

CITY OF LONG BEACH, NEW YORK

**Single Audit For the Year
Ended June 30, 2022
Together With Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

CITY OF LONG BEACH, 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

March 23, 2023

To the City Manager and City Council of the
City of Long Beach, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Long Beach, New York (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the City, we considered the City'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 City'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.

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

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 AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

March 23, 2023

To the City Manager and City Council of the
City of Long Beach, New York

Report on Compliance For Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 major federal programs for the year ended June 30, 2022.

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 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.

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 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 City'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 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.

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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Long Beach, New York, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 23, 2023, 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.

CITY OF LONG BEACH, NEW YORK

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Agency or Pass-through Number	Expenditures
<i>Department of Housing and Urban Development</i>			
<i>Passed Through Nassau County</i>			
Community Development Block Grants/Entitlement Grants	14.218	Nassau County, CQH13000046	\$ 507,279
Total CDBG - Entitlement Grants-Cluster			<u>507,279</u>
CDBG Disaster Recovery Grants - Pub. L. No. 113-2 Cluster			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	NYCR-0318	325,401
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	NYCR-0155	5,651
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	NYCR-0156	5,588,099
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	NYCR-0067	<u>199,732</u>
Total Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)			<u>6,118,883</u>
Total CDBG Disaster Recovery Grants - Pub. L. No. 113-2 Cluster			<u>6,118,883</u>
<i>Total Department of Housing and Urban Development</i>			<u>6,626,162</u>
<i>Department of Transportation</i>			
Highway Planning and Construction Cluster			
<i>Passed through NYS Department of Transportation</i>			
Highway Planning and Construction	20.205	D035091	<u>144,200</u>
Total Highway Planning and Construction Cluster			<u>144,200</u>
Federal Transit Cluster			
<i>Passed through NYS Department of Transportation</i>			
Federal Transit Formula Grants			
Federal Transit - Formula Grants	20.507	NY90X934	365,312
Federal Transit - Formula Grants	20.507	NY90CX815	80,929
Federal Transit - Formula Grants	20.507	NY440010	<u>12,404</u>
Total Federal Transit - Formula Grants			<u>458,645</u>
Total Federal Transit Cluster			<u>458,645</u>
Highway Safety Cluster-Cluster			
<i>Department of Transportation</i>			
State and Community Highway Safety			
State and Community Highway Safety	20.600		<u>14,739</u>
<i>Total State and Community Highway Safety</i>			<u>14,739</u>
Total Highway Safety Cluster-Cluster			<u>14,739</u>
<i>Total Department of Transportation</i>			<u>617,584</u>
<i>Department of the Treasury</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>1,715,585</u>
<i>Total Department of the Treasury</i>			<u>1,715,585</u>
Total expenditures of federal awards			<u>\$ 8,959,331</u>

The accompanying notes are an integral part of this schedule.

CITY OF LONG BEACH, NEW YORK

Notes to Schedule of Expenditures of Federal Awards June 30, 2022

1. GENERAL

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Long Beach, New York, (the City), under programs of the federal government for the year ended June 30, 2022. 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 City it is not intended to and does not present the financial position, changes in net position, or cash flows for the City.

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 City's general ledger.

3. PASS-THROUGH PROGRAMS

Where the City 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 City's financial management system. The City 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 City 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 City's share of certain program costs, are not included in the reported expenditures.

City of Long Beach, New York

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

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	Name of Federal Program or Cluster
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)
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

Finding 2022-001: Year End Close Process

Criteria: The year-end closing procedures should result in complete and accurate records that support the basic financial statements and footnotes in accordance with generally accepted accounting principles, along with supporting schedules on a timely basis.

Condition : In recent years the City has experienced difficulties in staffing key positions. As a result, the timeliness and readiness of the financial information has been impacted. In considering our internal control assessments and discussions with management, we determined that the City had an adequate understanding of what should have been recorded or compiled within the financial information, however, without adequate manpower to reconcile, record and review all information, it led to incomplete financial information being given to the auditors. The City recorded numerous entries during the audit process to bring the accounts to correct balances. As a result the completion of the audit was delayed.

Cause: The City had staffing difficulties in key positions within the Comptroller's Office.

Effect: During the audit process we received multiple journal entries to correct trial balances that were received at the beginning of the audit, resulting in longer than expected audit timeline and difficulties in performing audit procedures. Additionally, the reconciliation and resulting adjustments several months after year end present added risk that errors may occur and not be recognized.

Recommendation: We recommend the City hire additional staff, or supplementary staff with temporary staffing solutions, to ensure that reconciliations and adjustments can be performed on a timely basis.

Management's Response:

The City agrees with the auditors finding. After numerous failed searches for a full-time employee in the Deputy Comptroller position, the City will be hiring a consulting firm that will be serving in this professional capacity to fill in the need for sufficient staffing level at the City Comptroller's office. There are two distinct phases of this project. Initially, in collaboration with the consultant we will remedy any delayed postings and reconciliations. The consultant will assist the City Comptroller's department with bringing all the necessary accounting journal entries and reconciliations up to date to ensure that the City is audit ready, and financial reports will be filed on time with Federal Audit Clearinghouse. The second phase of the project involves monthly support of the Comptroller's office operations, to ensure that the City stays current with all general ledger information. The City will be reevaluating this approach and the progress made on a quarterly basis.

Section III - Federal Award Findings

None