

COUNTY OF BROOME, NEW YORK

**Single Audit Reports
December 31, 2013**

Bonadio & Co., LLP
Certified Public Accountants

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COUNTY OF BROOME, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass through Number | Federal Expenditures |
|--|------------------------|----------------------------|-------------------------|
| U.S. Department of Agriculture/ Passed through New York State Office of Temporary and Disability Assistance/ State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | N/A | 1,335,935 |
| Passed through New York State Department of Health/ Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | C025728 & C012323 | <u>3,013,419</u> |
| Total U.S. Department of Agriculture | | | <u>4,349,354</u> |
| U.S. Department of Housing and Urban Development/ Community Development Block Grant - Entitlement Grants | 14.218 | B12MC360117 B13MC360117 | 12,750 3,750 |
| Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.900 | NYLHB0483-10 | <u>1,175,297</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>1,191,797</u> |
| U.S. Department of Justice/ State Criminal Alien Assistance Program | 16.606 | N/A | 35,729 |
| Economic High-Tech and Cyber Crime Prevention | 16.752 | N/A | 6,068 |
| Equitable Sharing Program | 16.922 | N/A | <u>96,090</u> |
| | | | <u>137,887</u> |
| U.S. Department of Labor/ Passed through New York State Department of Labor/ Employment Service/Wagner-Peyser Funded Activities | 17.207 | N/A | 178,944 |
| Trade Adjustment Assistance | 17.245 | N/A | 71,728 |
| Workforce Investment Act National Emergency Grants | 17.277 | N/A | 348,821 |
| <i>Workforce Investment Cluster:</i> | | | |
| Workforce Investment Act Adult Programs | 17.258 | N/A | 422,374 |
| Workforce Investment Act Youth Activities | 17.259 | N/A | 644,318 |
| Workforce Investment Act Dislocated Worker Formula Grants | 17.278 | N/A | <u>309,604</u> |
| | | | <u>1,376,296</u> |
| Total U.S. Department of Labor | | | <u>1,975,789</u> |
| U.S. Department of Transportation/ Passed through State Department of Transportation/ Airport Improvement Program | 20.106 | various | 1,076,047 |
| Highway Planning and Construction | 20.205 | various | 1,397,453 |
| <i>Federal Transit Cluster</i> | | | |
| Metropolitan Transit Planning | 20.505 | CO34455 | 111,543 |
| Federal Transit Formula Grants | 20.507 | N/A | 3,858,535 |
| Passed through New York State Governors Traffic Safety Committee/ State and Community Highway Safety | 20.600 | various | <u>163,290</u> |
| Total U.S. Department of Transportation | | | <u>6,606,868</u> |
| Environmental Protection Agency/ ARRA- Brownsfield Assessment and Cleanup Cooperative Agreements | 66.818 | N/A | <u>13,227</u> |

COUNTY OF BROOME, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | | | |
|--|--------|-----------|-------------------|
| U.S. Department of Health and Human Services/ Drug-Free Communities Support Program Grants | 93.276 | N/A | 111,355 |
| HIV Care Formula Grants | 93.917 | various | 38,277 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | various | 194,422 |
| Passed through NACCHO/ Medical Reserve Corps Small Grant Program | 93.008 | MRC090017 | 407 |
| Passed through Health Research Incorporated/ Public Health Emergency Preparedness | 93.069 | various | 90,401 |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | various | 17,450 |
| Centers for Disease Control and Prevention/Investigations and Technical Assistance | 93.283 | various | 266,008 |
| PPHF 2012: Community Transformation Grants-Small Communities Program financed solely by 2012 Public Prevention and Health Funds | 93.737 | N/A | 213,291 |
| Passed through New York State Office of Children and Family Services/ Child Care and Development Block Grant | 93.575 | N/A | 3,699,556 |
| Stephanie Tubbs Jones Child Welfare Services | 93.645 | N/A | 230,539 |
| Foster Care (Title IV-E) | 93.658 | N/A | 5,158,201 |
| Adoption Assistance | 93.659 | N/A | 1,470,142 |
| Social Services Block Grant | 93.667 | N/A | 1,895,916 |
| Chafee Foster Care Independence Program | 93.674 | N/A | 96,869 |
| Passed through State Office of Temporary and Disability Assistance/ Low-Income Home Energy Assistance Program | 93.568 | N/A | 6,933,960 |
| Temporary Aid For Needy Families (TANF) | 93.558 | N/A | 19,916,427 |
| Child Support Enforcement (Title IV-D) | 93.563 | N/A | 924,365 |
| Medical Assistance Program (Medicaid, Title XIX) | 93.778 | N/A | 4,960,628 |
| Passed through New York State Office of Alcoholism and Substance Abuse Services/ Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | N/A | 1,069,469 |
| Passed through New York State Office for Aging/ <i>Aging Cluster:</i> Special Programs for Aging, Title III, Part B - Grants for Supportive Services and Senior Centers | 93.044 | N/A | 267,044 |
| Special Programs for Aging, Title III, Part C - Nutrition Services | 93.045 | N/A | 434,005 |
| Nutrition Services Incentive Program | 93.053 | N/A | 139,099 |
| | | | <u>840,148</u> |
| Special Programs for the Aging, Title IV and Title II Discretionary Projects for Prevention of Elder Abuse, Neglect, and Exploitation | 93.048 | N/A | 38,087 |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations | 93.779 | N/A | 35,202 |
| Passed through New York State Office of Mental Health/ Medical Assistance Program (Medicaid; Title XIX) | 93.778 | N/A | 190,417 |
| Passed through New York State Department of Health/ Immunization Grants | 93.268 | C023234 | 106,375 |
| Preventive Health and Health Services Block Grant | 93.991 | C027570 | 15,908 |
| Passed through New York State Board of Elections/ Voting Access for Individuals with Disabilities - Grants to States | 93.617 | T002770 | 31,427 |
| Total U.S. Department of Health and Human Services | | | <u>48,545,247</u> |
| Corporation for National Community Service/ Foster Grandparent Program | 94.011 | N/A | <u>239,909</u> |
| U.S. Social Security Administration/ Passed through Maximus Tickets to Work/ Social Security-Work Incentives Planning and Assistance Program | 96.008 | N/A | <u>781</u> |

COUNTY OF BROOME, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013

| | | | |
|--|--------|---------|----------------------|
| U.S. Department of Homeland Security/ Hazard Migration Grant | 97.039 | | 51,066 |
| Passed through New York State Division of Homeland Security and Emergency Services/ Disaster Grants - Public Assistance | 97.036 | N/A | 318,137 |
| Emergency Management Performance Grant | 97.042 | | 76,784 |
| Homeland Security Grant Program | 97.067 | various | <u>1,742,357</u> |
| Total U.S. Department of Homeland Security | | | <u>2,188,344</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 65,249,203</u> |

COUNTY OF BROOME, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2013

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Broome, New York (County), under programs of the federal government for the year ended December 31, 2013. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows for the County.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, as described in the County's basic financial statements. Negative amounts, if any, shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. INDIRECT COSTS

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

4. MATCHING COSTS

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

5. SUB-RECIPIENTS

Of the federal expenditures presented in the Schedule, the County provided federal awards to subrecipients as follows:

| | | |
|--|----|------------------|
| 14.900 Lead-Based Paint Hazard Control | \$ | 11,852 |
| 17.207 Employment Service/wagner-Peyser Funded Activities | | 400 |
| 17.258 WIA Adult Program | | 80,417 |
| 17.259 WIA Youth Program | | 304,076 |
| 17.278 WIA Dislocated Workers | | 130,306 |
| 93.044 Supportive Services and Senior Centers | | 41,766 |
| 93.045 Special Programs for the Aging - Title III, Part C - Nutritional Services | | 37,282 |
| 93.048 Performance Outcome Measurement Project | | 46,432 |
| 93.779 Demonstrations and Evaluations | | 31,121 |
| 93.959 Block Grants for Prevention and Treatment of Substance Abuse | | 1,245,685 |
| 93.991 Preventive Health Services-Health Services Block Grant | | <u>15,908</u> |
| | \$ | <u>1,945,245</u> |

COUNTY OF BROOME, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2013

6. NONCASH AWARDS

A significant portion of federal award programs do not involve cash awards to the County of Broome, NY. The value of these noncash awards has been recorded as expenditures on the Statement of Expenditures of Federal Awards, with the exception of the Supplemental Nutrition Assistance Program which is no longer required to be reported by the federal awarding agency. Those relating to the County are as follows:

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Amount</u> |
|--|--------------------------------|---------------|
| U.S. Department of Agriculture | | |
| Supplemental Nutrition Assistance Program | 10.551 | \$ 51,274,580 |
| Special Supplemental Food Program for Women, Infants and Children | | |
| Value of Food Instruments | 10.557 | 2,093,938 |
| U.S. Department of Health and Human Services | | |
| Low Income Home Energy Assistance | | |
| Value of Food Instruments | 93.568 | 6,933,960 |

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

June 18, 2014

To the County Legislature of the
County of Broome, 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 Broome, New York (the County) as of and for the year ended December 31, 2013, 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 18, 2014. Our report includes a reference to other auditors who audited the financial statements of the Broome Tobacco Asset Securitization Corporation and the Broome County Industrial Development Agency, as described in our report on the County of Broome, New York's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

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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)

Internal Control Over Financial Reporting (Continued)

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 13-01 to be a material weakness.

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. We did not identify any deficiencies that were significant deficiencies.

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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Broome County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; AND INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

June 18, 2014

To the County Legislature of the
County of Broome, New York

Report on Compliance for Each Major Federal Program

We have audited the County of Broome, New York's (the County) 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, 2013. 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.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; AND INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

(Continued)

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, 2013.

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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; AND INDEPENDENT AUDITOR'S REPORT ON 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 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 Broome, New York (County) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 18, 2014, 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 OMB Circular A-133 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

COUNTY OF BROOME, NEW YORK

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2013

Financial Statement Findings

12-01. Financial Statement Preparation Entries

Condition: As part of preparing the financial statements and the Consolidated Annual Financial Report (CAFR) each year, the Office of Management and Budget prepares various journal entries outside of the general ledger to create the fund financial statements and the government wide financial statements. The entries made to adjust the general ledger to arrive at the fund financial statements are entries that should be recorded within the general ledger as they relate to activity for the year. As a result, the trial balances provided for the audit required all of these entries to be posted before the account balances could be audited. In addition, these entries do not go through the same review process as other journal entries and there is no unique numbering for them because they are created and maintained in an Excel spreadsheet.

Status: This is not considered a repeat finding in the current year.

12-02. Capital Projects Activity

Condition: The County currently records all activity for all capital projects for all funds, including proprietary funds, within the Capital Projects Fund. This requires all of the proprietary funds' projects activity to be reversed out of this fund at year end and recorded in the appropriate fund for financial statement reporting purposes. In addition, the County has previously recorded new bond anticipation notes as revenue instead of short term liabilities resulting in a prior period adjustment of approximately \$9.8 million for the year ended December 31, 2012.

Status: This is not considered a repeat finding in the current year.

12-03. Payroll

Condition: As part of audit procedures and various inquiries with management, the following items were noted within the payroll transaction cycle:

- There is no consistency throughout the County with respect to employee timesheets. Each department has their own methodology for having employees complete timesheets and report time. For example, some departments utilize detailed timesheets that the employee and department head sign off on while others use summary spreadsheets for the entire department with no signatures.
- For those employees that do not participate in the direct deposit function, live payroll checks are issued in bulk and distributed by respective Department Payroll Clerks without a separate envelop for each pay check.
- There is no overall review and approval of the payroll once the payroll clerks enter all of the departmental time in the system to verify there were no data input errors.

Status: This is not considered a repeat finding in the current year.

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013**

(Continued)

12-04. Annual Financial Reports Submitted by Departments

Condition: There are various departments that submit financial reports to State and Federal agencies within the County, but the Office of Management and Budget (OMB) only reviews a few of these reports. For example, the Department of Transportation submits annual reports to the Federal

Department of Transportation for reimbursement through the Federal Transit Formulas Program in excess of \$3 million without review by anyone outside of the County's Department of Transportation.

Status: This is not considered a repeat finding in the current year.

12-05. Cash Reconciliations

Condition: While performing cash procedures, the following items were noted:

- The County has a zero balance account it utilizes for its Accounts Payable. At year end, there is a negative \$2.3 million balance that represents outstanding checks however; the County does not have the ability to properly allocate that outstanding balance to all of the respective funds.
- The County has a payroll cash account that is reconciled in total, but each fund has an allocated portion of the outstanding balance that does not appear to be supported by the reconciliation.
- The County makes various closing entries to cash accounts as part of the year end closing and those entries are made outside of the general ledger and therefore not included as part of the cash reconciliations for each fund once certain entries have reallocated cash to other funds.

Status: This is not considered a repeat finding in the current year.

Federal Findings and Questioned Costs

12-06. Adequate Supporting Documentation

U.S. Department of Transportation – CFDA #20.507 – Federal Transit Formulas Grants

Condition: The County's Department of Transportation did not have adequate supporting documentation for the drawdown request of expenditures related to their Federal Transit FORMULA Grant before requesting reimbursement from the Federal Transit Administration.

Status: This is not considered a repeat finding in the current year.

COUNTY OF BROOME, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

COUNTY OF BROOME, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013 (Continued)**

1. SUMMARY OF AUDITOR'S RESULTS (Continued)

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|------------------------|--|
| 14.900 | Lead Based Paint Hazard Control in Privately-Owned Housing |
| 17.258, 17.259, 17.278 | Workforce Investment Act Cluster |
| 20.205 | Highway Planning and Construction |
| 20.507 | Federal Transit Formula Grants |
| 93.558 | Temporary Assistance for Needy Families |
| 93.778 | Medical Assistance Program |

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

\$1,957,476

Auditee qualified as low-risk auditee?

_____ Yes X No

2. FINANCIAL STATEMENT FINDINGS

13-01. Accounting for Complex Transactions

Criteria: With very limited exceptions, revenue and expenditures transactions are required to be recorded in the general ledger at gross and not netted against each other.

Condition: Certain capital project activities require very complex accounting transactions. As a result of our audit procedures, it was noted that the County was netting the activity of certain projects in one account instead of recording all of the revenues and expenditures at gross in their own respective accounts. This resulted in a material entry to properly state these capital projects' activity.

Cause: Due to the complex nature of these transactions, the proper treatment of recording the revenues and expenditures was misinterpreted.

Effect: Prior to the audit adjustment, the capital projects revenue and expenditures activity was understated.

Recommendation: The County should ensure all revenue and expenditures activity for all governmental funds' projects is recorded at gross in the Capital Projects Fund. Where the County encounters complex accounting transactions, they should consider utilizing the auditors as a resource during the year. While the ultimate treatment of the transactions remains a management decision, the auditors may offer perspective and experience that can ensure that the transaction is recorded in compliance with generally accepted accounting principles.

COUNTY OF BROOME, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013 (Continued)**

2. FINANCIAL STATEMENT FINDINGS (Continued)

13-01. Financial Statement Preparation Entries - Continued

View of Responsible Officials and Planned Corrective Actions:

Management has implemented a plan to ensure all financial activity will be properly recorded within the general ledger; said plan includes ensuring all revenue and expenditure activity for all governmental funds' projects are recorded at gross in the Capital Projects Fund. This will be effective for the year ending December 31, 2014.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings were noted.