

**COUNTY OF SULLIVAN,
NEW YORK**

*New York State Department of Transportation
Financial Assistance Schedules for the
Year Ended December 31, 2021 and
Independent Auditors' Report*

COUNTY OF SULLIVAN, NEW YORK
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Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
NEW YORK STATE DEPARTMENT OF TRANSPORTATION ASSISTANCE
PROGRAMS AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH DRAFT PART 43 OF NYCRR**

To the Honorable County Legislature of the
County of Sullivan, New York:

Report on Compliance for New York State Department of Transportation Assistance Programs

Opinion on New York State Department of Transportation Assistance Programs

We have audited the County of Sullivan, New York's (the "County") compliance with the types of compliance requirements identified as subject to audit in Draft Part 43 of the New York State Codification of Rules and Regulations ("NYCRR") that are applicable to each state transportation assistance program tested for the year ended December 31, 2021. The program tested is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its state transportation assistance programs tested for the year ended December 31, 2021.

Basis for Opinion on New York State Department of Transportation Assistance Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and Draft Part 43 of NYCRR. Our responsibilities under those standards and the audit requirements of Draft Part 43 of NYCRR are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County 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 state transportation assistance program tested. Our audit does not provide a legal determination of the County'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 County's state transportation assistance programs.

Auditors' 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 County'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 GAAS, *Government Auditing Standards*, and Draft Part 43 of NYCRR 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 County's compliance with the requirements of its state transportation assistance programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Draft Part 43 of NYCRR, 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 County'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 County'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 Draft Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of the County'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 state transportation assistance 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 state transportation assistance 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 state transportation assistance 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 Auditors' 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 weakness 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.

Report on Schedule of New York State Transportation Assistance Expended

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon, dated June 30, 2022, which contained unmodified opinions on those financial statements and referred to other auditors. 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 New York State Department of Transportation Assistance Expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR, 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. Such 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 to the underlying accounting and other records used to prepare the 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 New York State Department of Transportation Assistance Expended is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 Draft Part 43 of NYCRR. This report is for the information and use of the County Legislature, County management, the New York State Department of Transportation and the Office of the State Comptroller of the State of New York. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

June 30, 2022

COUNTY OF SULLIVAN, NEW YORK
Schedule of New York State Department of Transportation Assistance Expended
Year Ended December 31, 2021

<u>Program Title/ Description</u>	<u>NYS Contract/Reference Number</u>	<u>NYS Expenditures</u>
Consolidated Local Street and Highway Improvement Program ("CHIPS")	D960000	\$ 5,012,523
Marchiselli Aid	D036075, D022078, D025925	555,268
Airport Improvement Program	N/A	83,409
New York State Snow and Ice Contract	D005380	<u>64,809</u>
Total New York State Department of Transportation Assistance Expended		<u>\$ 5,716,009</u>

See notes to Schedule of New York State Department of Transportation Assistance Expended.

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COUNTY OF SULLIVAN, NEW YORK
Notes to Schedule of New York State Department of Transportation Assistance Expended
Year Ended December 31, 2021

1. BASIS OF PRESENTATION

The accompanying Schedule of New York State Department of Transportation (the “NYSDOT”) Assistance Expended (the “Schedule”) includes the financial assistance provided by or passed through NYSDOT for the year ended December 31, 2021. Because the Schedule presents only a selected portion of the operations of the County of Sullivan, New York (the “County”), it is not intended to and does not present the financial position, changes in financial position or cash flows of the County.

The accompanying Schedule is presented on the modified accrual basis of accounting.

2. MATCHING COSTS

Amounts identified as Marchiselli Aid and Airport Improvement Program represent matching costs for federally aided projects.

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COUNTY OF SULLIVAN, NEW YORK
Schedule of Findings and Questioned Costs of
New York State Department of Transportation Assistance Expended
Year Ended December 31, 2021

Section I. SUMMARY OF AUDITORS' RESULTS

New York State Department of Transportation Assistance Expended:

Internal control over programs tested:

- | | | | | | |
|--|-------|-----|-------|---|---------------|
| 1. Material weakness(es) identified? | _____ | Yes | _____ | ✓ | No |
| 2. Significant deficiency(ies) identified? | _____ | Yes | _____ | ✓ | None reported |

Type of auditors' report issued on compliance for programs tested:	Unmodified
--	------------

- | | | | | | |
|---|-------|-----|-------|---|----|
| 3. Any audit findings disclosed that are required to be reported in accordance with Draft Part 43 of NYCRR? | _____ | Yes | _____ | ✓ | No |
|---|-------|-----|-------|---|----|

4. Identification of State Transportation Assistance Program tested:

Name of Program

Consolidated Local Street and Highway Improvement Program ("CHIPS")

Section II. COMPLIANCE FINDINGS AND QUESTIONED COSTS

No findings noted.

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