

TOWN OF SMITHTOWN, NEW YORK

Single Audit For the Year
Ended December 31, 2021
Together with Independent
Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

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 29, 2022

To the Honorable Town Supervisor and Town Board of the
Town of Smithtown, 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, each major fund, and the aggregate remaining fund information of the Town of Smithtown, New York (the Town), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

September 5, 2022 (except for the Schedule of Expenditures of Federal Awards
which is July 29, 2022)

To the Honorable Town Supervisor and Town Board of the
Town of Smithtown, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Smithtown, New York's (the Town's) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Town's major federal program for the year ended December 31, 2021. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town 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, 2021.

Basis for Opinion on Each Major Federal Program

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). 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 Town 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 Town's compliance with the compliance requirements referred to above.

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 Town'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 Town'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 generally accepted auditing standards, *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 Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. 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.

Report on 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 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. *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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, each major fund, and the aggregate remaining fund information of the Town of Smithtown, New York, as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated July 29, 2022, which contained unmodified opinions on those 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.

Town of Smithtown, New York

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-through Number	Expenditures
U.S. Department of Health and Human Services			
<i>Aging Cluster</i>			
Passed Through Suffolk County NY Office of the Aging			
Special Programs for the Aging, Title III, Part C-2, Nutrition Services	93.045	SC21000008912	\$ 22,834
Nutrition Services Incentive Program	93.053	SC21000008912	25,464
<i>Total Aging Cluster</i>			48,298
 <i>CCDF Cluster</i>			
<i>Passed through New York State Essential Worker Childcare Scholarship</i>			
Child Care and Development Block Grant	93.575		370
<i>Total CCDF Cluster</i>			370
Provider Relief funds and American Rescue Plan Rural	93.498		500
Total U.S. Health and Human Services			49,168
 U.S. Department of Housing and Urban Development			
<i>CDBG Entitlement Grants - Cluster</i>			
Passed through Suffolk County NY Community Development Office			
Community Development Block Grants/Entitlement	14.218		130,107
<i>Total CDBG Entitlement Grants - Cluster</i>			130,107
Total U.S. Department of Housing and Urban			130,107

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-through Number	Expenditures
U.S. Department of Homeland Security			
Passed through New York State Department of Homeland Security and Emergency Services			
Hazard Mitigation Grants	97.039	4348-DR-NY	20,920
Homeland Security Grant Program	97.067		<u>75,660</u>
Total U.S. Department of Homeland Security			<u>96,580</u>
U.S. Department of the Interior			
Passed through the New York State Environmental Facilities Corporation			
Clean Vessel Act	15.616		<u>2,719</u>
Total U.S. Department of the Interior			<u>2,719</u>
U.S. Department of Treasury			
COVID-19 - Coronavirus State and Local Fiscal Recover	21.027		<u>1,156,606</u>
Total Coronavirus State and Local Fiscal Recovery Funds			<u>1,156,606</u>
Total U.S. Department of Treasury			<u>1,156,606</u>
U.S. Department of Agriculture			
Passed through New York State Urban and Community Forestry Council			
Urban and Community Forestry Program	10.675		<u>799</u>
Total U.S. Department of Agriculture			<u>799</u>
Total expenditures of federal awards			<u>\$ 1,435,979</u>

See accompanying independent auditor's report.

Town of Smithtown, New York

Notes to Schedule of Expenditures of Federal Awards

December 31, 2021

1. GENERAL

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Smithtown, New York, (the Town), under programs of the federal government for the year ended December 31, 2021. The information in the 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. Because the Schedule presents only a portion of the operations of the Town it is not intended to and does not present the financial position, changes in net position, or cash flows for the Town.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the Town 's general ledger.

3. PASS-THROUGH PROGRAMS

Where the Town receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Assistance Listing (AL) number advised by the pass-through grantor.

Identifying numbers, other than the AL numbers, which may be assigned by pass through grantors are not maintained in the Town 's financial management system. The Town has identified certain pass-through identifying numbers and included them in the Schedule, as available.

4. INDIRECT COSTS

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

The Town did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e., the Town's share of certain program costs, are not included in the reported expenditures.

Town of Smithtown, New York

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2021

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 No

Significant deficiencies identified?

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 ?

Yes None reported

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 No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

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

\$ 750,000

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings

None