

COUNTY OF BROOME, NEW YORK

**Reports Required by the Single Audit Act
and Government Auditing Standards**

DECEMBER 31, 2011

COUNTY OF BROOME, NEW YORK

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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
BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable County Executive, Debra A. Preston
and Honorable Members of the County Legislature
County of Broome, New York

We have audited the basic 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 the County of Broome, New York (the "County") as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 7, 2012. We did not audit the financial statements of Broome Community College or Broome County Industrial Development Agency, which represent 99% of both the assets and revenues of the aggregate discretely presented component units. In addition, we did not audit the financial statements of Broome County Tobacco Asset Securitization Corporation, a blended component unit of the County. 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.

Our consideration of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters and internal control over financial reporting did not include the operations of Broome Community College, Broome County Industrial Development Agency or Broome County Tobacco Asset Securitization Corporation.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the County is responsible for establishing and maintaining effective 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 11-01 through 11-03 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 11-04 and 11-05 to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's basic 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 other matters that we reported to management of the County in a separate letter dated September 7, 2012.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County 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.

Jestone, Marshall + Disenza

September 7, 2012
Syracuse, New York



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

Honorable County Executive, Debra A. Preston
and Honorable Members of the County Legislature
County of Broome, New York

COMPLIANCE

We have audited County of Broome, New York's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2011. The County'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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of Broome Community College, Broome County Industrial Development Agency and Broome County Tobacco Asset Securitization Corporation, whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2011. Our audit, described below, did not include the federal awards of the above entities as these entities conducted separate audits in accordance with OMB Circular A-133, if required.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 11-06. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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 the County, as of and for the year ended December 31, 2011, and have issued our report thereon dated September 7, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of County 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.

Jestone, Marshall & Disenza

September 7, 2012
Syracuse, New York

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Department of Agriculture			
Pass-Through NYS Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	C012323	\$ 3,889,608
Direct Program:			
ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561		7,176
Pass-Through NYS Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561		<u>1,362,416</u>
Total			1,369,592
Total U.S. Department of Agriculture			<u>5,259,200</u>
U.S. Department of Housing and Urban Development			
Direct Program:			
ARRA - Homelessness Prevention and Rapid Re-Housing Program Technical Assistance	14.257	C020950	195,487
Lead-Based Paint Hazard Control	14.900	NYLHB0483-10	<u>139,818</u>
Total U.S. Department of Housing and Urban Development			<u>335,305</u>
U.S. Department of Justice			
Pass-Through NYS Department of Criminal Justice:			
Edward Byrne Memorial Formula Grant Program	16.579	316-AL-C47732	5,867
Byrne JAG Program	16.738	BJ11-1034-E00	22,294
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	C52313	<u>20,409</u>
Total Edward Byrne Cluster			48,570
Direct Program:			
State Criminal Alien Assistance Program (SCAAP)	16.606		<u>32,621</u>
Total U.S. Department of Justice			<u>81,191</u>

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Department of Labor			
Pass-Through NYS Department of Labor: Trade Adjustment Assistance	17.245		<u>205,085</u>
WIA Cluster			
Pass-Through NYS Department of Labor: National Emergency Grants NEGs	17.277		<u>129,304</u>
Direct Program: ARRA - WIA Dislocated Workers	17.278		54,464
Pass-Through NYS Department of Labor: WIA Dislocated Workers	17.278		<u>1,091,622</u>
Total			<u>1,146,086</u>
Direct Program: ARRA - WIA Adult Program	17.258		3,145
Pass-Through NYS Department of Labor: WIA Adult Program	17.258		<u>507,530</u>
Total			<u>510,675</u>
Direct Program: ARRA - WIA Youth Activities	17.259		8,343
Pass-Through NYS Department of Labor: WIA Youth Activities	17.259		<u>543,252</u>
Total			<u>551,595</u>
Total WIA Cluster			<u>2,337,660</u>
Direct Program: Work Incentives Grant	17.266	WI 13220-03-60	<u>80,960</u>
Pass-Through NYS Department of Labor: H-1B Job Training Grants	17.268		<u>26,206</u>
Total U.S. Department of Labor			<u>2,649,911</u>
U.S. Department of Transportation			
Direct Program: Airport Improvement Program (AIP)	20.106		<u>6,870,181</u>
Direct Program: ARRA - Highway Planning and Construction	20.205		10,864
Pass-Through NYS Department of Transportation: Highway Planning and Construction	20.205	D014517	408,580
Marchiselli Program	20.205	D013853	<u>210,170</u>
Total			<u>629,614</u>
Pass-Through NYS Department of Transportation: Metropolitan Transportation Planning	20.505	D014517	<u>97,358</u>
Direct Program: Federal Transit - Formula Grants	20.507		<u>3,172,155</u>
Pass-Through NYS Department of Transportation: Job Access Reverse Commute (JARC)	20.516		<u>288,682</u>
Pass-Through NYS Governor's Traffic Safety Committee: State and Community Highway Safety	20.600	CP0400212	<u>77,022</u>
Direct Program: Hazardous Materials Emergency Preparedness Training and Planning Grants, HMEP	20.703		<u>2,340</u>
Total U.S. Department of Transportation			<u>11,137,352</u>

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Department of Education			
Pass-Through NYS Department of Health through NYS Department of Education:			
Special Education - Grants for Infants and Families	84.181		<u>1,148,324</u>
Total U.S. Department of Education			<u>1,148,324</u>
U.S. Department of Health and Human Services			
Pass-Through NACCHO:			
Medical Reserve Corps Small Grant Program	93.008	MRC080017	998
Medical Reserve Corps Small Grant Program	93.008	MRC090017	<u>918</u>
Total			<u>1,916</u>
Aging Cluster			
Pass-Through NYS Office for the Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Center	93.044		240,608
Special Programs for the Aging - Title III, Part C - Nutritional Services	93.045		482,299
Nutrition Services Incentive Program	93.053		<u>199,509</u>
Total Aging Cluster			<u>922,416</u>
Pass-Through NYS Office for the Aging:			
Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	93.046		<u>15,028</u>
Pass-Through NYS Office for the Aging:			
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048		<u>106,358</u>
Pass-Through NYS Office for the Aging:			
National Family Caregiver Support Program	93.052		<u>124,815</u>

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Pass-Through Health Research Inc.:			
Public Health Emergency Preparedness	93.069	HRI158305	(50)
Public Health Emergency Preparedness	93.069	HRI158308	<u>144,132</u>
Total			<u>144,082</u>
Pass-Through NYS Office for the Aging:			
Medicare Enrollment Assistance Program	93.071		<u>12,929</u>
Pass-Through NYS Department of Health:			
Centers for Research Demonstration for Health Promotion and Disease Prevention	93.135	HRI361301	<u>158,103</u>
Pass-Through NYSOCFS:			
Family Planning Services	93.217	C024611	
Pass-Through NYS Department of Health:			
Immunization Grants	93.268	C-023234	<u>100,416</u>
Direct Program:			
Drug - Free Communities Support Program Grants	93.276		<u>125,004</u>
Direct Program:			
Early Retiree Reinsurance Program	93.546		<u>420,001</u>
Pass-Through NYS Department of Health:			
CDC-Investigations, Technical Assistance and Affordable Care Act Projects	93.283	HRI3614-04	<u>118,243</u>
TANF Cluster			
Pass-Through NYS Department of Social Services:			
Temporary Assistance for Needy Families (TANF)	93.558		<u>21,211,318</u>
Total TANF Cluster			<u>21,211,318</u>
Direct Program:			
ARRA - Child Support Enforcement (Title IV-D)	93.563		53,443
Pass-Through NYS Department of Social Services:			
Child Support Enforcement (Title IV-D)	93.563		<u>930,568</u>
Total			<u>984,011</u>
Pass-Through NYS Office for the Aging:			
Low-Income Home Energy Assistance	93.568		75,502
Pass-Through NYS Department of Social Services:			
Low-Income Home Energy Assistance	93.568		<u>7,168,679</u>
Total			<u>7,244,181</u>
Pass-Through NYS Department of Labor:			
Child Care and Development Block Grants	93.575		<u>3,801,421</u>
Pass-Through NYS Board of Elections:			
Voting Access for Individuals With Disabilities - Grants to States	93.617	T002586	8,500
Voting Access for Individuals With Disabilities - Grants to States	93.617	T002770	<u>28,641</u>
Total			<u>37,141</u>

(Continued)

**COUNTY OF BROOME, NEW YORK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Pass-Through OCIS:			
Stephanie Tubbs Child Welfare Services Program	93.645		<u>217,840</u>
Direct Program:			
ARRA - Foster Care - Title IV-E	93.658		514,389
Pass-Through NYS Division for Youth:			
Foster Care-Title IV-E	93.658		<u>5,369,637</u>
Total			<u>5,884,026</u>
Direct Program:			
ARRA - Adoption Assistance	93.659		92,849
Pass-Through NYS Office of Children & Family Services:			
Adoption Assistance	93.659		<u>1,306,280</u>
Total			<u>1,399,129</u>
Pass-Through NYS Department of Labor:			
Social Services Block Grant	93.667		<u>1,137,369</u>
Pass-Through NYS Department of Labor:			
Independent Living	93.674		<u>83,570</u>
Direct Program:			
ARRA - Medical Assistance Program (Medicaid; Title XIX)	93.778		4,331,110
Pass-Through NYS Department of Labor:			
Medical Assistance Program (Medicaid; Title XIX)	93.778		161,212,750
Pass-Through NYS Office of Mental Health:			
Medical Assistance Program (Medicaid; Title XIX)	93.778		<u>230,237</u>
Total			<u>165,774,097</u>
Pass-Through NYS Office for the Aging:			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		<u>38,831</u>
Pass-Through Southern Tier AIDS Program:			
HIV Care Formula Grants	93.917	C10760	<u>28,368</u>

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Pass-Through Health Research Inc.:			
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early	93.919	HRI347503	87,323
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early	93.919	HRI 347703	12,261
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early	93.919		<u>22,042</u>
Total			<u>121,626</u>
Pass-Through NYS Office of Alcoholism & Substance:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		<u>1,180,691</u>
Pass-Through NYS Department of Health:			
Preventive Health and Health Services Block Grant	93.991	C107739	<u>16,484</u>
Pass-Through NYS Department of Health:			
Maternal and Child Health Services Block Grant to the States	93.994	C-017588	114,069
Maternal and Child Health Services Block Grant to the States	93.994	C-026495	15,637
Maternal and Child Health Services Block Grant to the States	93.994	NYLSST0004-09	52,130
Maternal and Child Health Services Block Grant to the States	93.994	C-021144	53,259
Maternal and Child Health Services Block Grant to the States	93.994	C-024603	5,513
Maternal and Child Health Services Block Grant to the States	93.994	C-025202	41,308
Maternal and Child Health Services Block Grant to the States	93.994	C-021780	<u>23,439</u>
Total			<u>305,355</u>
Direct Program:			
Foster Grandparent Program (FGP)	94.011		<u>261,869</u>
Total U.S. Department of Health & Human Services			<u>211,976,638</u>
U.S. Department of Homeland Security			
Pass-Through NYS Emergency Management Office:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>4,867,876</u>
Pass-Through NYS Emergency Management Office:			
Emergency Management Performance Grants	97.042		<u>40,775</u>
Pass-Through NYS Office of Homeland Security:			
Homeland Security Grant Program	97.067	C835270	97,071
Homeland Security Grant Program	97.067	C835280	26,053
Homeland Security Grant Program	97.067	SH09-1067-E00	61,314
Homeland Security Grant Program	97.067	C835272	116,659
Homeland Security Grant Program	97.067	C835282	64,987
Homeland Security Grant Program	97.067	C835292	51,247
Homeland Security Grant Program	97.067	C835202	9,846
Homeland Security Grant Program	97.067	C835294	<u>22,393</u>
Total			<u>449,570</u>
Total U.S. Department of Homeland Security			<u>5,358,221</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 237,946,142</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF BROOME, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

1. BASIS OF PRESENTATION

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 when advised by the pass-through grantor.

Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors, are not maintained in the County's financial management system. County management has identified certain pass-through identifying numbers and included them in the Schedule of Expenditures of Federal Awards.

Non-Monetary Federal Programs

The County is the recipient of financial assistance that does not result in cash receipts or disbursements, termed "non-monetary programs." During the fiscal year ended December 31, 2011, \$6,714,933 in payments made by the state to eligible persons participating in the Low-Income Home Energy Assistance Program (93.568), \$156,870,713 for the Medicaid Program (93.778), and \$2,980,540 of Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) food instruments which were distributed to eligible persons participating in the WIC Program (10.557), as listed in the accompanying schedule.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting and the amounts presented are derived from the County's general ledger. Federal expenditures are recorded when an allowable cost is incurred under the applicable program and is due and payable. For programs with funding caps, federal expenditures are only recorded and presented in the Schedule of Expenditures of Federal awards up to such amounts.

3. 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.

4. 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.

COUNTY OF BROOME, NEW YORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

5. SUBRECIPIENTS

A summary of the federal programs that pass-through federal monies to a subrecipient entity is provided below.

Federal Programs with Subrecipients	CFDA #
Lead-Based Paint Hazard Control	14.900
State and Community Highway Safety	20.600
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Center	93.044
Special Programs for the Aging - Title III, Part C - Nutritional Services	93.045
Special Programs for the Aging - Title IV and Title II - Discretionary Projects	93.048
National Family Caregiver Support Program	93.052
Medicare Enrollment Assistance Program	93.071
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779
Block Grants for Prevention and Treatment of Substance Abuse	93.959
Material and Child Health Services Block Grant to the States	93.994

COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Part I - Summary of Auditor's Results

- The Independent Auditor's Report on the Basic Financial Statements expressed an unqualified opinion.
 - Material weaknesses in internal control were disclosed during the audit of the financial statements as required to be reported in accordance with *Government Auditing Standards*.
 - Significant deficiencies in internal control were disclosed during the audit of financial statements as required to be reported in accordance with *Government Auditing Standards*.
 - No instances of noncompliance material to the basic financial statements were disclosed during the audit.
- The Independent Auditor's Report on Compliance with Requirements Applicable to Major Federal Award Programs expressed an unqualified opinion.
 - A significant deficiency in internal control over compliance with requirements applicable to a major federal award program as required to be reported in accordance with OMB Circular A-133.

COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

- The dollar threshold to determine Type A programs was \$3,000,000. The major federal programs of the County for the year ended December 31, 2011 were as follows:
 - U.S. Department of Agriculture:**
 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) (10.557)
 - U.S. Department of Transportation:**
 - Airport Improvement Program (20.106)
 - Federal Transit - Formula Grants (20.507)
 - U.S. Department of Health and Human Services:**
 - Temporary Assistance for Needy Families Cluster (TANF) (93.558)
 - Low-Income Home Energy Assistance (HEAP) (93.568)
 - Child Care and Development Block Grant (93.575)
 - Foster Care Title IV-E (93.658)
 - Medical Assistance Program (Medicaid Title XIX) (93.778)
 - U.S. Department of Homeland Security:**
 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) (97.036)
- The County did not qualify as a low-risk auditee as that term is defined in OMB Circular A-133 for the year ended December 31, 2011.

COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Part II - Findings and Questioned Costs Relating to Financial Statements

Reference Number: 11-01

Criteria

Financial statements are required to, in all material respects, represent the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information at year end. The Agency fund should be used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental units or other funds. Internal controls should provide adequate assurance that transactions are recorded in accordance with accounting principles generally accepted in the United States of America.

Condition/Context

Audit analysis identified internal control deficiencies, errors and misclassifications in the Agency fund that warranted material adjustments to the general ledger.

Effect

Material adjustments to the Agency fund were necessary. In aggregate, decreases to liabilities and cash were approximately \$1,211,000.

As a result of the above material adjustments the following adjustments were also recorded to the general ledger:

- General fund to increase expenditures by \$691,000; increase cash by \$1,072,000; increase liabilities by \$181,000 and increase revenues by \$1,582,000.
- Department of Transportation fund to increase cash and liabilities by \$31,000.
- Various funds to increase cash and liabilities by \$108,000.

Recommendation

We recommend management review and assess current internal control processes over the Agency fund. Management should ensure the Agency fund is used to only record those assets being held by the County in a trustee or agent capacity. Adjustments to the general ledger should be made as deemed necessary.

Management Response

In the future, Broome County Management will make the necessary adjustments to ensure that the financial report is prepared in accordance with accounting principles generally accepted in the United States of America.

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part II - Findings and Questioned Costs Relating to Financial Statements (Cont'd)

Reference Number: 11-02

Criteria

Financial statements are required to, in all material respects, represent the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information at year end. Internal controls should provide adequate assurance that capital assets are recorded in accordance with U.S. generally accepted accounting principles.

Condition/Context

Audit analysis identified deficiencies in established controls over the tracking and recording of capital assets. Deficiencies included:

- Instances where the accounting records did not properly reflect actual 2011 additions and disposals;
- Instances where fiscal year end December 31, 2011 beginning balances did not reflect fiscal year end December 31, 2010 ending balances;
- Misstatements of depreciation expense;
- Instances were noted where assets were improperly capitalized in the fiscal year ending December 31, 2011 rather than in the previous year.

Effect

Deficiencies in established controls over the tracking and recording of capital assets resulted in a number of material and immaterial misstatements in the general ledger.

Recommendation

The County should assess the operating effectiveness of current controls over capital assets. Supporting documentation and schedules should be reconciled to the general ledger including beginning and ending balances as well as additions and disposals. Such reconciliations should be completed on a monthly or quarterly basis and reviewed by a designated member of management. Assets should be capitalized in a manner that is consistent with U.S. generally accepted accounting principles, governmental accounting principles and capitalization policies.

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part II - Findings and Questioned Costs Relating to Financial Statements (Cont'd)

Reference Number: 11-02 (Cont'd)

Management Response

We recognize these deficiencies and continue to use them as an opportunity to implement effective improvements to the current process within the Office of Management & Budget. Management would like to take the opportunity to provide a further explanation as it pertains to discrepancy between the December 31, 2011 beginning balance and the December 31, 2010 ending balance. The recommended audit adjustments that were provided to Broome County following the December 31, 2010 audit didn't get processed until the audit was completed; in October, 2011. At that point, the 2010 ledger had been closed. As such, we were unable to make the necessary corrections to reflect the appropriate December 31, 2011 beginning balance thus resulting in a second year finding.

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part II - Findings and Questioned Costs Relating to Financial Statements (Cont'd)

Reference Number: 11-03

Criteria

Internal controls should be designed, implemented and adhered to, to ensure proper and accurate recording of compensated absences liabilities in a manner consistent with bargaining unit language and accounting principles generally accepted in the United States of America.

Condition/Context

The County has not implemented adequate internal controls to ensure proper and accurate recording of compensated absences. Existing controls dictate that all departments submit a listing of employees and their respective compensated absences balance. Currently, there is no process in place to ensure completeness or existence of the listing. In addition, there is no subsequent review of the department's calculations to ensure bargaining unit contract stipulations were adhered to.

Effect

In six of forty selections, compensated absences liabilities were overstated and accrued for in excess of allowable limits according to bargaining unit language. In one of forty selections, the department's support for the sick time accrual calculation could not be provided.

Recommendation

The County should design, implement and adhere to an internal control structure that allows for the proper recording of compensated absences in a manner consistent with both bargaining unit language and accounting principles generally accepted in the United States of America. This system should be assessed regularly to ensure completeness and accuracy. Support for all liabilities should be retained and calculations should be reviewed to ensure consistency with bargaining unit stipulations.

Management Response

We recognize these deficiencies and are using them as an opportunity to improve the procedure for the December 31, 2012 year-end. Our objective is to ensure that there are proper control procedures in place to easily identify errors, inconsistencies and inaccurate year-end accruals prior to the financial report being finalized.

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part II - Findings and Questioned Costs Relating to Financial Statements (Cont'd)

Reference Number: 11-04

Criteria

Adequate controls over revenue and cash receipts should be designed, implemented and adhered to.

Condition/Context

A check was received during the fiscal year ending December 31, 2011 and was not properly reflected in the general ledger. In addition, the check was not deposited on a timely basis.

Effect

As a result, an adjustment was made to increase revenues and accounts receivable by approximately \$320,000 in the Internal Service fund. In addition, as a result of the delay in deposit, the County was susceptible to loss or misappropriation of funds.

Recommendation

We recommend that the County design, implement and adhere to adequate controls that require an individual who does not have general ledger rights be responsible for opening the mail and creating a list of each cash receipt. This list should be reconciled to the general ledger to ensure completeness and accuracy of revenue and receivables. Such reconciliation should be performed by an individual who does not have access to cash. We also recommend that all checks be deposited daily to properly safeguard cash receipts.

Management Response

This was an isolated incident that occurred within the Office of Risk & Insurance. During the period that covered year-end, this Office was in a state of transition due to key personnel being out on extended medical leave. This left them vulnerable and exposed. The Office has returned to being fully staffed and the appropriate safeguards are in place regarding cash management.

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part II - Findings and Questioned Costs Relating to Financial Statements (Cont'd)

Reference Number: 11-05

Criteria

General and application controls should be adequately designed and implemented to ensure that the accounting software system provides complete and accurate information.

Condition/Context

Management implemented a new accounting software system in 2010, including the use of interfaces which automatically transmit information and data between the payroll module and the general ledger. Audit analysis identified deficiencies in controls over the accounting software and its related interfaces.

Effect

Instances were identified where information was not completely and accurately transmitted between the payroll module and the general ledger resulting in immaterial overstatements and understatements of payroll expenditures, due to/from other funds within the general ledger.

Recommendation

We recommend that management review the entire accounting system to determine whether it is providing information as efficiently and accurately as possible. Differences and issues identified should be further investigated and adjustments made to the general ledger as deemed necessary.

Management Response

Management acknowledges the deficiencies within the interface program and continues to work on developing a solution. A great deal of time & effort has been dedicated already to improving the interface logic between the Human Resource Management Module and the general ledger. The next step, of this multiple-step software solution implementation process, is to work with individual departments to reconcile the accounting fund allocation and develop a resolution for each variance identified.

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part III - Federal Award Findings and Questioned Costs

Reference Number: 11-06

Federal Grantor/Pass-through Grantor/Program Title/CFDA:

**U.S. Department of Health and Human Services: Temporary Assistance for Needy Families
State Program Cluster (TANF) - 93.558**

Criteria

According to OMB Circular A-133, eligibility compliance requirements, if an individual in a family receiving assistance refuses to engage in required work, benefits must be reduced (42 USC 607(e)(1); 45 CFR sections 261.13 and 261.13(a) and (b)). However, benefits may not be reduced or terminated based on refusal to work if the individual is a single custodial parent for a child who is less than 6 years old and unable to obtain appropriate suitable child care (42 USC 607(e)(2); 45 CFR sections 261.15(a), 261.56, and 261.57).

Condition/Context

In one of forty instances, the County was unable to provide adequate documentation to support the caseworker's determination of just cause for the individual's absence from a scheduled appointment.

Effect

Evidence could not be provided to support the individual was in compliance with mandatory work requirements.

Questioned Costs:

None.

Recommendation

We recommend the County ensure complete and accurate documentation of adherence to all compliance requirements.

Management Response

Broome County acknowledges this deficiency. The Department of Social Services will ensure that the supervisors in the Welfare to Work (WTW) unit develop a monthly quality control process of both TANF & Safety Net cases. This process will consider WTW work requirements and review the caseworker actions and case notes to ensure appropriate and timely action has been taken and documented.

(Concluded)