

**COUNTY OF ADAMS,  
PENNSYLVANIA**

**SINGLE AUDIT REPORT**

**YEAR ENDED DECEMBER 31, 2012**

COUNTY OF ADAMS, PENNSYLVANIA  
SINGLE AUDIT REPORT  
YEAR ENDED DECEMBER 31, 2012

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# Zelenkofske Axelrod LLC

## INDEPENDENT AUDITORS' 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

County Commissioners  
County of Adams  
Gettysburg, Pennsylvania

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of COUNTY OF ADAMS, PENNSYLVANIA, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise COUNTY OF ADAMS, PENNSYLVANIA's basic financial statements and have issued our report thereon dated October 31, 2013. Our report includes a reference to other auditors who audited the financial statements of the Adams County Housing Authority and the Adams County Transit Authority, as described in our report on COUNTY OF ADAMS, PENNSYLVANIA's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered COUNTY OF ADAMS, PENNSYLVANIA'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness COUNTY OF ADAMS, PENNSYLVANIA's internal control. Accordingly, we do not express an opinion on the effectiveness of COUNTY OF ADAMS, PENNSYLVANIA's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 12-01 and 12-04 to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether COUNTY OF ADAMS, PENNSYLVANIA'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*.

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## County of Adams, Pennsylvania's Responses to Findings

COUNTY OF ADAMS, PENNSYLVANIA's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. COUNTY OF ADAMS, PENNSYLVANIA's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
October 31, 2013

# Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
THE PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE SINGLE AUDIT SUPPLEMENT,  
AND ON THE SCHEDULES OF EXPENDITURES OF FEDERAL AND PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE AWARDS

County Commissioners  
County of Adams  
Adams, Pennsylvania

## **Report on Compliance for Each Major Federal and Pennsylvania Department of Public Welfare Program**

We have audited COUNTY OF ADAMS, PENNSYLVANIA's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* and the Pennsylvania Department of Public Welfare (DPW) *Single Audit Supplement* that could have a direct and material effect on each of COUNTY OF ADAMS, PENNSYLVANIA's major federal and DPW programs for the year ended December 31, 2012. COUNTY OF ADAMS, PENNSYLVANIA's major federal and DPW 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 and DPW programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of COUNTY OF ADAMS, PENNSYLVANIA's major federal and DPW 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Pennsylvania Department of Public Welfare *Single Audit Supplement*. Those standards, OMB Circular A-133, and the Pennsylvania Department of Public Welfare *Single Audit Supplement* 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 and DPW program occurred. An audit includes examining, on a test basis, evidence about COUNTY OF ADAMS, PENNSYLVANIA'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 and DPW program. However, our audit does not provide a legal determination of COUNTY OF ADAMS, PENNSYLVANIA's compliance.

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## **Basis for Qualified Opinion on Major Federal and DPW Programs Listed in the Table Below.**

As described in the accompanying schedule of findings and questioned costs, COUNTY OF ADAMS, PENNSYLVANIA did not comply with requirements regarding the following:

<b>Finding #</b>	<b>CFDA #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
12-02	20.205	Highway Planning and Construction Cluster	Procurement, Suspension, and Debarment
12-03	20.205	Highway Planning and Construction Cluster	Davis Bacon
12-04	93.658/93.659/PA DPW	Foster Care Title IV-E Adoption Assistance Title IV-E PA Department of Public Welfare - Children and Youth Program	Reporting

Compliance with such requirements is necessary, in our opinion, for COUNTY OF ADAMS, PENNSYLVANIA to comply with the requirements applicable to those programs.

## **Qualified Opinion on Major Federal and DPW Programs Listed in the Table Above.**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, COUNTY OF ADAMS, PENNSYLVANIA, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal and DPW programs listed in the table above for the year ended December 31, 2012.

## **Unmodified Opinion on Each of the Other Major Federal and DPW Programs**

In our opinion, COUNTY OF ADAMS, PENNSYLVANIA 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 other major federal and DPW programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2012.

## **Other Matters**

The County of Adams's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County of Adams's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Management of COUNTY OF ADAMS, PENNSYLVANIA, 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 COUNTY OF ADAMS, PENNSYLVANIA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and DPW 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 and DPW program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the Pennsylvania Department of Public Welfare *Single Audit Supplement*, 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 COUNTY OF ADAMS, PENNSYLVANIA's internal control over compliance.

# Zelenkofske Axelrod LLC

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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 or DPW 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 or DPW program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Findings 12-02, 12-03, and 12-04 to be material weaknesses.

COUNTY OF ADAMS, PENNSYLVANIA's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. COUNTY OF ADAMS, PENNSYLVANIA's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 and the Pennsylvania Department of Public Welfare *Single Audit Supplement*. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedules of Expenditures of Federal and Pennsylvania Department of Public Welfare Awards Required by OMB Circular A-133 and the Pennsylvania Department of Public Welfare *Single Audit Supplement***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of COUNTY OF ADAMS, PENNSYLVANIA, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise COUNTY OF ADAMS, PENNSYLVANIA's basic financial statements. We issued our report thereon dated October 31, 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 schedules of expenditures of federal and Pennsylvania Department of Public Welfare awards are presented for purposes of additional analysis as required by OMB Circular A-133 and the Pennsylvania Department of Public Welfare *Single Audit Supplement* and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional 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

# Zelenkofske Axelrod LLC

accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and Pennsylvania Department of Public Welfare awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
October 31, 2013



COUNTY OF ADAMS, PENNSYLVANIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-through Grantler	Federal CFDA Number	Program Name	County Fund	(Accrued)/Deferred Revenue December 31, 2011	Federal Grant Receivables	Expenditures	Accrued/(Deferred) Revenue December 31, 2012
Emergency Food Assistance Cluster: PA Department of Agriculture	10.568	Emergency Food Assistance Program (Administrative Costs) ARRA	Block Grant	\$ -	\$ 8,147	\$ 11,906	\$ 3,759
Total CFDA 10.568					8,147	11,906	3,759
Emergency Food Assistance Cluster: PA Department of Agriculture	10.569	Emergency Food Assistance Program (Food Commodities)		-	14,730	14,730	-
Total CFDA 10.569					14,730	14,730	-
Total Emergency Food Assistance Cluster					22,877	26,636	3,759
Total U.S. Department of Agriculture					22,877	26,636	3,759
U.S. Department of Defense							
Direct Payments	12.112	Payments to States in Lieu of Real Estate Taxes	General Fund	-	31,558	31,558	-
Total CFDA 12.112					31,558	31,558	-
Total U.S. Department of Defense					31,558	31,558	-
U.S. Department of Housing and Urban Development							
State-Administered Small Cities Program Cluster:							
Department of Community and Economic Development	14.228	Community Development Block Grant 2007 (C000029548)	CDBG	-	33,130	33,130	-
Department of Community and Economic Development	14.228	Community Development Block Grant 2008 (C0000364498)	CDBG	-	13,977	13,977	-
Department of Community and Economic Development	14.228	Community Development Block Grant 2009 (C0000364498)	CDBG	-	-	12,001	12,001
Department of Community and Economic Development	14.228	Community Development Block Grant 2010 (C000050350)	CDBG	(2,200)	40,838	38,638	-
Department of Community and Economic Development	14.228	Community Development Block Grant 2011 (C000052048)	CDBG	-	16,866	34,444	17,578
Total CFDA 14.228 (CDBG- State-Administered Small Cities Program Cluster)				(2,200)	104,811	132,190	29,579
Department of Community and Economic Development	14.231	Emergency Shelter Grants Program (C4000014575)	Emergency Shelter	-	58,908	82,857	23,949
Total CFDA 14.231					58,908	82,857	23,949
Department of Community and Economic Development	14.257	Homeless Prevention & Rapid Re-Housing Project (Recovery Act Funded) (C000046123)	Emergency Shelter	11,174	19,735	30,909	-
Total CFDA 14.257				11,174	19,735	30,909	-
Total U.S. Department of Housing and Urban Development				8,974	183,454	245,956	53,528
U.S. Department of Justice							
PA Commission on Crime and Delinquency	16.523	Juvenile Accountability Incentive Block Grant	General	(5,000)	16,422	11,422	-
Total CFDA 16.523				(5,000)	16,422	11,422	-

\* Denotes Program Tested as Major

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF ADAMS, PENNSYLVANIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-through Grantor	Federal CFDA Number	Program Name	County Fund	(Accrued)/Deferred Revenue December 31, 2011	Federal Grant Receipts	Expenditures	Accrued/(Deferred) Revenue December 31, 2012
<b>U.S. Department of Justice (Continued)</b>							
PA Commission on Crime and Delinquency	16.575	Crime Victim Assistance	General	(33,677)	90,533	56,856	-
Total CFDA 16.575				(33,677)	90,533	56,856	-
PA Commission on Crime and Delinquency	16.588	STOP Violence Against Women Grant	General	(56,318)	142,283	90,844	4,879
Total CFDA 16.588				(56,318)	142,283	90,844	4,879
Direct Payments	16.606	State Criminal Alien Assistance	General	-	20,432	20,432	-
Total CFDA 16.606				-	20,432	20,432	-
U.S. Department of Justice	16.710	Public Safety Partnership and Community Policing Grants	911	-	121,309	121,309	-
Total CFDA 16.710				-	121,309	121,309	-
<b>JAG Program Cluster:</b>							
PA Commission on Crime and Delinquency	16.738	Edward Byrne Memorial Justice Assistance	General	(20,625)	29,933	19,156	9,848
Total CFDA 16.738				(20,625)	29,933	19,156	9,848
PA Commission on Crime and Delinquency	16.803	Recovery Act-Edward Byrne Memorial Justice Assistance	General	(58,682)	159,360	100,678	-
Total CFDA 16.803				(58,682)	159,360	100,678	-
Total JAG Program Cluster				(79,307)	189,293	119,834	9,848
Total U.S. Department of Justice				(174,302)	580,272	420,697	14,727
<b>U.S. Department of Transportation</b>							
Highway Planning and Construction Cluster:							
PA Department of Transportation	20.205	Highway and Planning Construction	Liquid Fuels	-	786,905	927,712	140,807
PA Department of Transportation	20.205	Highway and Planning Construction	General Fund	(31,518)	254,453	222,935	-
Total Highway Planning & Construction Cluster				(31,518)	1,041,358	1,150,647	140,807
Total U.S. Department of Transportation				(31,518)	1,041,358	1,150,647	140,807
<b>U.S. Environmental Protection Agency</b>							
PA Environmental Protection Agency	10.912	Environmental Quality Incentives Program	Conservation District	-	20,434	20,434	-
Total CFDA 10.912				-	20,434	20,434	-
PA Environmental Protection Agency	66.454	Water Quality Management Planning	Conservation District	-	10,310	10,310	-
Total CFDA 66.454				-	10,310	10,310	-
PA Environmental Protection Agency	66.466	Chesapeake Bay Program	Conservation District	-	16,545	31,028	14,483
Total CFDA 66.466				-	16,545	31,028	14,483
Total U.S. Environmental Protection Agency				-	47,289	61,772	14,483
<b>U.S. Department of Health and Human Services</b>							
PA Department of Public Welfare	93.558	Temporary Assistance for Needy Families	Children & Youth	(107,605)	150,287	53,961	11,279
Total CFDA 93.558 (TANF Cluster)				(107,605)	150,287	53,961	11,279
PA Department of Public Welfare	93.563	Child Support Enforcement Title IV-D & Incentives (4100053446)	Domestic Relations	(243,018)	984,383	754,586	13,221
Total CFDA 93.563				(243,018)	984,383	754,586	13,221

\* Denotes Program Tested as Major

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF ADAMS, PENNSYLVANIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-through Grantor (Continued)	Federal CFDA Number	Program Name	County Fund	(Accrued)/Deferred Revenue December 31, 2011	Federal Grant Receipts	Expenditures	Accrued/(Deferred) Revenue December 31, 2012
U.S. Department of Health and Human Services							
PA Department of Public Welfare	93.645	Child Welfare Services Title IV-B	Children & Youth	-	132,298	132,298	-
Total CFDA 93.645				-	132,298	132,298	-
PA Department of Public Welfare	93.658	Foster Care Title IV-E	General Fund	(2,913)	3,304	491	-
PA Department of Public Welfare	93.658	Foster Care Title IV-E	Children & Youth	(3,441)	691,956	707,703	19,188
Total CFDA 93.658				(6,254)	695,260	708,194	19,188
PA Department of Public Welfare	93.659	Adoption Assistance	Children & Youth	-	311,211	311,211	-
Total CFDA 93.659				-	311,211	311,211	-
PA Department of Public Welfare	93.667	Social Services Block Grant Title XX	Children & Youth	-	51,465	51,465	-
Total CFDA 93.667				-	51,465	51,465	-
PA Department of Public Welfare	93.674	Chafee Foster Care Independence Program Title IV-E	Children & Youth	-	23,129	23,129	-
Total CFDA 93.674				-	23,129	23,129	-
PA Department of Public Welfare	93.090	Guardianship Assistance	Children & Youth	-	54,817	54,817	-
Total CFDA 93.090				-	54,817	54,817	-
Total U.S. Department of Health and Human Services				\$ (656,877)	\$ 2,402,850	\$ 2,089,661	\$ 43,688
U.S. Department of Homeland Security							
PA Department of Emergency Services	97.042	Emergency Management Performance Grants	General	-	60,578	60,578	-
Total CFDA 97.042				-	60,578	60,578	-
Total U.S. Department of Homeland Security				-	60,578	60,578	-
U.S. Department of Interior							
PA Parks Departments	15.928	Civil War Battlefield Land Acquisition	General	-	215,727	215,727	-
Total CFDA 15.928				-	215,727	215,727	-
Total U.S. Department of Interior				-	215,727	215,727	-
Total Federal Grants				\$ (653,723)	\$ 4,585,963	\$ 4,303,232	\$ 270,992

\* Denotes Program Tested as Major

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF ADAMS, PENNSYLVANIA  
 SCHEDULE OF PENNSYLVANIA DEPARTMENT OF  
 PUBLIC WELFARE EXPENDITURES  
 FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Fund or Program</u>	<u>Combined Federal and State Expenditures</u>
Children and Youth	\$ 5,481,197 *
Child Support Enforcement	754,586 *
Human Service Development	61,391
Combined Homeless Assistance Program	<u>95,387</u>
Total Assistance	<u>\$ 6,392,561</u>

\* Denotes a major program for Pennsylvania Department of Public Welfare purposes. The 2012 threshold for Type A programs is \$300,000. The amount expended under major Pennsylvania Department of Public Welfare programs for the year ended December 31, 2012, totaled \$6,235,783 or 97.55% of total Pennsylvania Department of Public Welfare financial assistance.

COUNTY OF ADAMS, PENNSYLVANIA  
 NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1: REPORTING ENTITY

The County of Adams, Pennsylvania (the "County") as the reporting entity for financial reporting purposes is defined in Note 1A to the County's financial statements. For purposes of preparing the schedules of expenditures of awards, the County's reporting entity is the same as was used for financial purposes.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2012 threshold for determining Type A programs is \$300,000. The following Type A Programs were audited as major:

<u>CFDA</u>	<u>Program</u>
93.563	Child Support Enforcement
93.658	Foster Care Title IV-E
93.659	Adoption Assistance Title IV-E
20.205	Highway Planning & Construction Cluster
DPW	Children & Youth Program
DPW	Child Support Enforcement Program

The amount expended under programs audited as major federal programs for the year ended December 31, 2012, totaled \$2,924,638 or 67.96% of total federal awards.

# Zelenkofske Axelrod LLC

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES TO THE FINANCIAL SCHEDULES  
AND EXHIBITS REQUIRED BY THE PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE

County Commissioners  
County of Adams, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Public Welfare ("DPW") and COUNTY OF ADAMS, PENNSYLVANIA, solely to assist you with respect to the financial schedules and exhibits required by the DPW Single Audit Supplement for the fiscal year ended June 30, 2012. The COUNTY OF ADAMS, PENNSYLVANIA's management is responsible for the financial schedules and exhibits required by the DPW Single Audit Supplement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of DPW and the management of COUNTY OF ADAMS. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

- a) We have verified by comparison of the amounts and classifications that the supplemental financial schedules listed below, which summarize amounts reported to DPW for fiscal year ended June 30, 2012, have been accurately compiled and reflect the audited books and records of COUNTY OF ADAMS, PENNSYLVANIA. We have also verified by comparison to the example schedules that these schedules are presented, at a minimum, at the level of detail and in the format required by the DPW Single Audit Supplement pertaining to this period.

<u>Program Name</u>	<u>Exhibit Number</u>	<u>Referenced Schedule/Exhibit</u>
Title IV-D Child Support Enforcement Program	A-1	Summary of Expenditures
Title IV-D Child Support Enforcement	A-1(c)	Comparison of Reported Incentives to Incentives of Deposit
Combined Homeless Assistance Program	XIX(a)	Schedule of Revenues and Expenditures

- b) We have inquired of management regarding adjustments to reported revenues or expenditures which were not reflected on the reports submitted to DPW for the period in question.
- c) The processes detailed in paragraphs (a) and (b) above disclosed that no adjustments were necessary.

# Zelenkofske Axelrod LLC

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County Commissioners  
County of Adams, Pennsylvania

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Department of Public Welfare and the County Commissioners and is not intended to be and should not be used by anyone other than those specified parties.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
October 31, 2013

COUNTY OF ADAMS  
TITLE IV-D CHILD SUPPORT ENFORCEMENT PROGRAM  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Calendar Quarter Ended	Single Audit Expenditures					Reported Expenditures					Single Audit Over(Under) Reported				
	(A) Total	(B) Unallowable	(C) Net(A-B)	(D) FFP	(E) Amount Paid (C.x.D)	(A) Total	(B) Unallowable	(C) Net(A-B)	(D) FFP	(E) Amount Paid (C.x.D)	(A) Total	(B) Unallowable	(C) Net(A-B)	(D) FFP	(E) Amount Paid (C.x.D)
<b>Calendar Quarter Ended 9/30/11</b>															
Salary/Overhead (Exclude Blood Tests)	\$ 397,112	\$ 12,368	\$ 384,744	66%	\$ 253,931	\$ 397,112	\$ 12,368	\$ 384,744	66%	\$ 253,931	\$ -	\$ -	\$ -	66%	\$ -
Fees/Costs	2	-	2	66%	2	2	-	2	66%	2	-	-	-	66%	-
Interest/Program Income	19,061	595	18,466	66%	12,188	19,061	595	18,466	66%	12,188	-	-	-	66%	-
Blood Testing Fees	1,377	-	1,377	66%	909	1,377	-	1,377	66%	909	-	-	-	66%	-
Subtotal (1-2-3-4)	376,672	11,773	364,899	-	240,832	376,672	11,773	364,899	-	240,832	-	-	-	-	-
Blood Testing	928	-	928	66%	613	928	-	928	66%	613	-	-	-	66%	-
ADP	-	-	-	66%	-	-	-	-	66%	-	-	-	-	66%	-
<b>Net Total (5+6+7)</b>	<b>\$ 377,600</b>	<b>\$ 11,773</b>	<b>\$ 365,827</b>	<b>-</b>	<b>\$ 241,445</b>	<b>\$ 377,600</b>	<b>\$ 11,773</b>	<b>\$ 365,827</b>	<b>-</b>	<b>\$ 241,445</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Calendar Quarter Ended 12/31/11</b>															
Salary/Overhead (Exclude Blood Tests)	\$ 323,835	\$ 11,039	\$ 312,796	66%	\$ 206,445	\$ 323,835	\$ 11,039	\$ 312,796	66%	\$ 206,445	\$ -	\$ -	\$ -	66%	\$ -
Fees/Costs	1	-	1	66%	1	1	-	1	66%	1	-	-	-	66%	-
Interest/Program Income	18,104	590	17,514	66%	11,559	18,104	590	17,514	66%	11,559	-	-	-	66%	-
Blood Testing Fees	1,540	-	1,540	66%	1,017	1,540	-	1,540	66%	1,017	-	-	-	66%	-
Subtotal (1-2-3-4)	304,190	10,449	293,741	-	193,868	304,190	10,449	293,741	-	193,868	-	-	-	-	-
Blood Testing	1,568	-	1,568	66%	1,035	1,568	-	1,568	66%	1,035	-	-	-	66%	-
ADP	-	-	-	66%	-	-	-	-	66%	-	-	-	-	66%	-
<b>Net Total (5+6+7)</b>	<b>\$ 305,758</b>	<b>\$ 10,449</b>	<b>\$ 295,309</b>	<b>-</b>	<b>\$ 194,903</b>	<b>\$ 305,758</b>	<b>\$ 10,449</b>	<b>\$ 295,309</b>	<b>-</b>	<b>\$ 194,903</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Calendar Quarter Ended 3/31/12</b>															
Salary/Overhead (Exclude Blood Tests)	\$ 345,555	\$ 10,964	\$ 334,591	66%	\$ 220,830	\$ 345,555	\$ 10,964	\$ 334,591	66%	\$ 220,830	\$ -	\$ -	\$ -	66%	\$ -
Fees/Costs	2	-	2	66%	2	2	-	2	66%	2	-	-	-	66%	-
Interest/Program Income	19,587	630	18,957	66%	12,512	19,587	630	18,957	66%	12,512	-	-	-	66%	-
Blood Testing Fees	2,150	-	2,150	66%	1,419	2,150	-	2,150	66%	1,419	-	-	-	66%	-
Subtotal (1-2-3-4)	323,816	10,334	313,482	-	206,897	323,816	10,334	313,482	-	206,897	-	-	-	66%	-
Blood Testing	1,664	-	1,664	66%	1,099	1,664	-	1,664	66%	1,099	-	-	-	66%	-
ADP	-	-	-	66%	-	-	-	-	66%	-	-	-	-	66%	-
<b>Net Total (5+6+7)</b>	<b>\$ 325,480</b>	<b>\$ 10,334</b>	<b>\$ 315,146</b>	<b>-</b>	<b>\$ 207,996</b>	<b>\$ 325,480</b>	<b>\$ 10,334</b>	<b>\$ 315,146</b>	<b>-</b>	<b>\$ 207,996</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>Calendar Quarter Ended 6/30/12</b>															
Salary/Overhead (Exclude Blood Tests)	\$ 301,829	\$ 9,431	\$ 292,398	66%	\$ 190,080	\$ 301,829	\$ 9,431	\$ 292,398	66%	\$ 190,080	\$ -	\$ -	\$ -	66%	\$ -
Fees/Costs	2	-	2	66%	2	2	-	2	66%	2	-	-	-	66%	-
Interest/Program Income	19,012	601	18,411	66%	12,151	19,012	601	18,411	66%	12,151	-	-	-	66%	-
Blood Testing Fees	1,502	-	1,502	66%	991	1,502	-	1,502	66%	991	-	-	-	66%	-
Subtotal (1-2-3-4)	281,313	8,830	272,483	-	176,936	281,313	8,830	272,483	-	176,936	-	-	-	66%	-
Blood Testing	832	-	832	66%	550	832	-	832	66%	550	-	-	-	66%	-
ADP	-	-	-	66%	-	-	-	-	66%	-	-	-	-	66%	-
<b>Net Total (5+6+7)</b>	<b>\$ 282,145</b>	<b>\$ 8,830</b>	<b>\$ 273,315</b>	<b>-</b>	<b>\$ 177,486</b>	<b>\$ 282,145</b>	<b>\$ 8,830</b>	<b>\$ 273,315</b>	<b>-</b>	<b>\$ 177,486</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>



COUNTY OF ADAMS, PENNSYLVANIA  
 SCHEDULE OF THE COMPARISON OF REPORTED INCENTIVES TO INCENTIVES ON DEPOSIT  
 CHILD SUPPORT ENFORCEMENT PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Month	MSE		Audited Title IV-D Account Incentive Balance	Type of Account Structure
	Incentive Paid Cost Worksheet Ending Incentive Balance	Incentive Balance		
June 30, 2011	\$ 138,113	\$ 138,113		
1st Quarter (7/1/2011-9/30/2011)	172,061	172,061		
2nd Quarter (10/1/2011-12/31/2011)	205,828	205,828	( x )	Separate Bank Account
3rd Quarter (1/1/2012-3/31/2012)	262,587	262,587	( )	Restricted Fund - General Ledger
4th Quarter (4/1/2012-6/30/2012)	294,590	294,590	( )	Other: _____

Note: Do not include income received from interest or Medical Incentives.

EXHIBIT XIX

COUNTY OF ADAMS, PENNSYLVANIA  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 COMBINED HOMELESS ASSISTANCE PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Sources of Funding</u>	
DPW Allocation (Must Equal	
Total County HAP Allocation)	A \$ 104,327
Client Contributions	B -
Other	C -
Interest Earned	D -
	<u>E \$ 104,327</u>

Total HAP Funding  
(A + B + C + D = E)

	Bridge Housing	Case Management	Rental Assistance	Emergency Shelter	Innovative Supportive Housing	Total Available Funds
On Behalf of Clients	\$ -	\$ -	\$ -	\$ 14,398	\$ -	F \$ 14,398
Personnel	65,520	-	-	-	-	G 65,520
Operating	24,409	-	-	-	-	H 24,409
Fixed Assets/Equipment	-	-	-	-	-	I -
Subtotal	<u>\$ 89,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,398</u>	<u>\$ -</u>	J 104,327

County Administration  
(Max 10% Total HAP Funding)

Total HAP Expenses (J + K = L)	<u>104,327</u>
Total Unexpended Funds (E - L)	<u>\$ -</u>

COUNTY OF ADAMS, PENNSYLVANIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

Section I – Summary of Auditors' Results

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant Deficiency (ies) identified 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 weakness(es) identified?  yes  no

Significant deficiency (ies) identified not considered to be material weaknesses?  
 yes  none reported

Type of auditors' report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?  yes  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement
93.658	Foster Care Title IV-E
93.659	Adoption Assistance Title IV-E
20.205	Highway Planning and Construction Cluster
DPW	Children and Youth Program
DPW	Child Support Enforcement Program

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

Auditee qualified as low-risk auditee?  yes  no

COUNTY OF ADAMS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2012

Section II - Financial Statement Findings

Finding Summary

The following is a summary of the Financial Statement Findings.

<u>Finding 12-01:</u>	<u>Accounting Records</u>
Criteria:	The accounts of the County should include all significant transactions in the period of benefit.
Condition:	During the audit, certain audit adjustments were required to record additional receivables/revenues and to reverse prior year accruals after the County's year-end close of the accounting records.
Cause:	Transactions were not recorded in the period of benefit.
Effect:	The financial records did not reflect the correct financial activity of the period which would result in a material misstatement of the financial statements.
Questioned Costs:	None.
Recommendation:	The County should ensure that internal control procedures over financial reporting are sufficient to identify and record all material adjustments.
Management's Response:	The County will ensure that internal control procedures over financial reporting are implemented to identify and record all material adjustments.

COUNTY OF ADAMS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2012

The following findings in this section are presented in detail in Section III-Federal and Pennsylvania Department of Public Welfare Awards' and Questioned Costs.

<u>Finding Reference</u>	<u>Finding Summary</u>
12-04	Title IV-E Foster Care, Title IV-E Adoption Assistance, and PA Department of Public Welfare Children and Youth Program - Reporting

Section III - Federal and Pennsylvania Department of Public Welfare Awards Findings and Questioned Costs

<u>Finding 12-02:</u>	<u>Procurement, Suspension, and Debarment</u>
	CFDA #20.205 Highway Planning and Construction Cluster
Criteria:	OMB Circular A-133 requires the County to not contract with providers of service that are suspended or debarred.
Condition:	As a result of testing all of the program's 6 contracts, we noted that 4 provider contracts for the program did not contain a suspension/debarment clause nor was the County able to provide documentation to confirm that the provider was not suspended or debarred prior to contracting with the provider. The remaining two providers did not have a contract with the County and the County was unable to provide documentation to confirm that the provider was not suspended or debarred prior to appointing the providers.
Cause:	The County did not have proper controls in place to ensure that the providers of service were not suspended or debarred prior to contracting with the providers. For the two providers that did not have a contract with the County, the Board of Commissioners appoints those providers every four years.
Effect:	The County is not in compliance with OMB Circular A-133 Compliance Requirements over Procurement, Suspension, and Debarment and the internal controls are not operating effectively. However, we viewed the government's website noting that the providers were not on the list of suspended/debarred contractors.
Questioned Costs:	None.
Recommendation:	The County should include a clause in their contracts with providers to ensure that all providers receiving funds certify that they are not suspended or debarred. In addition, the County should have a contract with every provider of service.
Management's Response:	The County will include a clause in their contracts with providers to ensure that all providers receiving funds certify that they are not suspended or debarred. In the future, the County will ensure it has a contract with every provider of service for the program.

COUNTY OF ADAMS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2012

Section III – Federal and Pennsylvania Department of Public Welfare Awards Findings and Questioned Costs (Continued)

<u>Finding 12-03:</u>	<u>Davis Bacon Act</u>
	CFDA #20.205 Highway Planning and Construction Cluster
Criteria:	OMB Circular A-133 requires the County to include prevailing wage rates in their contract with providers.
Condition:	As a result of our testing, we noted that 1 out of the 2 provider contracts selected for testing of the program did not include the prevailing wage rates in the contract.
Cause:	The County did not have proper controls in place to ensure that the prevailing wage rates were included in the provider's contract.
Effect:	The County is not in compliance with OMB Circular A-133 Compliance Requirements over Davis Bacon Act and the internal controls are not operating effectively.
Questioned Costs:	The amount of questioned costs, if any, is undeterminable.
Recommendation:	The County should include the prevailing wage rates in their contracts with providers.
Management's Response:	The County will include the prevailing wage rates in their contracts with the program's providers.

COUNTY OF ADAMS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2012

Section III – Federal and Pennsylvania Department of Public Welfare Awards Findings and Questioned Costs (Continued)

<u>Finding 12-04</u>	<u>Reporting</u>
	CFDA #93.658 Foster Care Title IV-E CFDA #93.659 Adoption Assistance Title IV-E PA Department of Public Welfare - Children and Youth Program
Criteria:	Pursuant to Office of Management and Budget Circular A-133, and Pennsylvania Department of Public Welfare Single Audit Supplement, the County is required to ensure all reports filed with granting agencies accurately reflect the program's revenues and expenditures recorded on the County's General Ledger.
Condition:	As a result of our testing of reporting requirements, we noted the expenditure reports for the County's Children and Youth Department did not agree to the revenues and expenditures recorded on the County's General ledger. The expenditures on the County's general ledger were \$597,307 higher than the expenditures reported to the state.
Cause:	The Children & Youth Program did not prepare a written reconciliation of revenues and expenditures per their report to the revenues and expenditures recorded on the County's General Ledger.
Effect:	The Children & Youth Program is not in compliance with OMB A-133 and the Pennsylvania Department of Public Welfare Single Audit Supplement reporting requirements.
Questioned Costs:	The amount of questioned costs, if any, is undeterminable.
Recommendation:	The County should implement procedures to ensure that all filed reports are reconciled to the County's General Ledger prior to submission.
Management's Response:	The County will implement reconciliation procedures to ensure all reports filed with granting agencies are accurately reflected in the program's revenues and expenditures of the County's general ledger.

COUNTY OF ADAMS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2012

The summary which follows indicates the current year status of findings identified in the prior year single audit report.

<u>County Program</u>	<u>Prior Year Finding</u>	<u>Brief Description of Finding</u>	<u>Current Year Status</u>
None	11-01	Accounting Records	See current year finding 12-01
Children and Youth Program	11-02	Eligibility	Resolved
Children and Youth Program	11-03	Special Tests and Provisions R3 Subrecipient Monitoring	Resolved
Children and Youth Program	11-04	Special Tests and Provisions R1 Separate Accountability for ARRA Funding	Resolved
Highway Planning and Construction	11-05	Procurement, Suspension, and Debarment	See current year finding 12-02
Children and Youth Program	11-06	Reporting	See current year finding 12-04