



FEDERAL SINGLE AUDIT REPORT
May 31, 2019

INCORPORATED VILLAGE OF OCEAN BEACH
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INCORPORATED VILLAGE OF OCEAN BEACH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended May 31, 2019

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Identifying Number</u>	<u>Federal Expenditures</u>
<u>United States Department of Homeland Security</u>			
Pass-through program from:			
New York State Division of Homeland Security and Emergency Services			
Disaster Grants – Public Assistance (Presidentially Declared Disasters)			
	97.036	PA-02-NY-4085	\$ 5,705,738
<u>United States Environmental Protection Agency</u>			
Passed through New York State Environmental Facilities Corporation			
Capitalization Grants for Clean Water Revolving Funds			
	66.458	N/A	<u>462,158</u>
Total Federal Awards Expended			<u>\$ 6,167,896</u>

INCORPORATED VILLAGE OF OCEAN BEACH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended May 31, 2019

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Incorporated Village of Ocean Beach (Village) under programs of the federal government for the year ended May 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 Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Incorporated Village of Ocean Beach, it is not intended to and does not present the financial position and changes in fund balance of the Incorporated Village of Ocean Beach.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

Matching costs (the Village's share of certain program costs) are not included in the reported expenditures.

Pass-through numbers are presented where available.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the Village's financial reporting system.

3. INDIRECT COST RATE

The Incorporated Village of Ocean Beach has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS

No amounts were provided to subrecipients.

5. OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the Village's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

INCORPORATED VILLAGE OF OCEAN BEACH
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended May 31, 2019

There were no prior year audit findings or questioned costs relative to federal awards.

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

To the Board of Trustees
Incorporated Village of Ocean Beach
Ocean Beach, New York

Report on Compliance for Each Major Federal Program

We have audited the Incorporated Village of Ocean Beach, New York's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Compliance Supplement*) that could have direct and material effect on each of the Incorporated Village of Ocean Beach's major federal programs for the year ended May 31, 2019. The Incorporated Village of Ocean Beach'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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Incorporated Village of Ocean Beach'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 Incorporated Village of Ocean Beach'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 federal program. However, our audit does not provide a legal determination of the Incorporated Village of Ocean Beach's compliance.

Opinion on Each Major Federal Program

In our opinion, the Incorporated Village of Ocean Beach 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 May 31, 2019.

Report on Internal Control Over Compliance

Management of the Incorporated Village of Ocean Beach 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 Incorporated Village of Ocean Beach'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 Incorporated Village of Ocean Beach'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 funds, fiduciary fund and account groups of the Incorporated Village of Ocean Beach as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements. We issued our report thereon dated October 24, 2019, which contained an adverse opinion on whether the financial statements were prepared in accordance with GAAP due to the omission of GASB Statement No. 75 information concerning other postemployment benefits as required by generally accepted accounting principles. 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 financial statements as a whole.

Cullen & Danowski, LLP

October 24, 2019

INCORPORATED VILLAGE OF OCEAN BEACH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended May 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

- A. The auditor's report expresses an adverse opinion on whether the financial statements of the Incorporated Village of Ocean Beach were prepared in accordance with GAAP and an unmodified opinion in accordance with the financial reporting provisions of the New York State Office of the State Comptroller. The financial statements of the Village have been prepared using only the modified accrual basis of accounting. This method differs from GAAP, which requires the preparation of additional financial statements using the accrual basis of accounting. GAAP requires the financial statements to be prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. GASB 34 financial statements require the presentation of government-wide financial statements and management's discussion and analysis. The accounting practices used to prepare these financial statements do not require compliance with GASB 34.
- B. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
- C. No instances of noncompliance material to the financial statements of the Incorporated Village of Ocean Beach, were disclosed during the audit.
- D. No significant deficiencies in internal control over major programs are reported for the Incorporated Village of Ocean Beach.
- E. The auditor's report on compliance for the major programs expresses an unmodified opinion on all major programs.
- F. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in Part 3 of this Schedule.
- G. The programs tested as major programs were:
 - U.S. Department of Homeland Security
Disaster Grant - Public Assistance
 - CFDA No. 97.036
- H. The dollar threshold used to distinguish between Type A and B programs was \$750,000.
- I. The Incorporated Village of Ocean Beach did not qualify as a low-risk auditee.

2. FINANCIAL STATEMENTS FINDINGS

There are no findings to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs to be reported.

INCORPORATED VILLAGE OF OCEAN BEACH

CORRECTIVE ACTION PLAN

For the Year Ended May 31, 2019

A corrective action plan for the year ended May 31, 2019, is not required.

