

**INCORPORATED VILLAGE OF GREENPORT, NEW YORK**

**SINGLE AUDIT REPORTS**

**Year Ended May 31, 2013**

**INCORPORATED VILLAGE OF GREENPORT, NEW YORK**

**SINGLE AUDIT REPORTS**

**Year Ended May 31, 2013**

**C O N T E N T S**

	<b>Page</b>
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
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 <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	5-6
Schedule of Findings and Questioned Costs	7-9
Schedule of Prior Year Audit Findings	10

**INCORPORATED VILLAGE OF GREENPORT, NEW YORK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Year Ended May 31, 2013</b>		
	<b>Federal CFDA Number</b>	<b>Pass-through Grantor/ Contract Number</b>	<b>Federal Expenditures</b>
U.S. Department of Housing and Urban Development/ Section 8 Housing Choice Vouchers	14.871	N/A	<u>\$ 953,977</u>
U.S. Department of Homeland Security/ New York State Division of Homeland Security and Emergency Services/ Disaster Grants - Public Assistance	97.036	PA-02-NY-4085-PW-01746 PA-02-NY-4111-PW-00034 PA02-NY-4085-PW-01688	68,438 14,167 58,211 <u>140,816</u>
			<u><b>\$ 1,094,793</b></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards, 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*, and Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

**INCORPORATED VILLAGE OF GREENPORT, NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended May 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*a. Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The purpose of the Schedule is to present a summary of those activities of the Incorporated Village of Greenport, New York (Village) funded by the federal government or pass-through entities for the year ended May 31, 2013, using the accrual basis of accounting. For purposes of this Schedule, federal awards include assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans and loan guarantees, and other non-cash assistance.

Negative amounts, if any, on the Schedule represent adjustments made to prior year expenditures in the normal course of business.

*b. Relationship to Financial Statements*

Federal award revenues are reported in the Village's financial statements as government grants. The Village's financial statements are presented using the modified accrual basis. The Schedule presents only a selected portion of the activities of the Village. It is not intended to, and does not, present either the financial position, statement of activities, or other changes in fund balance of the Village.

**NOTE 2 - NON-CASH ASSISTANCE**

The Village did not expend federal awards in the form of non-cash assistance during the year ended May 31, 2013.

**NOTE 3 - SUBRECIPIENTS**

The Village did not pass through any federal awards to subrecipients during the year ended May 31, 2013.

**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**

Mayor and Board of Trustees  
Incorporated Village of Greenport, New York  
Greenport, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Incorporated Village of Greenport, New York (Village) as of and for the year ended May 31, 2013, and the related notes to the financial statements and have issued our report thereon dated December 17, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures 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 Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency as item 13-01.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

### **The Village's Response to Findings**

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village'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 result of that testing, and not to provide an opinion on the effectiveness of the Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bollam Sheedy Torani & Co. LLP*

Albany, New York  
December 17, 2013

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Mayor and Board of Trustees  
Incorporated Village of Greenport, New York  
Greenport, New York

**Report on Compliance for Each Major Federal Program**

We have audited the Incorporated Village of Greenport, New York's (Village) 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 the Village's major federal programs for the year ended May 31, 2013. The Village's major federal program is 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 the Village'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 Village'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 the major federal program. However, our audit does not provide a legal determination of the Village's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended May 31, 2013.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying schedule of findings and questioned costs as item 13-02. Our opinion on the major federal program is not modified with respect to this matter.

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

## **Report on Internal Control Over Compliance**

Management of Village 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 Village's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Village'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 as item 13-02, that we consider to be a significant deficiency.

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

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.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the Village as of and for the year ended May 31, 2013, and have issued our report thereon dated December 17, 2013, which contains an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 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 Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Bollam Sheedy Torani & Co. LLP*

Albany, New York  
December 17, 2013



**INCORPORATED VILLAGE OF GREENPORT, NEW YORK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended May 31, 2013**

**Section I - Summary of Independent Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

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

Identification of major program:  
Section 8 Housing Choice Vouchers 14.871

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

**INCORPORATED VILLAGE OF GREENPORT, NEW YORK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended May 31, 2013**

**Section II - Financial Statements Findings**

**13-01 Accounting, Financial Reporting, and Timely Reconciliations**

Condition: While we note that the Village has made improvements from prior years, during the fiscal year ended May 31, 2013, the Village required assistance from its auditors in adjusting various account balances and their related reporting in the Village's financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Criteria: An entity is required to perform accounting duties sufficient to record the activities of the entity and prepare financial statements (both internal and external) for decision making and audit preparation purposes.

Cause: Numerous and various job responsibilities are performed by members of the Treasurer's office who currently work on a part-time basis. As a result of staffing and time constraints, the Village's personnel are unable to dedicate the time required toward the performance of various account reconciliations and conduct the proper review and/or analysis of the accounting records.

Effect: Because of time restrictions, management does not have the ability to identify misstatements (or potential misstatements) in the interim or year-end financial reporting of the Village.

Recommendation: With the assistance of the Treasurer's office, the Village Board should review the current staffing needs of the Treasurer's Department. This review should identify the job responsibilities and tasks assigned to the Treasurer's Department, with an emphasis on the estimated time it takes to adequately complete each task. This review should not only focus on the daily operations of the Village (including the posting of transactions and related monthly reconciliations), but should also include an adequate allowance of time to complete appropriate review and analysis of accounting and financial reporting before such information is presented to the Village Board or external parties. Based on this review, the Board may want to consider changes to (1) the responsibilities of the Treasurer's Department, (2) the work schedule of the members of the Treasurer's Department, or (3) a combination thereof.

View of Responsible Officials and Planned Corrective Actions: Under the existing budget, the Treasurer and Deputy positions are part-time, and when combined (40 hours) are one full-time Equivalent position. The increased work load and demands on the staff require the staff to work many more hours than budgeted, and in the long-term, is not sustainable. The staff of the Treasurer's office has recommended that the Village Board consider increasing the hours of the Treasurer and Deputy Treasurer positions to two full-time positions and will request that funding be approved in the upcoming budget cycle.

**Section III - Findings and Questioned Costs for Federal Awards**

**13-02 Improper Payments to Landlords**

**U.S. Department of Housing and Urban Development (HUD)  
14.871 - Section 8 Housing Choice Vouchers Program**

Criteria: The Village of Greenport Housing Authority (VGHA) is required to calculate the appropriate Housing Assistance Payments (HAP) to be made to landlords from HUD and eligible tenants based on required income and demographic information.

Condition: Out of ten (10) files tested, one (1) calculation was not properly updated for changes in the tenant's income information leading to overpayments to a landlord.

Cause: Lack of internal controls verifying that calculations are properly updated for changes in tenant information, especially those tenants who have frequent income level changes.

**INCORPORATED VILLAGE OF GREENPORT, NEW YORK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended May 31, 2013**

**Section III - Findings and Questioned Costs for Federal Awards - Continued**

**13-02 Improper Payments to Landlords - Continued**

**U.S. Department of Housing and Urban Development (HUD)**

**14.871 - Section 8 Housing Choice Vouchers Program - Continued**

Effect: Although not significant, program dollars were disbursed to a landlord in excess of amounts that would have been due had revised calculations been performed.

Recommendation: The VGHA should establish review procedures so tenant files are reviewed to determine if calculations have been properly made based on information obtained and maintained within the files.

View of Responsible Officials and Planned Corrective Actions: The Village will implement a procedure wherein all annual calculations of HAP payments will be reviewed for accuracy and approved by appropriate supervisory personnel.

**INCORPORATED VILLAGE OF GREENPORT, NEW YORK**

**SCHEDULE OF PRIOR YEAR FINDINGS  
Year Ended May 31, 2013**

<b>Prior Year Finding Reference</b>	<b>Prior Year Finding</b>	<b>Current Year Status</b>
12-01	During 2012, the Village relied on its auditors for adjusting various balances and their related reporting in the Village's financial statements and trial balances.	This is a repeat finding, 13-01.
12-02	Accounting activity for the community development fund is recorded in QuickBooks by the Housing Authority, which is outside the Village's primary general ledger system.	Not a current year finding.
12-03	Calculations were not properly updated for changes in the tenant's income leading to overpayments to landlords.	This is a repeat finding, 13-02.