



ERIE COUNTY COMPTROLLER
HON. STEFAN I. MYCHAJLIW

September 29, 2016

The Erie County Legislature
92 Franklin Street
Buffalo, New York 14202

Honorable Mark C. Poloncarz
Erie County Executive
95 Franklin Street
Buffalo, New York 14202

Dear Honorable Members and County Executive Poloncarz:

Enclosed is a copy of Erie County's New York State Department of Transportation (NYSDOT) Single Audit Report for the year ended December 31, 2015. This report is required pursuant to Draft Part 43 of the New York State Codification of Rules and Regulations.

A copy of this report will be filed with the NYSDOT's Contract Audit Bureau.

If you have any questions pertaining to this report, please contact me at 858-8400.

Very truly yours,

Stefan I. Mychajliw
Erie County Comptroller

SIM/nr

Enclosure

- c: Robert W. Keating, Director of Budget and Management
- John Loffredo, P.E., Commissioner of Public Works
- Erie County Audit Committee Members

**COUNTY OF ERIE,
NEW YORK**

*New York State Department of Transportation
Financial Assistance Schedules for the
Year Ended December 31, 2015 and
Independent Auditors' Report*

COUNTY OF ERIE, NEW YORK
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Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
NEW YORK STATE DEPARTMENT OF TRANSPORTATION ASSISTANCE
EXPENDED AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH DRAFT PART 43 OF NYCRR**

Honorable County Executive
Honorable County Comptroller
Honorable Members of the County Legislature
County of Erie, New York:

Report on Compliance for New York State Transportation Assistance Programs

We have audited the County of Erie, New York's (the "County") compliance with the types of compliance requirements described in Draft Part 43 of the New York State Codification of Rules and Regulations ("NYCRR") that are applicable to each state transportation assistance program tested for the year ended December 31, 2015. The program tested 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 laws, regulations, contracts and grants applicable to its state transportation assistance programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's program 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 Draft Part 43 of NYCRR. Those standards and Draft Part 43 of 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 state transportation assistance program tested has 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 state transportation assistance program tested. However, our audit does not provide a legal determination on the County's compliance.

Opinion

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 state transportation assistance programs tested 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 requirements that could have a direct and material effect on each state transportation assistance program tested as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each state transportation assistance program tested and to test and report on internal control over compliance in accordance with Draft Part 43 of NYCRR, 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 state transportation assistance 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 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 a type of compliance requirement 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 and was not designed to identify all deficiencies in the 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.

Report on Schedule of State Transportation Assistance Expended

We have audited the financial statements of the County as of and for the year ended December 31, 2015, and have issued our report thereon dated June 21, 2016, which contained an unmodified opinion on those financial statements and refers to other auditors. Our audit was conducted for the purpose of forming an opinion on the County's financial statements as a whole. The accompanying Schedule of New York State Department of Transportation Assistance Expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR, 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 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 New York State Department of Transportation Assistance Expended is fairly stated in all material respects in relation to the financial statements as a whole.

Purpose of this Report

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 Draft Part 43 of NYCRR. This report is for the information and use of the County Legislators, management, the New York State Department of Transportation and the Office of the State Comptroller of the State of New York. Accordingly, this communication is not suitable for any other purpose.

 LLP

June 21, 2016

COUNTY OF ERIE, NEW YORK
Schedule of New York State Department of Transportation Assistance Expended
Year Ended December 31, 2015

<u>Program Title/Description</u>	<u>NYSDOT Contract/ Reference Number</u>	<u>NYSDOT Expenditures</u>
Consolidated Highway Improvement Program ("CHIPS")	M530000	\$ 9,716,208
Marchiselli Aid	*	<u>309,810</u>
Total New York State Department of Transportation Assistance Expended		<u>\$ 10,026,018</u>

* Marchiselli Aid Contract/Grant numbers: D011613, D012333, D012344, D013877, D022084, D033408, D033516, D033955, D034615, D034632, D034658, D034793, D034859, D034880

See notes to Schedule of New York State Department of Transportation Assistance Expended.

COUNTY OF ERIE, NEW YORK
Notes to Schedule of New York State Department of Transportation Assistance Expended
Year Ended December 31, 2015

1. BASIS OF PRESENTATION

The accompanying Schedule of New York State Department of Transportation (the "NYSDOT") Assistance Expended includes the financial assistance provided by or passed through NYSDOT.

The accompanying schedule is presented on the modified accrual basis of accounting.

2. MATCHING COSTS

Amounts identified as Marchiselli Aid for Federal Aid Highway Projects represent matching costs for federally aided projects.

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COUNTY OF ERIE, NEW YORK
Schedule of Findings and Questioned Costs
New York State Department of Transportation Assistance Expended
Year Ended December 31, 2015

Part I. SUMMARY OF AUDITOR'S RESULTS

New York State Department of Transportation Assistance Expended:

Internal control over major programs:

- | | | | |
|---|-----------|---|---------------|
| 1. Material weakness(es) identified? | _____ Yes | _____ <input checked="" type="checkbox"/> | No |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | _____ Yes | _____ <input checked="" type="checkbox"/> | None reported |

Type of auditors' report issued on compliance for programs tested:

Unmodified

- | | | | |
|---|-----------|---|----|
| 3. Any audit findings disclosed that are required to be reported in accordance with Draft Part 43 of NYCRR? | _____ Yes | _____ <input checked="" type="checkbox"/> | No |
|---|-----------|---|----|

4. Identification of State Transportation Assistance Program tested:

Name of Program

Consolidated Highway Improvement Program ("CHIPS")

Part II. COMPLIANCE FINDINGS AND QUESTIONED COSTS

No matters reported.