

County of Sullivan, New York

Uniform Guidance Schedules and
Independent Auditors' Reports

Year Ended December 31, 2015



**Report on Compliance for Each Major Federal Program; Report on
Internal Control Over Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

Independent Auditors' Report

**The Honorable Legislature of the
County of Sullivan, New York**

Report on Compliance for Each Major Federal Program

We have audited the County of Sullivan, New York's ("County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

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

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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 financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 28, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
September 27, 2016

Sullivan County, New York

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- Recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Program - Passed through NYS Office of Temporary and Disability Assistance				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ -	\$ 1,010,546
Indirect Program - Passed through New York State Department of Health				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	C025802/C30468GG	-	476,033
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	Non-Cash	-	998,624
Rural Business Opportunity Grant: Transportation Plan	10.773	R-PEM 02	-	20,014
Rural Business Enterprise Grant: MAP	10.769	R-PEM 04	-	166,500
Total U.S. Department of Agriculture			-	2,671,717
<u>U.S. Department of the Interior</u>				
Direct Program -				
Rivers, Trails and Conservation Assistance	15.921	P15PX01121R0	-	19,998
Total U.S. Department of the Interior			-	19,998
<u>U.S. Department of Justice</u>				
Direct Programs				
Bullet Proof Vest Partnership Program	16.607	OMB1121-0235	-	5,732
Total U.S. Department of Justice			-	5,732
<u>U.S. Department of Labor</u>				
Indirect Programs - Passed through New York State Office for the Aging				
Senior Community Service Employment Program	17.235		-	19,280
Indirect Programs - Passed through New York State Department of Labor				
<i>WIA Cluster</i>				
WIA/WIOA Adult Program	17.258		-	236,744
WIA/WIOA Youth Activities	17.259		-	127,918
WIA/WIOA Administration	17.258		-	49,845
WIA/WIOA Dislocated Worker Formula Grant	17.278		-	193,386
Subtotal WIA Cluster			-	607,893

Sullivan County, New York

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- Recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Labor (Continued)</u>				
Trade Adjustment Assistance	17.245		\$ -	\$ 149
Total U.S. Department of Labor			-	627,322
<u>U.S. Department of Transportation</u>				
Direct Programs				
Airport Improvement Program	20.106		-	610,765
Indirect Programs - Passed Through New York State Department of Transportation				
Highway Planning and Construction	20.205	Various	-	1,703,288
Federal Transit Capital Investment Grants	20.500		-	2,225
Indirect Programs - Passed Through New York State Governor's Traffic Safety Committee				
State and Community Highway Safety	20.600	00217 (053)	-	3,777
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	C523697	-	17,550
National Priority Safety Programs	20.616	CO-00201-(53) CO-00100-(53)	-	13,891
Total U.S. Department of Transportation			-	2,351,496
<u>U.S. Department of Education</u>				
Indirect Program - Passed through New York State Department of Health and Human Services				
Special Education - Grants for Infants and Families	84.181	C027512	-	26,623
Total U.S. Department of Education			-	26,623
<u>U.S. Department of Health and Human Services</u>				
Indirect Programs - Passed through New York State Office for the Aging				
<i>Aging Cluster</i>				
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044		-	102,074
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045		-	342,286
Nutrition Services Incentive Program	93.053		-	46,045
Subtotal Aging Cluster			-	490,405

(Continued)

Sullivan County, New York

Schedule of Expenditures of Federal Awards (Continued)
 Year Ended December 31, 2015

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- Recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Health and Human Services</u>				
National Family Caregiver Support, Title III, Part E	93.052		\$ -	\$ 45,355
Medicare Enrollment Assistance Program	93.071		-	8,018
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779		-	38,335
Indirect Programs - Passed through New York State Office of Temporary and Disability Assistance				
Temporary Assistance for Needy Families	93.558	DFS 55	32,000	4,612,496
Child Support Enforcement	93.563		-	431,841
Low-Income Home Energy Assistance	93.568		-	4,309,711
Stephanie Tubbs Jones Child Welfare Services Program	93.645		-	541,603
Indirect Programs - Passed through New York State Department of Health and Human Services				
Immunization Cooperative Agreements	93.268	C028323	-	26,602
Medical Assistance Program	93.778	Various	-	1,304,978
Maternal and Child Health Services Block Grant	93.994	Various	-	29,409
Indirect Programs - Passed through New York State Office of Children and Family Services				
Child Care and Development Block Grant	93.575	MOU 2211	109,088	1,130,350
Foster Care Title IV-E	93.658	N/A	-	1,626,490
Adoption Assistance	93.659	N/A	-	237,331
Social Services Block Grant	93.667	N/A	-	489,877
Chafee Foster Care Independence Program	93.674	N/A	-	111,527
<u>Center for Disease Control and Prevention</u>				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		-	91,025
Total U.S. Department of Health and Human Services			141,088	15,525,353
<u>Corporation for National Community Services</u>				
Direct Program				
Retired and Senior Volunteer Program	94.002		-	224,395
Total Corporation for National Community Services			-	224,395

(Continued)

Sullivan County New York

Schedule of Expenditures of Federal Awards (Continued)
 Year Ended December 31, 2015

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Sub- Recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Homeland Security</u>				
Indirect Programs - Passed through New York State Division of Homeland Security and Emergency Services				
Emergency Management Performance Grants	97.042	T176435	\$ -	\$ 32,792
Emergency Management Performance Grants	97.042	T176445	-	5,194
Homeland Security Grant Program	97.067	C973810	-	41,794
Homeland Security Grant Program	97.067	C973810	-	99,225
Homeland Security Grant Program	97.067	C973820	-	99,000
Homeland Security Grant Program	97.067	C973830	-	3,999
Homeland Security Grant Program	97.067	C973830	-	14,889
Total U.S. Department of Homeland Security			-	296,893
Total Expenditures of Federal Awards			<u>\$ 141,088</u>	<u>\$ 21,749,529</u>

(1) Catalog of Federal Domestic Assistance number.
 N/A - Information not available.

The accompanying notes are an integral part of this schedule.

County of Sullivan, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County of Sullivan, New York ("County") under programs of the federal government for the year ended December 31, 2015. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. 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, changes in net position or cash flows of the County.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

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

Note 4 - Fair Value of Noncash Awards

Included in the amount reported for CFDA No. 10.557 Special Supplemental Nutrition Program for Women, Infants and Children ("WIC") is \$998,624 for the fair market value of the redeemed food instrument issuances. A food instrument is a check produced through the New York State WIC Statewide Information System that is issued to WIC participants and may be redeemed to obtain WIC approved foods/formula from authorized vendors.

Included in the amount reported for CFDA No. 93.568 Low-Income Home Energy Assistance ("HEAP") are payments to utility vendors for \$4,075,994. These payments are issued directly from the New York State Office of the State Comptroller ("OSC"). The payments are processed through the State-wide Financial System ("SFS").

County of Sullivan, New York

Schedule of Findings and Questioned Costs
Year End December 31, 2015

Section I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
10.561	Supplemental Nutrition Assistance Program
10.557	Special Supplemental Nutrition Program For Women, Infants and Children
20.205	Highway Planning and Construction
	Aging Cluster:
93.044	Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging - Title III, Part C Nutrition Services
93.053	Nutrition Services Incentive Program
93.575	Child Care and Development block Grant
93.658	Foster Care Title IV-E

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

\$750,000

Auditee qualified as low-risk auditee?

Yes No

County of Sullivan, New York

Schedule of Findings and Questioned Costs (Continued)
Year End December 31, 2015

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

County of Sullivan, New York

Summary of Prior Audit Findings
Year End December 31, 2015

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

None