

STEUBEN COUNTY, NEW YORK

Single Audit Report

December 31, 2006

(With Independent Auditor's Report Thereon)

COUNTY OF STEUBEN, NEW YORK

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

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

Compliance

We have audited the compliance of County of Steuben, New York 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, 2006. We did not audit the financial statements of the Steuben County Health Care Facility which represents in total 48 percent and 59 percent, respectively, of the assets and revenues of the proprietary fund type. We also did not audit the financial statements of the Steuben County Industrial Development Agency or the Steuben County Soil and Water Conservation District, each of which is a component unit of the County. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Steuben County Health Care Facility, the Steuben County Industrial Development Agency and the Steuben County Soil and Water Conservation District, is based solely on the reports of the other auditors. County of Steuben, New York's major federal programs are identified in the summary of auditor's 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 County of Steuben, New York's management. Our responsibility is to express an opinion on County of Steuben, New York's compliance based on our audit.

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 County of Steuben, New York'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 County of Steuben, New York's compliance with those requirements.

In our opinion, County of Steuben, New York 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, 2006.

Internal Control Over Compliance

The management of County of Steuben, New York, 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 County of Steuben, New York'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 of Steuben, New York's internal control over compliance.

A control deficiency in an entity'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 federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity'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 federal program will not be prevented or detected by the entity'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 that we consider to be material weaknesses, as defined above.

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented components units, 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, 2006, and have issued our report thereon dated June 22, 2007. We did not audit the financial statements of the Steuben County Health Care Facility, which represents in total 48 and 59 percent, respectively, of the assets and revenues of the proprietary fund type. We also did not audit the financial statements of the Steuben County Industrial Development Agency or the Steuben County Soil and Water Conservation District, each of which is a component unit of the County. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Steuben County Health Care Facility, the Steuben County Industrial Development Agency and the Steuben County Soil and Water Conservation District, is based solely on the reports of the other auditors. 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 of the Legislature, management and 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.

Toski, Schaefer & Co. P.C.

Williamsville, New York
June 22, 2007

COUNTY OF STEUBEN NEW YORK
Schedule of Expenditures of Federal Awards
December 31, 2006

<u>Federal Grantor/Pass-Through Grantor/Program Title (1)</u>	<u>Federal CFDA Number (2)</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures (3)</u>
U.S. Department of Agriculture - passed through New York State:			
Food Stamp Program - Vouchers	10.551	N/A	\$ 8,972,555
Food Stamp Program	10.561	N/A	1,250,101
School Breakfast Program	10.553	61501	3,701
National School Lunch Program	10.555	61501	<u>5,308</u>
Total U.S. Department of Agriculture			<u>10,231,665</u>
U.S. Department of Health and Human Services:			
Passed through New York State:			
Special Programs for the Aging:			
Title III, Part B - Grants for Supportive Service and Senior Centers			
	93.044	N/A	147,920
Title III, Part C - Nutrition Services			
	93.045	N/A	220,082
Health Promotion Services	93.043	N/A	23,689
National Family Caregiver Support	93.052	N/A	54,734
Nutrition Services Incentive Program	93.053	810111	91,255
Immunization Grant	93.268	CO15682	48,499
Temporary Assistance for Needy Families	93.558	N/A	2,953,270
Child Support Enforcement	93.563	N/A	1,345,555
Low-Income Home Energy Assistance	93.568	N/A	4,565,313
Child Care and Development Block Grant	93.575	N/A	1,948,295
Child Welfare Services - State Grants	93.645	N/A	924,353
Foster Care - Title IV-E	93.658	N/A	2,901,516
Adoption Assistance	93.659	62402	316,645
Social Services Block Grant	93.667	N/A	24,606
Medical Assistance Program	93.778	N/A	1,064,019
Block Grant/ Prevention & Treatment of Substance Abuse	93.959	N/A	265,818
Maternal and Child Health Services Block Grant	93.994	CO11883	32,017
Passed through Health Research, Inc. - Centers for Disease Control and Prevention			
	93.283	N/A	<u>107,555</u>
Total U.S. Department of Health and Human Services			<u>17,035,141</u>

(Continued)

COUNTY OF STEUBEN NEW YORK
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor/Pass-Through Grantor/Program Title (1)</u>	<u>Federal CFDA Number (2)</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures (3)</u>
U.S. Department of Housing and Urban Development:			
Direct program - Shelter Plus Care	14.238	N/A	278,524
Passed through NYS Governor's Office for Small Cities - Community Development Block Grant - Small Cities	14.219	N/A	<u>137,203</u>
Total U.S. Department of Housing and Urban Development			<u>415,727</u>
U.S. Department of Transportation - passed through New York State:			
State and Community Highway Safety	20.600	C000486	10,000
Occupant Protection	20.602	N/A	6,147
Traffic Safety	20.609	N/A	5,944
Formula Grants for Other than Urbanized Areas	20.509	69920	189,959
Highway Planning and Construction	20.205	D009832/ D004228	<u>288,298</u>
Total U.S. Department of Transportation			<u>500,348</u>
U.S. Department of Homeland Security:			
Direct program - Disaster Grants - Public Assistance	97.036	C553130	7,561
Passed through New York State - Citizen Corps	97.053	N/A	<u>19,658</u>
Total U.S. Department of Homeland Security			<u>27,219</u>
U.S. Department of Education - passed through New York State - Early Intervention Program			
	84.181	CO13313	<u>73,011</u>

(Continued)

COUNTY OF STEUBEN NEW YORK
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor/Pass-Through Grantor/Program Title (1)</u>	<u>Federal CFDA Number (2)</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures (3)</u>
U.S. Department of Justice - direct program - Bulletproof Vest Partnership Program	16.607	N/A	<u>4,515</u>
Corporation for National Service - direct program - Retired Senior Volunteer Program	94.002	N/A	<u>80,617</u>
Total Expenditures of Federal Awards			<u>\$ 28,368,243</u>

- (1) Includes all major and nonmajor programs.
- (2) Source: Catalog of Federal Domestic Assistance (www.cfda.gov)
- (3) Prepared on the "GAAP" Basis of Accounting and Includes all Program Expenditures

COUNTY OF STEUBEN, NEW YORK
Schedule of Findings and Questioned Costs

Year ended December 31, 2006

Part I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- Type of auditor's report issued: Unqualified
- Internal control over financial reporting:
1. Material weakness(es) identified? ___ Yes X No
2. Control deficiency(ies) identified not considered to be material weakness(es)? ___ Yes X No
3. Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards:

- Internal control over major programs:
4. Material weakness(es) identified? ___ Yes X No
5. Control deficiency(ies) identified not considered to be material weakness(es)? ___ Yes X No

- Type of auditor's report issued on compliance for major programs: Unqualified
6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) ___ Yes X No

7. The County's major programs audited were:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Food Stamp Program - Cluster	10.551/10.561
Low-Income Home Energy Assistance	93.568
Medical Assistance Program	93.778
Temporary Assistance for Needy Families	93.558

8. Dollar threshold used to distinguish between Type A and Type B programs? \$ 851,047
9. Auditee qualified as low-risk auditee? X Yes ___ No

COUNTY OF STEUBEN, NEW YORK
Schedule of Findings and Questioned Costs, Continued

Part II. - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings

Part III. - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings

COUNTY OF STEUBEN, NEW YORK
Status of Prior Audit Findings
Year ended December 31, 2006

There were no reportable findings in the previous year ended December 31, 2005.

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**INDEPENDENT AUDITOR'S 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**

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

We have audited the basic financial statements of County of Steuben, New York as of and for the year ended December 31, 2006 and have issued our report thereon dated June 22, 2007 (which report expresses an unqualified opinion and includes explanatory language relating to other audits for the audits of the Steuben County Health Care Facility, the Steuben County Industrial Development Agency, and the Steuben County Soil and Water Conservation District). We conducted our audit in accordance with 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 for the Steuben County Health Care Facility were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered County of Steuben, New York'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 of Steuben, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Steuben, New York's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting 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 financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Steuben, New York'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 County of Steuben New York in a separate letter dated June 22, 2007.

This report is intended solely for the information of the Legislature, management, 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.

Toski, Schaefer & Co, P.C.

Williamsville, New York
June 22, 2007