INCORPORATED
VILLAGE OF PATCHOGUE

FEDERAL SINGLE AUDIT REPORT

May 31, 2013

INCORPORATED VILLAGE OF PATCHOGUE
TABLE OF CONTENTS

	Page
Federal Award Program Information:	
Schedule of Expenditures of Federal Awards	1
Notes to the Schedule of Expenditures of Federal Awards	2
Summary Schedule of Prior Audit Findings	3
Independent Auditor's 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 OMB Circular A-133	4
Schedule of Findings and Questioned Costs	6
Corrective Action Plan	7

INCORPORATED VILLAGE OF PATCHOGUE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended May 31, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
United States Department of Housing and Urban Development		
Passed through County of Suffolk:		
Community Development Block Grants	14.218	$ 185,556
Section 8 Housing Choice Vouchers	14.871	1,953,215
Total Department of Housing and Urban Development		2,138,771
United States Department of Homeland Security		
Passed through New York State, Division of Homeland Security and Emergency Services:		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	78,074
Total Department of Homeland Security		78,074
Total Federal Awards Expended		$ 2,216,845

INCORPORATED VILLAGE OF PATCHOGUE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended May 31, 2013

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs administered by the Incorporated Village of Patchogue, which is described in Note 1 to the Village's accompanying financial statements, using the modified accrual basis of accounting. Because the schedule presents only a selected portion of the operation of the Incorporated Village of Patchogue, it is not intended to and does not present the financial position and changes in financial position of the Village. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through other government agencies. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the Village's federal award programs may have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

Matching costs (the Village's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. Expenditures are recognized following cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity numbers are presented where available.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the Village's financial reporting system.

2. SUBRECIPIENTS

No amounts were provided to subrecipients.

3. OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the Village's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

INCORPORATED VILLAGE OF PATCHOGUE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended May 31, 2013

There were no prior audit findings or questioned costs relative to federal awards.

CULLEN & DANOWSKI, LLP
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INDEPENDENT AUDITOR'S 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 OMB CIRCULAR A-133

To the Board of Education
Incorporated Village of Patchogue
Patchogue, New York

Report on Compliance for Each Major Federal Program

We have audited the Incorporated Village of Patchogue's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *(OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Incorporated Village of Patchogue's major federal programs for the year ended May 31, 2013. The Incorporated Village of Patchogue'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 Incorporated Village of Patchogue'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 Incorporated Village of Patchogue'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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Incorporated Village of Patchogue 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 May 31, 2013.

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Report on Internal Control Over Compliance

Management of the Incorporated Village of Patchogue is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Incorporated Village of Patchogue'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 Incorporated Village of Patchogue'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 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 governmental activities, each major fund and the fiduciary funds of the Incorporated Village of Patchogue as of and for the year ended May 31, 2013, and the related notes to the financial statements, which collectively comprise the Incorporated Village of Patchogue's basic financial statements. We have issued our report thereon dated September 10, 2013, 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 OMB Circular A-133 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 basic financial statements and certain other 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.

Cullen & Danowski, LLP

September 10, 2013

INCORPORATED VILLAGE OF PATCHOGUE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended May 31, 2013

1. SUMMARY OF AUDITOR'S RESULTS

A. The auditor's report expresses an unmodified opinion on the financial statements.

B. No significant deficiencies in internal control were disclosed by the audit of the financial statements.

C. No instances of noncompliance material to the financial statements were disclosed during the audit.

D. No significant deficiencies in internal control over major programs that were disclosed by the audit.

E. The auditors' report on compliance for the major programs expresses an unmodified opinion.

F. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part 3 of this Schedule.

G. The program tested as a major program was:

Section 8 Housing Choice Vouchers	CFDA No. 14.871

H. The dollar threshold used to distinguish between Type A and B programs was $300,000.

I. The Incorporated Village of Patchogue qualified as a low-risk auditee.

2. FINANCIAL STATEMENTS FINDINGS

There were no findings to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings or questioned costs to be reported.

INCORPORATED VILLAGE OF PATCHOGUE
CORRECTIVE ACTION PLAN
For the Year Ended May 31, 2013

A corrective action plan for the year ended May 31, 2013 is not required.