

COUNTY OF STEUBEN, NEW YORK

**State Transportation Assistance Expended
For the Year Ended
December 31, 2008**

COUNTY OF STEUBEN, NEW YORK

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**REPORT ON COMPLIANCE AND CONTROLS OVER STATE
TRANSPORTATION ASSISTANCE EXPENDED BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

June 22, 2009

To the County Legislature of the
County of Steuben, New York:

We have audited the compliance of the County of Steuben, New York (the County) with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYSCRR) that are applicable to each state transportation assistance program tested for the year ended December 31, 2008. The program tested is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to the program tested is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 NYSCRR. Those standards and Draft Part 43 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 the state transportation assistance programs 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to the state transportation assistance program tested for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state transportation assistance programs tested. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on state transportation assistance programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

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REPORT ON COMPLIANCE AND CONTROLS OVER STATE TRANSPORTATION ASSISTANCE EXPENDED BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Internal Control Over Compliance (Continued)

A *control deficiency* in an organization's internal control over compliance 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 noncompliance with a type of compliance requirement of a state transportation assistance program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a state transportation assistance program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state transportation assistance program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state transportation assistance program will not be prevented or detected by the organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses, as defined above.

Schedule of State Transportation Assistance Expended

We have audited the basic financial statements of the County as of and for the year ended December 31, 2008, and have issued our report thereon dated June 22, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of the NYSCRR and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the County's management and the New York State Department of Transportation and is not intended to be used and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Bonadio & Co. LLP

COUNTY OF STEUBEN, NEW YORK

SCHEDULE OF EXPENDITURES OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Program Title</u>	<u>NYSDOT Contract/ Ref. Number</u>	<u>Expenditures</u>
Consolidated Local Street and Highway Program (CHIPS)	001-01/001-02	\$ 3,688,392
State Bridge Aid	005	976,039
Snow and Ice Control on State Highways - Indexed Lump Sum	002-02	666,502
State Transit Operating Assistance Program	563000	184,308
State Multi-Modal Project	006	<u>121,254</u>
		<u>\$ 5,636,495</u>

COUNTY OF STEUBEN, NEW YORK

**NOTES TO THE SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
DECEMBER 31, 2008**

1. GENERAL

The accompanying Schedule of Expenditures of State Transportation Assistance Expended of the County presents the activity of all financial assistance programs provided by the New York State Department of Transportation.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of State Transportation Assistance Programs is presented in conformity with accounting principles generally accepted in the United States.

3. INDIRECT COSTS

There were no indirect costs charged to State Transportation Assistance programs for the year ended December 31, 2008.

4. MATCHING COSTS

Amounts identified as State Bridge Aid represent matching costs for the federally aided programs.

COUNTY OF STEUBEN, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE TRANSPORTATION
ASSISTANCE EXPENDED
FOR THE YEAR ENDED DECEMBER 31, 2008**

A. SUMMARY OF AUDIT RESULTS

1. Internal control over state transportation assistance expended:
 - No material weaknesses were identified.
 - No significant deficiencies were identified.
2. The auditors' report on compliance for state transportation assistance expended for the County expressed an unqualified opinion.
3. The program tested was:
 - Consolidated Local Street and Highway Improvement Program (CHIPS)

B. FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

There were no current year findings and there were no prior year findings.

C. COMPLIANCE FINDINGS AND QUESTIONED COSTS

There were no current year findings.