

ONTARIO COUNTY

Canandaigua, New York

NEW YORK STATE DEPARTMENT OF TRANSPORTATION

STATE SINGLE AUDIT

For Year Ended December 31, 2012

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**Report on Compliance and Controls Over State Transportation Assistance
Expended Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Ontario County
Canandaigua, New York

Report on Compliance for Each Major State Transportation Assistance Program

We have audited Ontario County's compliance with the types of compliance requirements described in the Preliminary Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that have a direct and material effect on each state transportation assistance program tested for the year ended December 31, 2012. The County's major programs are identified in the summary of audit 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 state transportation programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ontario County's major state transportation assistance 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 Governmental Auditing Standards, issued by the Comptroller General of the United States; and Preliminary Part 43 of the NYCRR. Those standards and Preliminary Part 43 of the NYCRR 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 state transportation assistance program occurred. An audit includes examining, on a test basis, evidence about Ontario 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 state transportation assistance program. However our audit does not provide a legal determination of Ontario County's compliance.

Opinion on Each Major State Transportation Assistance Program

In our opinion, Ontario 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 state transportation assistance programs for the year ended December 31, 2012.

Report on Internal Control over Compliance

The management of Ontario 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 Ontario County's internal control over compliance with requirements that could have a direct and material effect on each major state transportation assistance program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state transportation assistance program and to test and report on the internal control over compliance in accordance with Preliminary Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, we do not express an opinion on the effectiveness of Ontario 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 state transportation assistance program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combinations 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 state transportation assistance 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 combination of deficiencies, in internal control over compliance with the types of compliance requirements of a state transportation assistance 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs for state transportation assistance expended as item #2012-1 that we consider to be a significant deficiency.

Ontario County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs for state transportation assistance expended and the corrective action plan. Ontario 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.

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 Preliminary Part 43 of the NYCRR. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of State Transportation Assistance Expended

We have audited the financial statements of Ontario County as of December 31, 2012 and for the year ended December 31, 2012, and have issued our report thereon dated April 16, 2013 which contained an unmodified opinion of those financial statements. Our audit was conducted for the purpose of forming an opinion on Ontario County's financial statements as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Preliminary Part 43 of NYCRR, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of State Transportation Assistance Expended is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink that reads "Raymond F. Wager, CPA, P.C." The signature is written in a cursive style.

August 19, 2013

ONTARIO COUNTY

Canandaigua, New York

SCHEDULE OF STATE TRANSPORTATION
ASSISTANCE EXPENDED

FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Program Title</u>	<u>NYSDOT Contract/ Ref. Number</u>	<u>Total Expenditures</u>
CHIPS	440000	\$ 1,469,417
State Transit Operating Assistance	N/A	2,043,187 *
Railroad Bridge Route #21	D013699	27,321
Wayne Street Bridge	D031584	2,272
Ferguson Road Bridge	D032797	9,240
County Roads 10 & 46 Intersection	D032823	<u>272,079</u>
Total U.S. Department of Transportation		<u><u>\$ 3,823,516</u></u>

* Major Program

ONTARIO COUNTY

Canandaigua, New York

**Notes to Schedule of State Transportation
Assistance Expended**

December 31, 2012

Note 1 General

The accompanying Schedule of Expenditures of State Transportation Assistance Programs of Ontario County, Canandaigua, New York presents the activity of all financial assistance programs provided by the New York State Department of Transportation.

Note 2 Basis of Accounting

The accompanying Schedule of Expenditures of State Transportation Assistance Programs is presented using the accrual basis of accounting.

Note 3 Indirect Costs

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

Note 4 Matching Costs

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

ONTARIO COUNTY
Canandaigua, New York

**Schedule of Findings and Questioned Costs for
State Transportation Assistance Expended**

December 31, 2012

I. Summary of the Auditor’s Results

State Transportation Assistance Expended

- a) Internal control over major programs
 - 1. Material weaknesses identified No
 - 2. Significant deficiency(ies) identified Yes
- b) Type of auditor’s report issued on compliance for major programs Unqualified
- c) Identification of State Transportation Assistance major programs

<u>Program Title</u>	<u>Ref. Number</u>
State Transit Operating Assistance	N/A

II. State Transportation Assistance Expended Findings and Questioned Costs

Current Year Finding:

#2012-1 State Transit Operating Assistance – Mileage Reporting –

Criteria – The County is responsible for reviewing the mileage statistics prepared by the Operator to ensure accurate quarterly reporting. Eligible miles reported are used to determine a portion of the State Transportation Assistance generated by operations.

Condition – The County’s review process did not include a comparison of summarized mileage information against other source documentation and reports.

Effect – Due to a clerical error on the spreadsheets prepared by the Operator to accumulate mileage statistics, the County’s quarterly STOA applications included some duplication of mileage. The issue was limited specifically to buses which run both fixed and Dial-a-Ride routes. The County’s review process did not identify this issue resulting in the County receiving additional assistance payments of \$80,141 for operations during fiscal 2012.

Recommendation – We recommend the County continue to work with the Operator to develop procedures to ensure accuracy in reporting and the County’s process for reviewing information reported from the Operator include comparing results to other source documentation or reports.

County’s Response – After this issue was identified by the Auditors, management immediately worked with the Operator to identify and correct the cause of this error. The Operator’s process for accumulating mileage statistics was modified to properly adjust for the effect of its buses running both fixed and Dial-a-ride routes. Management’s review process now includes comparison of source documentation to summary reports. These corrective actions were put in place prior to submission of the County’s first quarter STOA application for 2013. In addition, the County reported the \$80,141 overage to the State DOT and an adjustment was processed on the County’s second quarter 2013 STOA application to repay the overpayment amount.

Prior Year Findings:

There were no prior year findings or questioned costs.

ONTARIO COUNTY

Canandaigua, New York

CORRECTIVE ACTION PLAN

December 31, 2012

#2012-1 State Transit Operating Assistance – Mileage Reporting –

The County's review process did not include a comparison of summarized mileage information against other source documentation and reports.

Corrective Action Plan –

After this issue was identified by the Auditors, management immediately worked with the Operator to identify and correct the cause of this error. The Operator's process for accumulating mileage statistics was modified to properly adjust for the effect of its buses running both fixed and Dial-a-ride routes. Management's review process now includes comparison of source documentation to summary reports. These corrective actions were put in place prior to submission of the County's first quarter STOA application for 2013. In addition, the County reported the \$80,141 overage to the State DOT and an adjustment was processed on the County's second quarter 2013 STOA application to repay the overpayment amount.