

COUNTY OF ONTARIO, NEW YORK

Single Audit

December 31, 2015

(With Independent Auditors' Report)

COUNTY OF ONTARIO, NEW YORK

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Supervisors
County of Ontario, New York:

Report on Compliance for Each Major Federal Program

We have audited the County of Ontario, New York's (the County), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2015. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

As discussed in note 1 to the schedule of expenditures of federal awards, the County's basic financial statements include the operations of certain entities whose federal awards are not included in the schedule of expenditures of federal awards for the year ended December 31, 2015. Our audit described below, did not include the federal awards, if any, of the entities identified in note 1.

Management's Responsibility

Management is responsible for compliance with the 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 (CFR) 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 December 31, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance 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 compliance and accordingly, we express no opinion on the response.

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, 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, 2015, and the related notes to the basic financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 8, 2016, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Ontario County Industrial Development Agency, the Finger Lakes Community College, the Ontario County Four Seasons Local Development Corporation, and the Ontario Tobacco Asset Securitization Corporation which are component units of the County. Those statements were audited by other auditors whose report has been provided to us, and our opinion, insofar as it relates to amounts included for the Ontario County Industrial Development Agency, the Finger Lakes Community College, the Ontario County Four Seasons Local Development Corporation and the Ontario Tobacco Asset Securitization Corporation is based solely on the report of other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of 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 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 8, 2016

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

The Board of Supervisors
County of Ontario, 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 Ontario, New York (the County), as of and for the year ended December 31, 2015, and the related notes to the basic financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 8, 2016. Our report includes a reference to other auditors who audited the financial statements of Ontario County Industrial Development Agency, the Finger Lakes Community College, the Ontario County Four Seasons Local Development Corporation and the Ontario Tobacco Asset Securitization Corporation, as described in our report on the County'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 opinion 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 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 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 matter that is 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 8, 2016

COUNTY OF ONTARIO, NEW YORK
Schedule of Expenditures of Federal Awards
Year ended December 31, 2015

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Agriculture - passed through				
New York State:				
Supplemental Nutrition Assistance Program - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ 1,099,170	-
Child Nutrition Cluster - School Breakfast Program	10.553	N/A	<u>713</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>1,099,883</u>	<u>-</u>
U.S. Department of Justice - passed through				
New York State:				
State Criminal Alien Assistance Program	16.606	N/A	5,903	-
Bulletproof Vest Partnership Program	16.607	N/A	<u>1,876</u>	<u>-</u>
Total U.S. Department of Justice			<u>7,779</u>	<u>-</u>
U.S. Department of Labor - passed through				
New York State:				
Senior Community Service Employment Program	17.235	N/A	26,921	-
WIA Cluster:				
WIA Adult Program	17.258	N/A	17,451	-
WIA Youth Activities	17.259	N/A	50,146	-
WIA Dislocated Workers	17.278	N/A	<u>40,719</u>	<u>-</u>
Total WIA Cluster			<u>108,316</u>	<u>-</u>
Total U.S. Department of Labor			<u>135,237</u>	<u>-</u>
U.S. Department of Transportation - passed through				
New York State:				
Highway Planning and Construction	20.205	N/A	1,973,643	-
Formula Grants for Rural Areas	20.509	N/A	145,956	-
Highway Safety Cluster:				
State and Community Highway Safety	20.600	N/A	19,939	-
Occupant Protection Incentive Grants	20.602	N/A	2,500	-
Safety Belt Performance Grants	20.609	N/A	31,725	-
National Priority Safety Programs	20.616	N/A	<u>43,875</u>	<u>-</u>
Total Highway Safety Cluster			<u>98,039</u>	<u>-</u>
Total U.S. Department of Transportation			<u>2,217,638</u>	<u>-</u>

(Continued)

See notes to schedule of expenditures of federal awards.

COUNTY OF ONTARIO, NEW YORK
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Education - passed through New York State - Special Education - Grants for Infants and Families	84.181	N/A	\$ 45,146	-
U.S. Department of Health and Human Services: Passed through New York State:				
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	N/A	3,981	-
ARRA - Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048	N/A	9,799	-
National Family Caregiver Support, Title III, Part E	93.052	N/A	41,228	-
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	126,655	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	N/A	136,410	-
Nutrition Services Incentive Program	93.053	N/A	51,324	-
Total Aging Cluster			<u>314,389</u>	<u>-</u>
Medicare Enrollment Assistance Program	93.071	N/A	6,075	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	N/A	113,497	-
Temporary Assistance for Needy Families	93.558	N/A	7,400,685	-
Child Support Enforcement	93.563	N/A	790,984	-
Low-Income Home Energy Assistance	93.568	N/A	2,714,496	-
Child Care and Development Block Grant	93.575	N/A	1,950,582	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	2,250	-
Foster Care - Title IV-E	93.658	N/A	687,127	-
Adoption Assistance	93.659	N/A	458,883	-
Social Services Block Grant	93.667	N/A	744,105	-

(Continued)

See notes to schedule of expenditures of federal awards.

COUNTY OF ONTARIO, NEW YORK
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Health and Human Services, Continued:				
Passed through New York State, Continued:				
Chafee Foster Care Independent Program	93.674	N/A	\$ 16,588	-
Medical Assistance Program	93.778	N/A	1,346,982	-
Centers for Medicare and Medicaid Services (CMS)				
Research, Demonstrations and Evaluations	93.779	N/A	29,145	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	<u>550,432</u>	<u>528,592</u>
Total U.S. Department of Health and Human Services			<u>17,181,228</u>	<u>528,592</u>
U.S. Social Security Administration - Supplemental Security Income	96.006	N/A	<u>10,600</u>	-
U.S. Department of Homeland Security - passed through New York State:				
Homeland Security Grant Program	97.067	C836000	64,306	-
Homeland Security Grant Program	97.067	C972230	<u>272,656</u>	-
Total U.S. Department of Homeland Security			<u>336,962</u>	-
Total Expenditures of Federal Awards			<u>\$21,034,473</u>	<u>528,592</u>

See notes to schedule of expenditures of federal awards.

COUNTY OF ONTARIO, NEW YORK
Notes to Schedule of Expenditures of Federal Awards
December 31, 2015

(1) Basis of Presentation

(a) Reporting Entity

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by the County of Ontario, 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 Ontario County Industrial Development Agency, the Finger Lakes Community College, the Ontario County Four Seasons Local Development Corporation, and the Ontario Tobacco Asset Securitization Corporation.

(b) 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 CFDA numbers, which may be assigned by pass-through grantors are not maintained in the County's financial management system. Where the County has identified pass-through identifying numbers they are included in the schedule of expenditures of federal awards.

(c) Nonmonetary Federal Programs

New York State makes payments of 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 \$2,641,265 in direct payments.

(2) Basis of Accounting

The schedule of expenditures of federal awards is presented on the modified accrual basis of accounting 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) 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.

COUNTY OF ONTARIO, NEW YORK

Notes to Schedule of Expenditures of Federal Awards, Continued

(4) 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.

(5) Subrecipients

The following programs operated by the County provided federal awards to subrecipients during the year ended December 31, 2015:

<u>CFDA Number</u>	<u>Program</u>	<u>Amounts Provided to Subrecipients</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse	\$ 528,592

COUNTY OF ONTARIO, NEW YORK
 Schedule of Findings and Questioned Costs
 Year ended December 31, 2015

Part I. - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- Type of auditors' report issued: Unmodified
- Internal control over financial reporting:
1. Material weakness(es) identified? ___ Yes x No
2. Significant deficiency(ies) identified not considered to be material weakness(es)? ___ Yes x None reported
3. Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards:

- Internal control over major programs:
4. Material weakness(es) identified? ___ Yes x No
5. Significant deficiency(ies) identified not considered to be material weakness(es)? ___ Yes x None reported

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

6. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (section .510(a))? x Yes ___ No
7. The County's major programs audited were:

<u>Name of Federal Programs</u>	<u>CFDA Number</u>
Temporary Assistance for Needy Families	93.558
Child Care and Development Block Grant	93.575
Adoption Assistance	93.659
Substance Abuse Prevention and Treatment Block Grant	93.959

8. Dollar threshold used to distinguish between Type A and Type B programs? \$ 750,000
9. Auditee qualified as low-risk auditee? x Yes ___ No

Part II. - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III. - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

See page 12 through 13.

COUNTY OF ONTARIO, NEW YORK
Schedule of Findings and Questioned Costs, Continued

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

Federal Agency: United States Department of Health and Human Services
Program: Substance Abuse Prevention and Treatment Block Grant
Award numbers: (93.959)
Award years: 2015
State Agency: Office of Alcoholism and Substance Abuse Services
Reference: 2015-001

Requirement

Award Identification - At the time of the subaward, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.

Finding

The County grant contract provided by the County to its sub-recipients did not identify the CFDA number of the award being provided, and also did not identify the specific grant requirements of the program to its sub-recipient.

Recommendation

We recommend that the County establish a contract that provides the required information to its sub-recipients.

Related Noncompliance

The County did not meet the sub-recipient monitoring requirements for funds passed through to a sub-recipient.

Questioned Costs

There are no questioned costs.

COUNTY OF ONTARIO, NEW YORK
Schedule of Findings and Questioned Costs, Continued

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION,
CONTINUED

Management's Corrective Action Plan

Ontario County has developed a team to assess processes Ontario County currently has in place regarding grant monitoring and develop more comprehensive processes to address the additional sub-recipient monitoring requirements.

The team has met monthly beginning with February 17, 2016, March 16, 2016 and April 28, 2016. The team is tasked with the following:

- Develop guideline for identifying Federal Funds
- Develop guidance for identifying applicable compliance requirements
- Develop checklist and procedure to identify and document a sub-recipients
- Develop procedure to monitor sub-recipient
- Develop presentation for meeting of Department Heads and leaders within the organization for information and training

The team has:

- Reviewed the 2015 Compliance Supplement, June 2015, 2 CFR Part 200 and has determined how regulatory compliance requirements set forth in this Supplement affect Ontario County and its management and monitoring of contracts whereby Ontario County receives federal dollars and in instances where Ontario County passes those federal dollars to other governments and non-for-profits.
- Developed a checklist to determine the classification of the relationship between Ontario County and an outside agency as sub-recipient or contractor.
- Begun development Sub-recipient Monitoring Policy and Procedure to include:
 - Determination of sub-recipient or contractor status
 - Compliance requirements
 - Contract disclosures (working with County Attorney's Office to draft language for inclusion in standard contracts)
 - On-going monitoring

Ontario County expects to have policy and procedures in place with adequate training developed by December 31, 2016.

COUNTY OF ONTARIO, NEW YORK

Status of Prior Year Audit Findings

Year ended December 31, 2015

There were no findings reported for the year ended December 31, 2014.