

CITY OF SARATOGA SPRINGS, NEW YORK

SINGLE AUDIT REPORTS

Year Ended December 31, 2012

CITY OF SARATOGA SPRINGS, NEW YORK

SINGLE AUDIT REPORTS

Year Ended December 31, 2012

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CITY OF SARATOGA SPRINGS, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/ Pass-through Grantor/ Program Title	Year Ended December 31, 2012		
	CFDA #	Pass-through Grantor #	Federal Expenditures
United States Department of Housing and Urban Development/ Community Development Block Grants - Entitlement Grants	14.218	B09MC3-60017	\$ 73,228
Community Development Block Grants - Entitlement Grants	14.218	B10MC3-60017	36,245
Community Development Block Grants - Entitlement Grants	14.218	B11MC3-60017	214,377
Community Development Block Grants - Entitlement Grants	14.218	B12MC3-60017	73,878
			<u>397,728</u>
Shelter Plus Care	14.238	NY06C72-3008	183,123
			<u>580,851</u>
United States Department of Justice/ New York State Division of Criminal Justice Services/ Regional Drug Enforcement Task Force	16.579	TF07898733	12,394
ARRA - Public Safety Partnership and Community Policy Grants	16.710	2009CKWX0060	17,529
ARRA - Internet Crimes Against Children Task Force Program	16.800	2009-SN-B9-K023	11,209
ARRA - Edward Byrne Memorial Justice Assistance (JAG) Program	16.804	2009-SB-B9-0613	187
Equitable Sharing Program	16.922	N/A	35,196
			<u>76,515</u>
United States Department of Transportation/ Highway Planning and Construction Cluster New York State Department of Transportation/ ARRA - Highway Planning and Construction (Ballston Avenue Project)	20.205	D033659	42,616
New York State Office of Parks and Recreation/ Recreational Trails Program (Railroad Run Project)	20.219	RTP-03-SC-06	2,556
			<u>45,172</u>
National Highway Traffic Safety Administration/ Highway Safety Cluster New York State Department of Motor Vehicles/Governor's Traffic Safety Committee/ State and Community Highway Safety (Selective Traffic Enforcement Program)	20.600	PT-4604201	8,274
Safety Incentive Grants for Use of Seatbelts (Buckle Up New York)	20.604	PT-4604192	2,860
			<u>11,134</u>
United States Department of Health and Human Services/ Center for Medicaid and Medicare Services Prescription Drug Coverage Medicare Part D	93.770	N/A	48,707
United States Department of Homeland Security/ Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4020-DR-NY 2010-M9-3120GF-	8,039
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	25000000-4101-D	291,653
			<u>299,692</u>
			<u>\$ 1,062,071</u>

N/A - Pass-through number not available from pass-through entity.

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

CITY OF SARATOGA SPRINGS, NEW YORK

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) has been prepared in accordance with 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 City of Saratoga Springs, New York (City) funded by the federal government or pass-through entities for the year ended December 31, 2012, 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 or credits made to prior year expenditures in the normal course of business.

b. Relationship to Financial Statements

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

c. Direct and Indirect Costs

Expenditures for direct and indirect costs are recognized as incurred using the accrual method of accounting and in accordance with OMB A-87, *Cost Principles for State, Local and Indian Tribal Governments*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 - NONCASH ASSISTANCE

There were no federal awards expended in the form of noncash assistance by the City during the year ended December 31, 2012.

NOTE 3 - LOANS AND LOAN GUARANTEES

The City participates in the Community Development Revolving Loan Program and had \$162,817 in economic development and rehabilitation loans to recipients outstanding at December 31, 2012.

NOTE 4 - INSURANCE

The City did not participate in any federal insurance programs during the year ended December 31, 2012.

NOTE 5 - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the City provided federal awards to subrecipients as follows:

Community Development Block Grants	14,218	\$186,132
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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**

Mayor and Members of the City Council
City of Saratoga Springs, New York
Saratoga Springs, New York

We have audited the financial statements of the City of Saratoga Springs, New York (City) as of and for the year ended December 31, 2012, and have issued our report thereon dated July 24, 2013. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 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. 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 City'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 matters that are 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bollam Sheedy Torani & Co LLP

Albany, New York
July 24, 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 Members of the City Council
City of Saratoga Springs, New York
Saratoga Springs, New York

Report on Compliance for Each Major Federal Program

We have audited the City of Saratoga Springs, New York's (City) 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 City's major federal programs for the year ended December 31, 2012. The City'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 City'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 City'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 City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2012.

Report on Internal Control Over Compliance

Management of the City 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 City'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 City'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.

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

We have audited the financial statements of the City as of and for the year ended December 31, 2012, and have issued our report thereon dated July 24, 2013, which contained 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 taken as a whole.

Bollam Sheedy Torani & Co. LLP

Albany, New York
July 24, 2013

CITY OF SARATOGA SPRINGS, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012**

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X 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 X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant- Entitlement Grants
14.238	Shelter Plus Care

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None reported.

Section III - Federal Awards Findings and Questioned Costs

None reported.