

COUNTY OF WAYNE, NEW YORK

**Single Audit Reports
For the Year Ended December 31, 2019**

Bonadio & Co., LLP
Certified Public Accountants

COUNTY OF WAYNE, NEW YORK

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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

July 30, 2020

To the Chairman and Members of the Board of Supervisors of the
County of Wayne, 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 business-type activities, each major fund, and the aggregate remaining fund information of the County of Wayne, New York (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 30, 2020. We conducted our audit 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 Wayne County Land Bank and Wayne County Health Trust 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 Wayne County Land Bank and Wayne County Health Trust.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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, as described in the accompanying schedule of findings and questioned costs, we did identify a deficiency in internal control that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2019-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-001.

County of Wayne's Response to Findings

The County of Wayne's response to the finding identified in our audit is described in the accompanying schedule of findings and questions costs. The County of Wayne'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 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.

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

August 26, 2020 (Except for the Schedule of Expenditures of Federal Awards, as to which the date is July 30, 2020)

To the Chairman and Members of the Board of Supervisors of the
County of Wayne, New York

Report on Compliance for Each Major Federal Program

We have audited the County of Wayne, New York’s (the County) 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 County’s major federal programs for the year ended December 31, 2019. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’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 County’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 the major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, the County 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.

Report on Internal Control Over Compliance

Management of the County 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 County'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 County'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon July 30, 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. 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.

COUNTY OF WAYNE, NEW YORK

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture:				
Passed through the New York State Office of Temporary and Disability Assistance				
State Administrative Matching Grants for Food Stamp Program	10.561	N/A	\$ 872,463	\$ -
U.S. Department of Housing and Urban Development:				
Passed through New York State Housing Trust Fund Corporation, Office of Community Renewal				
Community Development Block Grants-State's Program	14.228	219CP-86-17	17,782	-
Community Development Block Grants-State's Program	14.228	1219IT209-17	363,486	-
Total U.S. Department of Housing and Urban Development			\$ 381,268	\$ -
U.S. Department of Justice:				
Bulletproof Vest Partnership Program	16.607	N/A	19,091	-
Passed through the New York State Office of Victim Services				
Criminal Victim Assistance	16.575	C-100322	46,472	-
Total U.S. Department of Justice			\$ 65,563	\$ -
U.S. Department of Labor:				
Passed Through Ontario County Workforce Investment				
WIOA Cluster				
WIOA Adult Program	17.258	N/A	59,301	-
WIOA Youth Activities	17.259	N/A	94,728	-
WIOA Dislocated Workers	17.278	N/A	63,267	-
Total U.S. Department of Labor			\$ 217,296	\$ -

U.S. Department of Transportation:

Passed Through the New York State Department of Transportation -

Highway Planning and Construction Cluster	20.205	D-035922	<u>1,972,308</u>	<u>-</u>
Highway Safety Cluster -				
Occupant Protection Incentive Grants - CPS	20.602	T-005673	2,555	-
Passed Through the New York State Division of Criminal Justice Services -				
Alcohol Impaired Driving Counter Measures Incentive Grants	20.601	T-523703	<u>12,479</u>	<u>-</u>
Total Highway Safety Cluster			<u>15,034</u>	<u>-</u>
Total U.S. Department of Transportation			<u>\$ 1,987,342</u>	<u>\$ -</u>

U.S. Department of Education:

Passed through the New York State Department of Health

Bureau of Early Intervention -

Early Intervention	84.181	C-31671GG	<u>42,533</u>	<u>-</u>
Total U.S. Department of Education			<u>\$ 42,533</u>	<u>\$ -</u>

U.S. Election Assistance Commission:

Passed through the New York State Board of Elections -

Help America Vote Act Requirements

Payments - Shoebox Grant	90.401	C-003252	<u>4,139</u>	<u>-</u>
Total U.S. Election Assistance Commission			<u>\$ 4,139</u>	<u>\$ -</u>

U.S. Department of Health and Human Services:
 Passed through the New York State Office for the
 Aging -

Special Programs for the Aging - Title Prevention and Health Promotion Services Aging Cluster	93.043	N/A	3,964	-
Special Programs for the Aging - Title III, Part B - Grant for	93.044	N/A	93,187	-
Supportive Services and Senior Centers	93.045	N/A	261,965	-
Nutrition Services Incentive Program	93.053	N/A	46,442	-
Total Aging Cluster			<u>401,594</u>	-
National Family Caregiver Support - Title III - Part E	93.052	N/A	73,189	-
Medicare Enrollment Assistance Program	93.071	N/A	14,984	-
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	N/A	40,035	-
Passed Through the New York State Office of Alcoholism and Substance Abuse Services - Block Grant for Prevention and Treatment of Substance Abuse	93.959	N/A	2,099,569	-
Passed Through the New York State Office of Temporary and Disability Assistance - Temporary Assistance for Needy Families	93.558	N/A	4,258,586	-
Child Support Enforcement	93.563	N/A	386,904	-
Low-Income Home Energy	93.568	N/A	2,876,334	-
Passed Through the New York State Office of Children and Family Services - Child Care Development Fund Cluster Child Care Development Block Grant	93.575	N/A	1,295,204	-
Total Child Care Development Fund Cluster			<u>1,295,204</u>	-
Foster Care - Title IV-E	93.658	N/A	548,862	-
Adoption Assistance	93.659	N/A	285,694	-
Social Services Block Grant	93.667	N/A	765,885	-
Independent Living	93.674	N/A	1,487	-
Passed Through the New York State Department of Health - Immunization Grants - IAP	93.268	C-028329	25,259	-
Maternal and Child Health Services Block Grant Lead	93.994	C-032692	28,265	-
Medicaid Cluster Medical Assistance Program	93.778	N/A	1,716,664	-
Total Medicaid Cluster			<u>\$ 1,716,664</u>	<u>\$ -</u>
Passed Through Health Research Inc. - Centers for Disease Control and Prevention- Investigations and Technical Assistance	93.069	1630-10	81,509	-
Total U.S. Department of Health and Human Services			<u>\$ 14,903,988</u>	<u>\$ -</u>

U.S Department of Homeland Security:
 Passed Through the New York State Division of
 Homeland Security and Emergency Services -

Emergency Management Performance Grant	97.042	T-974475	50,324	-
Homeland Security Grant Program	97.067	C-974460	62,755	-
Homeland Security Grant Program	97.067	C-974470	73,367	-
Homeland Security Grant Program	97.067	C-974480	79,907	-
Homeland Security Grant Program	97.067	T-151189	78,703	-
Homeland Security Grant Program	97.067	C-974472	38,977	-
Homeland Security Grant Program	97.067	T-151169	4,722	-
Homeland Security Grant Program	97.067	T-151179	2,712	-
Homeland Security Grant Program	97.067	C-974482	41,769	-
Homeland Security Grant Program	97.067	C-974462	4,414	-
Total U.S. Department of Homeland Security			<u>\$ 437,650</u>	<u>\$ -</u>

TOTAL FEDERAL AWARD EXPENDITURES

\$ 18,912,242 \$ -

Total by Program:

Homeland Security Grant Program	97.067		<u>\$ 387,326</u>	
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The accompanying notes are an integral part of this schedule.

COUNTY OF WAYNE, NEW YORK

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019**

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the County of Wayne (the County) 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 Part 200, Uniform Administrative Requirement’s, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County of Wayne, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

2. BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is presented in conformity with accounting principles generally accepted in the United States of America and the amounts presented are derived from the County’s general ledger. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the schedule of expenditures of federal awards up to such amounts.

3. PASS THROUGH PROGRAMS

Where the County receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the County’s financial management system. The County has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented.

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

COUNTY OF WAYNE, NEW YORK

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019**

5. MATCHING COSTS

Matching costs, i.e., the County's share of certain program costs, are not included in the schedule of expenditures of federal awards.

6. DEPARTMENT OF SOCIAL SERVICES – ADMINISTRATIVE COSTS

Differences between the amounts reflected in the Schedule of Expenditures of Federal Awards and the Department of Social Services' federal financial reports (RF-2 claims) are due to the allocation of administrative costs to the individual programs.

7. CHILDCARE DEVELOPMENT BLOCK GRANT

The Childcare Development Block Grant is funded by State and Federal monies. The percentage allocated to each varies on a monthly basis and is therefore, recorded on the books of the County as State expenditures. Because these State and Federal expenditures are commingled they are all assumed to be Federal for single audit purposes.

8. NON-MONETARY FEDERAL PROGRAM

The County is the recipient of federal award programs that do not result in cash receipts or disbursements. Such programs are termed "non-monetary programs." During the year ended December 31, 2019, the County participates in the low-income home energy assistance program (HEAP) in which the County identifies the vendors who are to receive reimbursement for services provided to HEAP recipients and New York State pays those vendors directly. The County authorized \$2,876,334 in benefits for the HEAP program (CFDA Number 93.568).

COUNTY OF WAYNE, NEW YORK

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements 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 deficiencies identified not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major program

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, section 200.516(a)? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse

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

Auditee qualified as low-risk auditee? Yes No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2019-001: Material Audit Adjustments

Condition/Criteria : The financial statements for the year ended December 31, 2018 required significant adjustments in order to be fairly presented in accordance with generally accepted accounting principles. The County should ensure that all transactions are properly recorded within the County's accounting system.

Cause : A lack of controls over the financial reporting process led to various significant journal entries which needed to be recorded.

Effect : The County's accounting records did not accurately reflect the financial position of the County for the year ended December 31, 2018; and therefore required significant journal entries to correct both fund level and government-wide statements.

Recommendation : We recommend that the County ensure that regular, timely reconciliations of financial information on an ongoing basis be performed to ensure that amounts reported within the County's accounting system are correct.

Management Response : Management concurs and will work with the auditor to develop a County process to mitigate the potential for future audit adjustments.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None.