

NEW CASTLE COUNTY, DELAWARE
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2021



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**INDEPENDENT AUDITORS' 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**

Members of County Council
New Castle County, Delaware
New Castle, Delaware

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 New Castle County, Delaware (the County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 15, 2022.

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 (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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's 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 may exist that have not been identified.

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 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 result of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
June 15, 2022

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

Members of County Council
New Castle County, Delaware
New Castle, Delaware

Report on Compliance for Each Major Federal Program

We have audited New Castle County, Delaware'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 June 30, 2021. The County's major federal programs are identified in the summary of auditors' 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.

Auditors' 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 each 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 June 30, 2021.

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, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 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 15, 2022, 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.

CliftonLarsonAllen LLP

Baltimore, Maryland
September 15, 2022

**NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Agency: Pass-Through Entity: Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through To Subrecipients
<u>U.S. Department of Housing & Urban Development:</u>				
Office of Community Planning and Development				
Emergency Solutions Grant Program	14.231		\$ 521,847	\$ 481,017
HOME Investment Partnerships Program	14.239		571,099	386,559
Pass-Through Program From:				
<i>Delaware State Housing Authority (1)</i>				
Neighborhood Stabilization Program ARRA	14.256	NSP 02-09	209,779	-
CDBG - Entitlement Grants Cluster				
Community Development Block Grant/Entitlement Grants	14.218		3,669,611	1,403,347
Pass-Through Program From:				
<i>Delaware State Housing Authority (1)</i>				
Community Development Block Grants/Entitlement Grants	14.218	NSP 05-08	94,080	-
Total CDBG - Entitlement Grants Cluster			<u>3,763,691</u>	<u>1,403,347</u>
CDBG - State-Administered CDBG Cluster				
Pass-Through Program From:				
<i>Delaware State Housing Authority (1)</i>				
Community Development Block Grants/State	14.228	NSP 02-11	22,753	-
Total CDBG - State-Administered CDBG Cluster			<u>22,753</u>	<u>-</u>
Office of Public and Indian Housing				
Housing Choice Voucher Cluster				
Section 8 Housing Choice Vouchers (3)	14.871		17,749,814	573,303
Total Housing Choice Voucher Cluster			<u>17,749,814</u>	<u>573,303</u>
Office of Lead Hazard Control and Healthy Homes				
Lead-Based Paint Hazard Control in Privately-owned Housing	14.900		247,004	-
			<u>247,004</u>	<u>-</u>
Total U.S. Department of Housing & Urban Development			<u>23,085,987</u>	<u>2,844,226</u>
<u>U.S. Department of Justice:</u>				
Office for Victims of Crime				
<i>Department of Safety and Homeland Security (1)</i>				
Crime Victim Assistance	16.575	SUBGRANT 2178 & 2044	157,087	-
Office of Justice Programs				
Bureau of Justice Assistance				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		53,896	-
Comprehensive Opioid Abuse Site-Based Program	16.838		258,825	-
ABH Mental Health	16.745		107,725	-
COVID-19 - Coronavirus Emergency Supplement Funding Program	16.034		85,826	-
Pass-Through Programs From:				
<i>Criminal Justice Council (1)</i>				
Comprehensive Opioid Abuse Site-Based Program	16.838	2017-AR-BXK015	47,291	-
Criminal Division				
Equitable Sharing Program	16.922		22,599	-
Total U.S. Department of Justice			<u>733,249</u>	<u>-</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of the schedule.

NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2021

Federal Agency: Pass-Through Entity: Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through To Subrecipients
<u>U.S. Department of Transportation:</u>				
National Highway Traffic Safety Administration				
Pass-Through Programs From:				
<i>Department of Transportation (1)</i>				
Alcohol Open Container Requirements	20.607	Various	\$ 5,149	\$ -
National Highway Traffic Safety Administration				
<i>Highway Safety Cluster</i>				
Pass-Through Programs From:				
<i>Department of Transportation (1)</i>				
State and Community Highway Safety	20.600	Various	19,170	-
National Priority Safety Programs	20.616	Various	12,010	-
Total Highway Safety Cluster			31,180	-
Total U.S. Department of Transportation			36,329	-
<u>U.S. Department of Treasury:</u>				
Coronavirus Relief Fund				
COVID-19 - Coronavirus Relief Fund	21.019		268,120,282	181,171,605
Total U.S. Department of Treasury			268,120,282	181,171,605
<u>Institute of Museum and Library Services</u>				
Institute of Museum and Library Services,				
Pass-Through Programs From:				
<i>Department of State (1)</i>				
COVID-19 - IMLS CARES Act Grants for Museums and Libraries	45.312	CAG-ML-FY20	26,621	-
Total Institute of Museum and Library Services			26,621	-
<u>Environmental Protection Agency:</u>				
Office of Wastewater Management				
Pass-Through Program From:				
<i>Department of Natural Resources and Environmental Control (1)</i>				
ARRA-CW State Revolving Fund	66.458	CW-2017-010	5,474,582	-
Total Clean Water State Revolving Fund Cluster			5,474,582	-
Total Environmental Protection Agency			5,474,582	-
<u>Department of Homeland Security:</u>				
Pass-Through Programs From:				
<i>Department of Safety and Homeland Security (1)</i>				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	4526-DR-DE	70,998	-
Emergency Management Performance Grants	97.042	EMPG-(16,17,18,19,20)-002	385,572	10,979
Homeland Security Grant Program (2)	97.067	MOU	42,198	-
Total Department of Homeland Security			498,768	10,979
TOTAL FEDERAL AWARDS			\$ 297,975,818	\$ 184,026,810

(1) Pass-Through the State of Delaware.

(2) Donated Federal Equipment \$28,320

(3) Housing Choice Vouchers Subgrantee - Ports-In

The accompanying notes to the schedule of expenditures of federal awards are an integral part of the schedule.

NEW CASTLE COUNTY, DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes Federal grant activity of New Castle County, Delaware and is presented on the modified accrual basis of accounting. Matching funds are excluded from the schedule and the Program Income generated from Federal Grants is classified as Federal Expenditures when spent. The information on this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Account 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 for all awards with the exception of Assistance Listing Number 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 LOANS OUTSTANDING

New Castle County, Delaware administers low-income housing loan programs under the Community Development Block Grant, Home Investment Partnership Program, and Neighborhood Stabilization Program. The County had the following loan balances outstanding at June 30, 2021:

Program Title	Assistance Listing Number	Amount Outstanding
Community Development Block Grants/Entitlement Grants	14.218	\$ 10,225,268
HOME Investment Partnerships Program	14.239	5,370,541
NSP Grants G40400099,G40400100 and G4040010	14.218,14.256,14.228	827,010
		<u>\$ 16,422,819</u>

NOTE 3 INDIRECT COSTS

The County did not elect to use the 10% De Minimis cost rate for indirect costs.

NOTE 4 UNEXPENDED BALANCE OF LOANS AVAILABLE FROM CW STATE REVOLVING FUND:

Program Title	Assistance Listing Number	Amount Outstanding
ARRA Clean Water State Revolving Fund	66.458	\$ 6,077,540

**NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Independent Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to basic financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)

21.019

Name of Federal Program or Cluster

Coronavirus Relief Fund

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

\$3,000,000

Auditee qualify as low-risk auditee?

Yes

**NEW CASTLE COUNTY, DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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OFFICE OF FINANCE

**NEW CASTLE COUNTY, DELAWARE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

New Castle County, Delaware respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2021.

Audit period: July 1, 2019 – June 30, 2020

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2020 – 001

Federal agency: U.S. Department of Housing and Urban Development

Federal program title: Section 8 Housing Choice Vouchers

ALN Number: 14.871

Compliance Requirement: Special Tests – Utility Allowance

Type of Finding: Significant Deficiency in Internal Control over Compliance, and Other Matter

Condition: An error was noted when the utility allowance schedule information was transferred from the County's old information technology system to their new system in 2018. The error was detected by the County, and they have been manually correcting the calculation error. For seven of the eleven utility reimbursements we noted the amounts paid were not supported by the approved utility allowance schedule.

Status: Fully Corrected – The error for utilities was a computer glitch due to a corrupted update. However, we have been following the corrective action plan reviewing the utilities for accuracy. After 2021, all files were updated and correct. Then when FY2022 took effect, the new utility charts were used and the conversion was accurate, but we are still checking on the number.



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OFFICE OF FINANCE

NEW CASTLE COUNTY, DELAWARE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

2020 – 002

Federal agency: U.S. Department of Housing and Urban Development
Federal program title: Section 8 Housing Choice Vouchers
ALN Number: 14.871
Compliance Requirement: Special Tests – HQS Enforcement
Type of Finding: Significant Deficiency in Internal Control over Compliance, and Other Matter

Condition: For six of the eleven instances where deficiencies had been noted, the PHA did not obtain supporting documentation from the owner that the deficiencies were corrected within the required timeframes. The County conducted re-inspections for the six instances, however the reinspection's occurred on average six days after the 30-day requirement.

Status: Fully Corrected – Any time we have a problem that carries us past the 30-day timeline, we take a note from the landlord confirming repairs were done and that suffices until we can physically confirm that repairs were made. If they were not made, an abatement is levied.

2020 – 003

Federal agency: U.S. Department of Treasury
Federal program title: Coronavirus Relief Fund (CRF)
ALN Number: 21.019
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency in Internal Control over Compliance, and Other Matter

Condition: The County did not initiate a subaward with their only subrecipient under this award until after the funds had been transferred to the subrecipient and they had begun spending the money. Additionally, the County did not obtain the Data Universal Numbering System Number (DUNS) number and support could not be provided to determine that an evaluation had been conducted prior to passing through the funds for the subrecipient.

Status: Fully Corrected – The sub grantee award is no longer being expensed from CRF Funds. The sub grantee award has been reversed, by a correcting entry, from the CRF funds and expensed through an alternative funding source.