounts as well as providing a data base of owned property for insurance purposes.

The NYS Comptroller's office recommends that all municipalities develop a capital asset policy. As noted in the *Local Government Management Guide: Fiscal Oversight Responsibilities*, issued by the NYS Comptroller's office, the capital asset policy should set forth management's objective to protect the local government's capital assets from loss, waste or misuse. The policy should designate the person(s) responsible for developing and maintaining capital asset records. It should set the minimum dollar amount for equipment/assets to be recorded in the capital assets records. The policy should set time frames for physical inventories and subsequent comparisons to recorded capital assets. Procedures and time frames should also be set for comparing capital asset records to insurance policies to ensure that municipal assets are neither over nor under insured.

Cause

The Town of Huntington, New York did not have sufficient procedures in place to record capital assets.

Effect

Capital assets in the financial statement could be misstated and the assets may not have the appropriate level of physical safeguards. Additionally, the Town may not have the necessary information to supply to its insurance broker and therefore insurance coverage may not be adequate for the Town owned property.

Recommendation

The Town should address the Town's capital asset policy and record all assets that meet the criteria for capitalization.

Views of Responsible Officials and Planned Corrective Actions

The Town agrees with this comment. Management will review all future lease agreements and categorize as either an operating or capital type lease in accordance with existing GASB guidance. Infrastructure assets, such as roads or improvements, will be closely monitored to ensure capitalization.

Status

This condition has been resolved.

SUMMARY OF PRIOR YEAR FINDINGS – SINGLE AUDIT

NONE

The Town of Huntington, New York respectively submits the following corrective action plan for the year ended December 31, 2019.

The findings from the schedule of findings and questioned costs for the year ended December 31, 2019, are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Responsible Individuals:

Peggy Karayianakis, Town Comptroller

Leah Jefferson, Director Huntington Community Development Agency

Findings – Single Audit:

2019-001 CDBG #14.218 Reporting Requirements

Findings:

During the audit, the Director was unable to provide C04PR03 – Activity Summary Report, C04PR26 – CDBG Financial Summary and HUD 60002, Section 3 Summary Report, Economic Opportunities for Low-and Very Low-Income Persons (OMB No. 2529-0043).

Cause:

The Town of Huntington had a key employee from the Community Development Block Grant (CDBG) retire during the fiscal year and this employee was the only individual with Administrative Rights.

Recommendation:

The Town must file all required reports timely and maintain adequate documentation. In addition to this, policies and procedures should be implemented over program reporting requirements to ensure timely submission of all reports and record retention policies in accordance with program regulations.

Response and Planned Corrective Action:

The CDA fully accepts the results of the audit and acknowledges that these reports were not produced. To rectify the situation, the Director and Executive Administrator now both have full administrative rights in the Integrated Disbursement and Information System (IDIS), and the Director has also applied for a new login and password for the WASS System to create the Section 3 Summary Report. The CDA has recognized the reason for the reporting not being able

to be completed, and has implemented a schedule as to submission deadlines, and the responsibilities will be shared between three staff members. As the 2019 Program Year draws to a close, we are diligently working on final paperwork, and preparing for our Annual and 5 year plan submission, for which an extension has been granted by Housing Urban Development (HUD) due to COVID. Going forward, there will always be two staff members involved with the report submission process and have administrative access.

Anticipated completion date:

We anticipate completing this prior to December 31, 2020.