

COUNTY OF STEUBEN, NEW YORK

**Single Audit Reports
for the Year Ended
December 31, 2012**

Bonadio & Co., LLP
Certified Public Accountants

COUNTY OF STEUBEN, NEW YORK

**SINGLE AUDIT REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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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

July 1, 2013

To the Board of Legislators of the
County of Steuben, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Steuben, New York (the County), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 1, 2013. Our report includes a reference to an other auditor who audited the financial statements of the Steuben County Industrial Development Agency, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

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) to determine the 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.

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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*

(Continued)

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 determination of financial statement amounts. 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 FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

July 1, 2013

To the Board of Legislators of the
County of Steuben, New York:

Report on Compliance for Each Major Federal Program

We have audited the County of Steuben, New York's (the County's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2012. The County'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 December 31, 2012.

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INDEPENDENT AUDITOR'S 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 OMB CIRCULAR A-133

(Continued)

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

(Continued)

INDEPENDENT AUDITOR'S 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 OMB CIRCULAR A-133

(Continued)

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the County as of and for the year ended December 31, 2012, and have issued our report thereon dated July 1, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 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 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.

COUNTY OF STEUBEN, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Passed through NYS Department of Social Services - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ <u>1,460,437</u>
Total U.S. Department of Agriculture			<u>1,460,437</u>
U.S. Department of Housing and Urban Development:			
Passed through the Governor's Office for Small Cities - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	111HR4-09	176,625
Shelter Plus Care	14.238	N/A	372,866
Passed through NYS Department of Social Services - Emergency Solutions Grant Program	14.231	N/A	89,800
ARRA-Homelessness Prevention and Rapid Re-Housing Program	14.257	C020905	<u>10,246</u>
Total U.S. Department of Housing and Urban Development			<u>649,537</u>
U.S. Department of Justice:			
Passed through NYS Division of Criminal Justice Services - BulletProof Vest Partnership	16.588	N/A	12,724
ARRA-Recovery Act-Edward Byrne Memorial	16.803	N/A	<u>29,444</u>
Total U.S. Department of Justice			<u>42,168</u>
U.S. Department of Transportation:			
Passed through the NYS Department of Transportation - Highway Planning and Construction	20.205	D032494	111,360
Formula Grants for Other Than Urbanized Areas	20.509	6799.56.404	171,544
Passed through the NYS Department of Motor Vehicles - State and Community Highway Safety	20.600	C001946	<u>13,507</u>
Total U.S. Department of Transportation			<u>296,411</u>
U.S. Department of Energy:			
State Energy Program	81.041	N/A	<u>90,379</u>
Total U.S. Department of Energy			<u>90,379</u>
U.S. Department of Education:			
Passed through the NYS Department of Education - Early Intervention Services (IDEA) Cluster:	84.181	N/A	<u>74,191</u>
Total U.S. Department of Education			<u>74,191</u>

(Continued)

COUNTY OF STEUBEN, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Continued)

Federal Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
ARRA-Immunization	93.712	T025305	<u>3,901</u>
Passed through NYS Office of the Aging -			
Special Programs for the Aging - Title IIID -			
Disease Prevention and Health Promotion Services	93.043	N/A	1,104
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	13,741
National Family Caregiver Support - Title III-E	93.052	N/A	134,626
Special Programs for the Aging - Title VII - Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	N/A	<u>2,796</u>
			<u>152,267</u>
Special Programs of the Aging Cluster -			
Special Programs for the Aging - Title IIIB - Grants for Supportive Services and Senior Centers			
	93.044	N/A	206,852
Special Programs for the Aging - Title IIIC- Nutrition Services	93.045	N/A	163,141
Nutrition Services Incentive Program	93.053	N/A	<u>131,466</u>
			<u>501,459</u>
Total NYS Office of the Aging			<u>653,726</u>
Passed through NYS Department of Health -			
Immunization Grants	93.268	C023272	<u>55,513</u>
			<u>55,513</u>
Bio-Terrorism Grant	93.283	N/A	2,332
Maternal and Child Health Services Block Grant to the States	93.994	N/A	46,338
Public Health Emergency Preparedness	93.069	1614-07	<u>72,644</u>
			<u>121,314</u>
Total NYS Department of Health			<u>176,827</u>
Passed through NYS Department of Social Services -			
Temporary Assistance for Needy Families	93.558	N/A	<u>6,531,054</u>
Child Support Enforcement	93.563	N/A	947,966
ARRA-Child Support Enforcement	93.563	N/A	<u>128,459</u>
Subtotal-Child Support Enforcement			<u>1,076,425</u>
Foster Care - Title IV-E	93.658	N/A	1,456,730
ARRA-Foster Care - Title IV-E	93.658	N/A	<u>22,179</u>
Subtotal-Foster Care - Title IV-E			<u>1,478,909</u>
Adoption Assistance	93.659	N/A	<u>453,512</u>
ARRA-Adoption Assistance	93.659	N/A	<u>9,036</u>
Subtotal-Adoption Assistance			<u>462,548</u>
Medical Assistance Program	93.778	N/A	1,717,276
Child Care and Development Block Grant	93.575	N/A	2,637,389
Low-Income Home Energy Assistance	93.568	N/A	5,481,936
Child Welfare Services - State Grants	93.645	N/A	159,348
Social Services Block Grant	93.667	N/A	1,075,195
Chafee Foster Care Independence Program	93.674	N/A	<u>42,802</u>
Total NYS Department of Social Services			<u>20,662,882</u>
Passed through NYS Department of Alcohol and			
Substance Abuse Services -			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	<u>436,814</u>
Total NYS Department of Alcohol and Substance Abuse Services			<u>436,814</u>
Total U.S. Department of Health and Human Services			<u>21,934,150</u>

(Continued)

COUNTY OF STEUBEN, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(Continued)

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Corporation for National and Community Services -			
Retired and Senior Volunteer Program	94.002	10SRANY013	<u>16,317</u>
Total Corporation for National and Community Services			<u>16,317</u>
U.S. Department of Homeland Security:			
Passed Through NYS Division of Criminal Justice Services -			
Homeland Security Grant Program	97.067	N/A	148,903
Homeland Security Grant Program	97.067	C836170	65,667
Homeland Security Grant Program	97.067	C836192	61,396
Homeland Security Grant Program	97.067	C836122	<u>27,210</u>
<i>Subtotal - Homeland Security Grant Program</i>			<u>303,176</u>
Passed Through NYS Division of Homeland Security and Emergency Services -			
Citizens-Community Resilience Innovation Challenge	97.053	N/A	<u>2,516</u>
Total U. S. Department of Homeland Security			<u>305,692</u>
Total Expenditures of Federal Awards			<u>\$ 24,869,282</u>

Note: Bold items denote major programs.

COUNTY OF STEUBEN, NEW YORK

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2012

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by the County of Steuben, New York (the County), an entity as defined in the basic financial statements, except that it does not include the federal financial assistance programs, if any, of the Steuben County Health Care Facility, Steuben County Industrial Development Agency, Steuben Tobacco Asset Securitization Corporation, and the Steuben County Soil and Water Conservation District.

2. BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the County's general ledger. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the schedule of expenditures of federal awards up to such amounts.

3. PASS-THROUGH PROGRAMS

Where the County receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the County's financial management system. The County has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

4. NONMONETARY FEDERAL PROGRAMS

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements to the County, termed "nonmonetary programs."

New York State pays benefits directly to vendors, primarily utility companies, on behalf of eligible persons participating in the Low-Income Home Energy Assistance Program (CFDA Number 93.568). Included in the amount presented on the schedule of expenditures of federal awards is \$5,256,342 in direct payments to vendors.

5. INDIRECT COSTS

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

6. MATCHING COSTS

Matching costs, i.e., the County's share of certain program costs, are not included in the schedule of expenditures of federal awards.

7. SUBRECIPIENTS

The following programs provided federal awards to subrecipients during the year ended December 31, 2012:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Small Cities Program	14.228	\$ 171,224
Shelter Plus Care	14.238	372,866
Formula Grants for Other Than Urbanized Areas	20.509	167,300
Special Programs for the Aging - Title IIIB - Grants for Supportive Services and Senior Centers	93.044	149,365
Special Programs for the Aging - Title IIIC - Nutrition Services	93.045	163,141
Caregiver Family Support Grant III-E	93.052	21,336
Nutrition Services Incentive Program	93.053	121,787
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>384,825</u>
		<u>\$ 1,551,844</u>

COUNTY OF STEUBEN, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2012

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the County of Steuben, New York (the County).
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
3. No instances of noncompliance material to the basic financial statements of the County were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's 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 OMB Circular A-133.
5. The auditor's report on compliance for the County's major federal award programs expresses an unqualified opinion.
6. There were no audit findings relative to major federal award programs for the County.
7. The programs tested as major programs were:
 - CFDA No. 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
 - CFDA No. 93.558 Temporary Assistance for Needy Families
 - CFDA No. 93.659 Adoption Assistance
 - CFDA No. 93.659 ARRA - Adoption Assistance
8. The threshold for distinguishing Types A and B programs was \$746,078.
9. The County was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.