

COUNTY OF STEUBEN, NEW YORK

**Single Audit Reports
for the Year Ended
December 31, 2017**

COUNTY OF STEUBEN, 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

July 10, 2018

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, 2017, 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 10, 2018. Our report includes a reference to another 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 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.

(Continued)

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 AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

August 29, 2018 (except for the Schedule of Federal Awards, as to which the date is July 10, 2018)

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 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, 2017. 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 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 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 Requirement, 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 December 31, 2017.

(Continued)

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 THE UNIFORM GUIDANCE

(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 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.

(Continued)

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 THE UNIFORM GUIDANCE
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 10, 2018, 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 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 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.

COUNTY OF STEUBEN, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</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	\$ 1,679,013	\$ -
Total U.S. Department of Agriculture			<u>1,679,013</u>	<u>-</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	1115WS339-16	84,605	84,605
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1115PR170-16	<u>4,563</u>	<u>4,563</u>
Subtotal Community Development Block Grants			<u>89,168</u>	<u>89,168</u>
Passed through NYS Department of Social Services - Emergency Solutions Grant Program	14.231	N/A	<u>181,991</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>271,159</u>	<u>89,168</u>
U.S. Department of Justice:				
Passed through NYS Division of Criminal Justice Services - Violence Against Women Formula Grants	16.588	N/A	3,400	-
Bulletproof Vest Partnership Program	16.607	N/A	<u>7,355</u>	<u>-</u>
Total U.S. Department of Justice			<u>10,755</u>	<u>-</u>
U.S. Department of Transportation:				
Passed through the NYS Department of Transportation - Highway Planning and Construction	20.205	N/A	212,970	-
Formula Grants for Rural Areas	20.509	N/A	<u>718,730</u>	<u>189,100</u>
Total NYS Department of Transportation			931,700	189,100
Passed through the NYS Department of Motor Vehicles - State and Community Highway Safety	20.600	N/A	<u>7,452</u>	<u>-</u>
Total U.S. Department of Transportation			<u>939,152</u>	<u>189,100</u>
U.S. Department of Education:				
Passed through the NYS Department of Education - Special Education - Grants for Infants and Families	84.181	N/A	<u>23,128</u>	<u>-</u>
Total U.S. Department of Education			<u>23,128</u>	<u>-</u>
U.S. Election Assistance Commission				
Help America Vote Act Requirements Payments	90.401	N/A	<u>24,750</u>	<u>-</u>
Total U.S. Election Assistance Commission			<u>24,750</u>	<u>-</u>

COUNTY OF STEUBEN, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

(Continued)

Federal Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Health and Human Services:				
Passed through NYS Office of the Aging -				
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	N/A	2,511	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	N/A	32,940	-
National Family Caregiver Support - Title III, Part E	93.052	N/A	42,897	-
Special Programs of the Aging Cluster -				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	76,250	-
Special Programs for the Aging - Title III, Part C- Nutrition Services	93.045	N/A	256,787	256,787
Nutrition Services Incentive Program	93.053	N/A	108,329	108,329
Subtotal Special Programs of the Aging Cluster			441,366	365,116
Total NYS Office of the Aging			519,714	365,116
Passed through NYS Department of Health -				
Immunization Cooperative Agreements	93.268	N/A	47,630	-
Maternal and Child Health Services Block Grant to the States	93.994	N/A	30,281	-
Total NYS Department of Health			77,911	-
Passed through Health Research, Inc. -				
Public Health Emergency Preparedness	93.069	1614-10	85,700	-
Total Health Research, Inc.			85,700	-
Passed through NYS Department of Social Services -				
Temporary Assistance for Needy Families	93.558	N/A	7,198,352	-
Child Support Enforcement	93.563	N/A	1,373,062	-
Foster Care - Title IV-E	93.658	N/A	1,789,725	-
Adoption Assistance	93.659	N/A	490,187	-
Medical Assistance Program	93.778	N/A	1,727,163	-
Child Care and Development Block Grant	93.575	N/A	2,464,811	-
Low-Income Home Energy Assistance	93.568	N/A	4,047,461	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	8,025	-
Social Services Block Grant	93.667	N/A	1,076,115	-
Chafee Foster Care Independence Program	93.674	N/A	50,161	-
Total NYS Department of Social Services			20,225,062	-
Passed through NYS Department of Alcohol and Substance Abuse Services -				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	442,371	442,371
Total U.S. Department of Health and Human Services			21,350,758	807,487

(Continued)

COUNTY OF STEUBEN, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

(Continued)

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
Corporation for National and Community Services:				
Retired and Senior Volunteer Program	94.002	N/A	<u>65,830</u>	-
Total Corporation for National and Community Services			<u>65,830</u>	-
U.S. Department of Homeland Security:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	<u>84,326</u>	-
Passed Through NYS Division of Criminal Justice Services -				
Hazard Mitigation Grant	97.039	4085-PL-0021	50,832	-
Homeland Security Grant Program	97.067	T973672	21,981	-
Homeland Security Grant Program	97.067	C973650	20,149	-
Homeland Security Grant Program	97.067	C973660	67,330	-
Homeland Security Grant Program	97.067	T973652	4,535	-
Homeland Security Grant Program	97.067	T973662	<u>32,500</u>	-
Total NYS Division of Criminal Justice Services			<u>197,327</u>	-
Total U. S. Department of Homeland Security			<u>281,653</u>	-
Total Expenditures of Federal Awards			<u>\$ 24,646,198</u>	<u>\$ 1,085,755</u>

COUNTY OF STEUBEN, NEW YORK

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2017

1. GENERAL

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Steuben, New York (the County) under programs of the federal government for the year ended December 31, 2017. 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 County, it is not intended to and does not present the financial position, the respective changes in financial position, or, where applicable, cash flows 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.

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.

The County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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 \$3,896,902 in direct payments to vendors.

(Continued)

COUNTY OF STEUBEN, NEW YORK

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued) DECEMBER 31, 2017

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.

COUNTY OF STEUBEN, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs

Unmodified opinions for each of the major federal programs

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?

_____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.778	Medical Assistance Program
93.658	Foster Care - Title IV-E
93.667	Social Services Block Grant
93.563	Child Support Enforcement
93.575	Child Care and Development Block Grant

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

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

None.