

COUNTY OF STEUBEN, NEW YORK

**Single Audit Reports
for the Year Ended
December 31, 2009**

Bonadio & Co., LLP
Certified Public Accountants

COUNTY OF STEUBEN, NEW YORK

**SINGLE AUDIT REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1 - 2
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	3 - 4
Schedule of Expenditures of Federal Awards	5 - 7
Notes to the Schedule of Expenditures of Federal Awards.....	8 - 9
Schedule of Findings and Questioned Costs	10 - 11

**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**

June 23, 2010

To the Board of Legislators of the
County of Steuben, New York:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Steuben, New York (the County) as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 23, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Steuben County Industrial Development Agency and the Steuben County Soil and Water Conservation District, as described in our report on the County'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. The financial statements of Steuben County Soil and Water Conservation District were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

171 Sully's Trail
Pittsford, NY 14534
p (585) 381-1000
f (585) 381-3131

ROCHESTER • BUFFALO
ALBANY • SYRACUSE
PERRY • GENEVA

www.bonadio.com

(Continued)

**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***

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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*.

We noted certain matters that we reported to management of the County in a separate letter dated June 23, 2010.

This report is intended solely for the information and use of management, the Board of Legislators, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

June 23, 2010

To the Board of Legislators of the
County of Steuben, New York:

Compliance

We have audited the compliance of the County of Steuben, New York (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. The County's major federal programs are 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 each of its major federal programs 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 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 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 of 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 each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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.

171 Sully's Trail
Pittsford, NY 14534
p (585) 381-1000
f (585) 381-3131

ROCHESTER • BUFFALO
ALBANY • SYRACUSE
PERRY • GENEVA

www.bonadio.com

(Continued)

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

(Continued)

Internal Control Over Compliance (Continued)

A deficiency in 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 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 a 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2009, and have issued our report thereon dated June 23, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's 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 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 management, the Board of Legislators, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

COUNTY OF STEUBEN, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed through NYS Department of Social Services - Supplemental Nutrition Assistance Cluster: Supplemental Nutrition Assistance Program	10.551	N/A	\$ 15,047,550
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	1,219,495
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	41,777
Passed through NYS Department of Education - School Breakfast Program	10.553	N/A	<u>1,351</u>
Total U.S. Department of Agriculture			<u>16,310,173</u>
U.S. Department of Housing and Urban Development:			
Passed through the Governor's Office for Small Cities - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1115hr154-06	177,715
Shelter Plus Care	14.238	NY0024C2C010801	385,151
Passed through NYS Department of Social Services - ARRA-Homelessness Prevention and Rapid Re-Housing Program	14.257	C020905	<u>78,823</u>
Total U.S. Department of Housing and Urban Development			<u>641,689</u>
U.S. Department of Justice:			
State Criminal Alien Assistance Program	16.606	N/A	1,890
Passed through NYS Division of Criminal Justice Services - Violence Against Women Formula Grants	16.588	N/A	<u>11,947</u>
Total U.S. Department of Justice			<u>13,837</u>
U.S. Department of Transportation:			
Passed through the NYS Department of Transportation - Highway Planning and Construction	20.205	N/A	2,431
Highway Planning and Construction	20.205	D031641	166,956
Highway Planning and Construction	20.205	D024659	3,686
Highway Planning and Construction	20.205	D030153	2,472,281
ARRA-Highway Planning and Construction	20.205	D032089	662,030
Formula Grants for Other Than Urbanized Areas	20.509	C003650	140,001
Passed through the NYS Department of Motor Vehicles - State and Community Highway Safety	20.600	PT5100201	<u>16,932</u>
Total U.S. Department of Transportation			<u>3,464,317</u>
Appalachian Regional Commission			
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	C016172	<u>36,000</u>
Total Appalachian Regional Commission			<u>36,000</u>
U.S. Department of Education:			
Passed through the NYS Department of Health - Special Education - Grants for Infants and Families	84.181	C021823	<u>67,361</u>
Total U.S. Department of Education			<u>67,361</u>

COUNTY OF STEUBEN, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Continued)

Federal Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Passed through NYS Office of the Aging -			
Special Programs for the Aging - Title IIID - Disease Prevention and Health Promotion Services	93.043	N/A	7,247
National Family Caregiver Support - Title III-E	93.052	N/A	60,676
Special Programs for the Aging - Title VII - Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	N/A	<u>14,528</u>
			<u>82,451</u>
Special Programs of the Aging Cluster -			
Special Programs for the Aging - Title IIIB - Grants for Supportive Services and Senior Centers	93.044	N/A	158,763
Special Programs for the Aging - Title IIIC- Nutrition Services	93.045	N/A	167,804
Nutrition Services Incentive Program	93.053	N/A	110,151
ARRA-Aging Home-Delivered Nutrition Services for States	93.705	N/A	9,973
ARRA-Aging Congregate Nutrition Services for States	93.707	N/A	<u>20,550</u>
			<u>467,241</u>
Total NYS Office of the Aging			<u>549,692</u>
Passed through NYS Department of Health -			
Immunization Cluster:			
Immunization Grants	93.268	C023272	59,804
ARRA-Immunization Grants	93.712	T025305	<u>11,528</u>
			<u>71,332</u>
Maternal and Child Health Services Block Grant to the States	93.994	N/A	42,847
Public Health Emergency Preparedness	93.069	1614-07	<u>127,651</u>
			<u>170,498</u>
Total NYS Department of Health			<u>241,830</u>
Passed through NYS Department of Social Services -			
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	N/A	4,973,856
ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	N/A	<u>512,000</u>
			<u>5,485,856</u>
Child Support Enforcement	93.563	N/A	1,356,576
ARRA-Child Support Enforcement	93.563	N/A	<u>63,810</u>
<i>Subtotal-Child Support Enforcement</i>			<u>1,420,386</u>
Foster Care - Title IV-E	93.658	N/A	1,520,424
ARRA-Foster Care - Title IV-E	93.658	N/A	<u>48,886</u>
<i>Subtotal-Foster Care - Title IV-E</i>			<u>1,569,310</u>
Adoption Assistance	93.659	N/A	404,459
ARRA-Adoption Assistance	93.659	N/A	<u>35,238</u>
<i>Subtotal- Adoption Assistance</i>			<u>439,697</u>
Low-Income Home Energy Assistance	93.568	N/A	8,303,100
Child Care and Development Block Grant	93.575	N/A	2,792,725
Child Welfare Services - State Grants	93.645	N/A	118,484
Social Services Block Grant	93.667	N/A	1,027,193
Chafee Foster Care Independence Program	93.674	N/A	<u>41,083</u>
Total NYS Department of Social Services			<u>21,197,834</u>
Passed through NYS Department of Mental Health -			
Medical Assistance Program	93.778	N/A	1,646,354
ARRA-Medical Assistance Program	93.778	N/A	<u>3,935,935</u>
Total NYS Department of Mental Health			<u>5,582,289</u>
Passed through NYS Department of Alcohol and Substance Abuse Services -			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	<u>320,407</u>
Total U.S. Department of Health and Human Services			<u>27,892,052</u>

(Continued)

COUNTY OF STEUBEN, NEW YORK

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

(Continued)

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Corporation for National and Community Services -			
Retired and Senior Volunteer Program	94.002	N/A	<u>79,209</u>
Total Corporation for National and Community Services			<u>79,209</u>
U.S. Election Assistance Commission -			
Passed Through NYS Board of Elections - Help America Vote Act Requirements Payments	90.401	N/A	<u>48,008</u>
Total U.S. Election Assistance Commission			<u>48,008</u>
U.S. Department of Homeland Security:			
Passed Through NYS Division of Criminal Justice Services - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	C836150	108,455
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	N/A	108,478
Passed Through NYS Emergency Management Office - Citizen Corps	97.053	N/A	<u>10,870</u>
Total U. S. Department of Homeland Security			<u>227,803</u>
Total Expenditures of Federal Awards			<u>\$ 48,780,449</u>

Note: Bold items denote major programs.

COUNTY OF STEUBEN, NEW YORK

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2009

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by the County of Steuben, New York (the County), an entity as defined in the basic financial statements, except that it does not include the federal financial assistance programs, if any, of the Steuben County Health Care Facility, Steuben County Industrial Development Agency, Steuben Tobacco Asset Securitization Corporation, and the Steuben County Soil and Water Conservation District.

2. PASS-THROUGH PROGRAMS

Where the County receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the County's financial management system. The County has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

3. NONMONETARY FEDERAL PROGRAMS

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements to the County, termed "nonmonetary programs." During the year ended December 31, 2009, the County distributed \$15,033,026 of food stamps to eligible persons participating in the Supplemental Nutrition Assistance Program (CFDA Number 10.551).

New York State also pays benefits directly to vendors, primarily utility companies, on behalf of eligible persons participating in the Low-Income Home Energy Assistance Program (CFDA Number 93.568). Included in the amount presented on the schedule of expenditures of federal awards is \$7,486,093 in direct payments to vendors.

4. BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the County's general ledger. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the schedule of expenditures of federal awards up to such amounts.

5. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented.

6. MATCHING COSTS

Matching costs, i.e., the County's share of certain program costs, are not included in the schedule of expenditures of federal awards.

7. SUBRECIPIENTS

The following programs provided federal awards to subrecipients during the year ended December 31, 2009:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant - Small Cities Program	14.228	\$ 174,715
Shelter Plus Care	14.238	164,595
Formula Grants for Other Than Urbanized Areas	20.509	140,001
Special Programs for the Aging - Title IIID - Disease Prevention and Health Promotion Services	93.043	7,247
Special Programs for the Aging - Title IIIC - Nutrition Services	93.045	167,804
Nutrition Services Incentive Program	93.053	110,151
ARRA-Aging Home-Delivered Nutrition Services for States	93.705	9,973
ARRA-Aging Congregate Nutrition Services for States	93.707	20,550
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>100,677</u>
		<u>\$ 895,713</u>

COUNTY OF STEUBEN, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the County of Steuben, New York (the County).
 2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
 3. No instances of noncompliance material to the basic financial statements of the County were disclosed during the audit.
 4. No material weaknesses or significant deficiencies relating to the audit of major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
 5. The auditors' report on compliance for the County's major federal award programs expresses an unqualified opinion.
 6. There are no audit findings relative to major federal award programs for the County.
 7. The programs tested as major programs were:
 - CFDA No. 93.563 Child Support Enforcement
 - CFDA No. 93.563 ARRA-Child Support Enforcement

 - CFDA No. 14.257 ARRA-Homelessness Prevention and Rapid Re-Housing Program

 - CFDA No. 93.778 Medical Assistance Program
 - CFDA No. 93.778 ARRA-Medical Assistance Program

 - CFDA No. 93.658 Foster Care - Title IV-E
 - CFDA No. 93.658 ARRA-Foster Care - Title IV-E

 - CFDA No. 20.205 Highway Planning and Construction
 - CFDA No. 20.205 ARRA-Highway Planning and Construction
- Clusters (as defined by OMB Circular No. A-133 Compliance Supplement)
Supplemental Nutrition Assistance Program Cluster
- CFDA No. 10.551 Supplemental Nutrition Assistance Program
 - CFDA No. 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
 - CFDA No. 10.561 ARRA-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

A. SUMMARY OF AUDIT RESULTS (Continued)

7. The programs tested as major programs were: (Continued)

TANF Cluster

- CFDA No. 93.558 Temporary Assistance for Needy Families
- CFDA No. 93.714 ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program

8. The threshold for distinguishing Types A and B programs was \$1,463,413.

9. The County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.