

COUNTY OF BROOME, NEW YORK

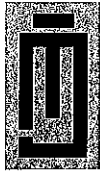
**Reports Required by the Single Audit Act
and Government Auditing Standards**

DECEMBER 31, 2009

COUNTY OF BROOME, NEW YORK

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INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS AND THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Honorable County Executive, Barbara J. Fiala
and Honorable Members of the County Legislature
County of Broome, New York

We have audited the accompanying 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, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Broome County Tobacco Asset Securitization Corporation, Broome Community College, or Broome County Industrial Development Agency, which represents 99% of both the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Broome County Tobacco Asset Securitization Corporation, Broome Community College and Broome County Industrial Development Agency, are based on the reports of other auditors.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, 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 of the County of Broome, New York, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered for assessing the results of our audit.

The Management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles accepted in United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for 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 also not a required part of the basic financial statements of the County. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Jestone, Marshall & Incenzo

September 30, 2010
Syracuse, 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, Barbara J. Fiala
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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 30, 2010. We did not audit the financial statements of the Broome County Tobacco Asset Securitization Corporation, Broome Community College, or Broome County Industrial Development Agency, which represents 99% of both the assets and revenues of the aggregate discretely presented component units. 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 the Broome County Tobacco Asset Securitization Corporation, Broome Community College, or Broome County Industrial Development Agency.

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 09-02 and 09-03 to be material weaknesses.

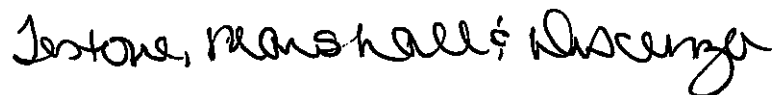
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 09-01 to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

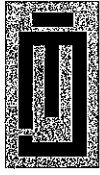
As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and 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 which are required to be reported under *Government Auditing Standards*.

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 of the 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.



September 30, 2010
Syracuse, 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**

Honorable County Executive, Barbara J. Fiala
and Honorable Members of the County Legislature
County of Broome, New York

COMPLIANCE

We have audited the compliance of the County of Broome, 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 auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements referred to above is the responsibility 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 the Broome County Tobacco Asset Securitization Corporation, Broome Community College, and the Broome County Industrial Development Agency whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2009. 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 identified in the accompanying schedule of findings and questioned costs 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 each of its major federal programs identified in the accompanying schedule of findings and questioned costs 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 compliance requirements referred to above. 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 a major federal program in order to determine our 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 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.

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.

Sestore, Mandall & Discepolo

September 30, 2010
Syracuse, New York

(Concluded)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Department of Agriculture			
Direct Program:			
ARRA - Supplemental Nutrition Assistance Program (SNAP)	10.551		121,437
Pass-Through NYS Department of Social Services:			
Supplemental Nutrition Assistance Program (SNAP)	10.551		<u>40,387,458</u>
Total			40,508,895
Pass-Through NYS Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	C012323	<u>3,740,989</u>
Pass-Through NYS Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Program	10.561		<u>1,094,370</u>
Total U.S. Department of Agriculture			<u>45,344,254</u>
U.S. Department of Housing and Urban Development			
Pass-Through Town of Union:			
Community Development Block Grants/Entitlement Grants	14.218		27,949
Direct Program:			
Economic Development Initiative-Special Project	14.251		<u>12,612</u>
Total U.S. Department of Housing and Urban Development			<u>40,561</u>
U.S. Department of Justice			
Direct Program:			
Drug Court Discretionary Grants	16.585		75,758
Direct Program:			
State Criminal Alien Assistance Program (SCAAP)	16.606		<u>22,274</u>
Total U.S. Department of Justice			<u>98,032</u>

(Continued)

**COUNTY OF BROOME, NEW YORK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2009**

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>68,351</u>
Direct Program:			
ARRA - WIA Adult Program	17.258		205,276
Pass-Through NYS Department of Labor:			
WIA Adult	17.258		<u>487,777</u>
Total			<u>693,053</u>
Direct Program:			
ARRA - WIA Youth Program	17.259		438,500
Pass-Through NYS Department of Labor:			
WIA Youth	17.259		<u>493,465</u>
Total			<u>931,965</u>
Direct Program:			
ARRA - WIA Dislocated Workers	17.260		611,893
Pass-Through NYS Department of Labor:			
WIA Dislocated Workers	17.260		<u>864,496</u>
Total			<u>1,476,389</u>
Direct Program:			
Work Incentives Grant	17.266	WI 132200360	<u>70,159</u>
Total U.S. Department of Labor			<u>3,239,917</u>
U.S. Department of Transportation			
Direct Program:			
Airport Improvement Program (AIP)	20.106		<u>4,338,461</u>
Direct Program:			
ARRA - Highway Planning and Construction	20.205		210
Pass-Through NYS Department of Transportation:			
Highway Planning and Construction	20.205	D012060	484,445
Marchiselli Agreement	20.205	D013553	<u>312,364</u>
Total			<u>797,019</u>
Pass-Through NYS Department of Transportation:			
Federal Transit Technical Studies Grants	20.505	D012060	<u>135,267</u>
Direct Program:			
Formula Grants (Formula Grant Program 49 U.S.C., Section 5307)	20.507		<u>8,852,580</u>
Pass-Through NYS Department of Transportation:			
Public Transportation for Nonurbanized Areas (Nonurbanized Formula Grants, Section 5311)	20.509	C002353	<u>2,130,000</u>
Pass-Through NYS Department of Transportation:			
Job Access Reverse Commute (JARC)	20.516		<u>299,267</u>
Pass-Through NYS Governor's Traffic Safety Committee:			
Highway Safety Cluster: State and Community Highway Safety	20.600	CP0400212	<u>65,520</u>
Total U.S. Department of Transportation			<u>16,618,114</u>

(Continued)

**COUNTY OF BROOME, NEW YORK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Environmental Protection Agency			
Direct Program:			
Brownfield Assessment and Cleanup Cooperative Agreements	66.818		<u>40,031</u>
U.S. Department of Education			
Pass-Through NYS Department of Health through NYS Department of Education:			
Special Education - Preschool Grants	84.173		1,049,627
Pass-Through NYS Department of Health through NYS Department of Education:			
Special Education - Grants for Infants and Families With Disabilities	84.181		<u>1,984,252</u>
Total U.S. Department of Education			<u>3,033,879</u>
Elections Assistance Commission			
Pass-Through NYS Board of Elections:			
Help America Vote Act Requirements Payments (A)	90.401	C002528	<u>49,229</u>
U.S. Department of Health and Human Services			
Pass-Through NACCHO:			
Medical Reserve Corps Small Grant Program (B)	93.008	MRC080017	1,514
Medical Reserve Corps Small Grant Program (B)	93.008	MRC090017	<u>20</u>
Total			<u>1,534</u>
Pass-Through NYS Office for the Aging:			
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041		<u>11,490</u>
Pass-Through NYS Office for the Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supporting Services and Senior Center	93.044		<u>227,526</u>
Pass-Through NYS Office for the Aging:			
Special Programs for the Aging - Title III, Part C - Nutritional Services	93.045		<u>384,472</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>16,877</u>
Pass-Through NYS Office for the Aging:			
Performance Outcomes Measurement Project	93.048		<u>162,850</u>
Pass-Through NYS Office for the Aging:			
National Family Caregiver Support Program	93.052		<u>132,102</u>
Pass-Through NYS Office for the Aging:			
Special Programs for the Aging - Food Donation	93.053		<u>173,299</u>
Pass-Through Health Research Inc.:			
Public Health Emergency Preparedness	93.069	HR1158305	141,989
Public Health Emergency Preparedness	93.069	HR1231204	<u>111,514</u>
Total			<u>253,503</u>
Pass-Through NYS Office for the Aging:			
Medicare Enrollment Assistance Program	93.071		<u>3,756</u>

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Pass-Through NYS Department of Health:			
Centers for Research Demonstration for Health Promotion Disease Prevention	93.135	HRI361301	<u>99,831</u>
Pass-Through NYSOCFS:			
Family Planning Services	93.217	C024611	<u>248,187</u>
Pass-Through NYS Department of Health:			
Immunization Grants	93.268	C012944	<u>107,878</u>
Direct Program:			
Drug - Free Communities Support Program Grants	93.276		<u>95,104</u>
Direct Program:			
ARRA - Emergency Contingency Fund for Temporary Assistance	93.714		1,287,578
Pass-Through NYS Department of Labor:			
Temporary Assistance for Needy Families (TANF)	93.558		382,862
Pass-Through NYS Department of Social Services:			
Temporary Assistance for Needy Families (TANF)	93.558		12,176,903
Pass-Through NYS OTDA:			
Temporary Assistance for Needy Families Total TANF Cluster	93.558		<u>52,580</u> <u>13,899,923</u>
Direct Program:			
ARRA - Child Support Enforcement (Title IV-D)	93.563		<u>968,670</u>
Pass-Through NYS Office for the Aging:			
Low-Income Home Energy Assistance	93.568		45,816
Pass-Through NYS Department of Social Services:			
Low-Income Home Energy Assistance Total	93.568		<u>10,504,902</u> 10,550,718
Pass-Through NYS Department of Labor:			
Child Care and Development Block Grants	93.575		<u>3,688,342</u>
Pass-Through NYS Board of Elections:			
Voting Access for Individuals With Disabilities	93.617	T002586	4,570
Voting Access for Individuals With Disabilities	93.617	T002770	<u>347,808</u>
Total NYS Board of Elections			<u>352,378</u>
Pass-Through OCIS:			
Child Welfare	93.645		<u>198,856</u>
Direct Program:			
ARRA - Foster Care - Title IV-E	93.658		<u>366,684</u>
Pass-Through NYS Division for Youth:			
Foster Care-Title IV-E Total	93.658		<u>5,265,465</u> <u>5,632,149</u>

(Continued)

**COUNTY OF BROOME, NEW YORK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Direct Program:			
ARRA - Adoption Assistance	93.659		<u>1,265,497</u>
Pass-Through NYS Department of Labor:			
Social Services Block Grant	93.667		<u>1,723,217</u>
Pass-Through NYS Department of Labor:			
Independent Living	93.674		<u>99,378</u>
Direct Program:			
ARRA - Aging Home - Delivered Nutrition Services for States	93.705		<u>21,112</u>
Direct Program:			
ARRA - Aging Congregate Nutrition Services for States	93.707		<u>42,921</u>
Direct Program:			
ARRA - Medical Assistance Program (Medicaid; Title XIX)	93.778		5,097,145
Pass-Through NYS Department of Labor:			
Medical Assistance Program (Medicaid; Title XIX)	93.778		150,427,372
Pass-Through NYS Office of Mental Health:			
Medical Assistance Program (Medicaid; Title XIX)	93.778		<u>201,187</u>
Total			<u>155,725,704</u>
Pass-Through NYS Office for the Aging:			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779		<u>34,681</u>

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/Program Title	CFDA #	Pass-Through Grantor ID #	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Pass-Through Southern Tier AIDS Program:			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.917	C10760	<u>19,698</u>
Pass-Through Health Research Inc.:			
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early	93.919		90,850
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early	93.919	HRI175404	66
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early	93.919	HRI347502	46,277
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early	93.919	HRI347701	6,110
Cooperative Agreements for State - Based Comprehensive Breast and Cervical Cancer Early	93.919	HRI347702	<u>34,666</u>
Total			<u>177,969</u>
Pass-Through NYS Office of Alcoholism & Substance:			
Substance Abuse (Prevention and Treatment (SAPT))	93.959		<u>415,260</u>
Pass-Through NYS Department of Health:			
Preventative Health Services - Health Services Block Grant	93.991	C020120	104,270
Preventative Health Services - Health Services Block Grant	93.991	C107739	<u>33,034</u>
Total			<u>137,304</u>
Pass-Through NYS Department of Health:			
Maternal and Child Health Services Block Grant to the States	93.994	C012707	21,169
Maternal and Child Health Services Block Grant to the States	93.994	C017588	151,732
Maternal and Child Health Services Block Grant to the States	93.994	C013270	47,753
Maternal and Child Health Services Block Grant to the States	93.994	C023737	<u>5,797</u>
Total			<u>226,451</u>
Direct Program:			
Foster Grandparent Program (FGP)	94.011		<u>258,409</u>
Total U.S. Department of Health & Human Services			<u>197,357,046</u>
U.S. Department of Homeland Security			
Pass-Through NYS Division of Criminal Justice:			
State Domestic Incident Preparedness Program	97.004	C835242	<u>3,522</u>
Pass-Through NYS Emergency Management Office:			
Emergency Management Assistance Performance	97.042		<u>58,250</u>
Pass-Through NYS Office of Homeland Security:			
Homeland Security Grant Program	97.067	C835260	<u>115,969</u>
Total U.S. Department of Homeland Security			<u>177,741</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 265,998,804</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, 2009

1. BASIS OF PRESENTATION

Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal financial assistance programs administered by the County of Broome, New York, an entity as defined in the basic financial statements except for such programs, if any, administered by the Broome County Tobacco Asset Securitization Corporation, Broome Community College, and the Broome County Industrial Development Agency. Federal awards received directly from federal agencies as well as federal awards passed-through from other government agencies are included in the schedule.

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, 2009, the County distributed \$40,387,458 worth of food instruments to eligible persons participating in the Supplemental Nutrition Assistance Program (10.551). Additionally, \$10,050,793 in payments made by the state to eligible persons participating in the Low-Income Home Energy Assistance Program (93.568), \$145,395,123 for the Medicaid Program (93.778), and \$2,925,354 of Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) food instruments 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.

(Continued)

**COUNTY OF BROOME, NEW YORK
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2009**

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.

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 #
WIA Adult Program	17.258
WIA Youth Activities	17.259
WIA Dislocated Workers	17.260
Formula Grants (Formula Grant Program, 49 U.S.C., Section 5307)	20.507
State and Community Highway Safety (Section 402 Grants)	20.600
Special Programs for the Aging- Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041
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
Performance Outcomes Measurement Project	93.048
National Family Caregiver Support Program	93.052
Medicare Enrollment Assistance Program	93.071
Family Planning Services	93.217
Temporary Assistance for Needy Families	93.558
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779
Block Grants for Prevention and Treatment of Substance Abuse	93.959

(Concluded)

COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

Part I - Summary of Auditor's Results

- The Independent Auditor's Report on the Basic Financial Statements expressed an unqualified opinion.
- The Independent Auditor's Report on Compliance with Requirements Applicable to Major Federal Award Programs expressed an unqualified opinion.
- Significant deficiencies in internal control were disclosed during the audit of the financial statements. Of these conditions, findings 09-02 and 09-03 were considered to be a material weakness, as required to be reported in accordance with *Government Auditing Standards*.
- No instances of noncompliance material to the financial statements were disclosed during the audit.
- There were no audit findings which are required to be reported under Section 510(a) of OMB Circular A-133.
- 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, 2009 were as follows:
 - U.S. Department of Agriculture:**
 - Supplemental Nutrition Assistance Program Cluster (SNAP)
 - Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
 - U.S. Department of Health and Human Services:**
 - Temporary Assistance for Needy Families Cluster (TANF)
 - Low-Income Home Energy Assistance
 - Child Care and Development Block Grants
 - Foster Care Title IV-E
 - Medical Assistance Program
 - U.S. Department of Transportation:**
 - Airport Improvement Program
 - Highway Planning and Construction/Marchiselli Agreement
 - Formula Grants
- 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, 2009.

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Part II - Findings and Questioned Costs Relating to Financial Statements

Reference Number: 09-01

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. Internal controls should provide adequate assurance that receivables, liabilities and revenue are recorded in accordance with generally accepted accounting principles.

Condition/Context

Upon review of the General fund's property taxes receivable, weaknesses in the oversight and analysis of receivables were identified. Consequently, County personnel performed analysis that identified improper classifications of receivables resulting in erroneous allowance and deferral balances related to property tax receivables.

Effect

Financial statements may not accurately reflect the financial position of the County.

Recommendation

As part of the County's internal control processes, property tax receivables should be reviewed to ensure proper classification. The allowance and deferrals related to these receivables should also be reviewed and adjusted as necessary.

Management Response

The timely reconciliation of all property taxes will be implemented. This will include a thorough review of the aging receivables, allowance for doubtful accounts and the deferred revenue.

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

Reference Number: 09-02

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 receivables, liabilities and revenue are recorded in accordance with generally accepted accounting principles.

Condition/Context

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

Effect

The following material adjustments were necessary to the general ledger:

- General fund to decrease deferred income and accounts receivable in the amount of \$1,099,000.
- Capital Projects fund to decrease accounts payable in the amount of \$939,000, revenue in the amount of \$100,000, cash in the amount of \$29,000, accounts receivable in the amount of \$881,000, and due from state/federal in the amount of \$129,000.
- Non-major funds to decrease transfers from General fund and expenditures in the amount of \$176,000.
- Department of Transportation fund to increase due from state/federal in the amount of \$2,450,000 and decrease accounts receivable in the amount of \$1,846,000, and revenue in the amount of \$604,000.
- Solid Waste Management fund to decrease long term liabilities and expenses in the amount of \$3,266,000.
- Aviation fund to increase cash in the amount of \$29,000, due from state/federal in the amount of \$910,000, and accounts payable in the amount of \$939,000.
- Internal Service fund to decrease revenue and due from component unit in the amount of \$355,000.
- Fiduciary fund to decrease other liabilities and cash in the amount of \$254,000.

Deficiencies in internal controls could result in material misstatements of the financial statements, going undetected by management.

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

Reference Number: 09-02 (Cont'd)

Recommendation

As part of the County's internal control processes, financial statements should be prepared in a manner consistent with accounting principles generally accepted in the United States of America.

Management Response

Ensuring all reconciliations are completed and that a closed-looped process is followed will give visibility to any transaction and reports errors. When necessary, correcting entries will be prepared and posted. This will prevent material misstatements in Broome County's financial statements.

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

Reference Number: 09-03

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 generally accepted accounting principles.

Condition/Context

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

Timely and accurate reconciliation of capital asset activity was not performed;

- Adequate review and oversight of accounting and reporting was not performed;
- Adequate supporting documentation in some instances was not able to be provided;
- Certain expenditures were improperly expensed and other improperly capitalized.

Effect

Deficiencies in established controls over the tracking and recording of capital assets could result in a material misstatement.

Recommendation

The County should assess the operating effectiveness of current controls over capital assets. Original invoices for such assets should be retained in a manner that is consistent with established controls. In addition, supporting documentation and schedules should be reconciled to the general ledger including beginning and ending balances as well as additions and disposals. Purchases should be capitalized or expensed in a manner that is consistent with capitalization policies.

Management Response

Rolling out the Asset Management module within PeopleSoft will tighten internal controls as they relate to the Capital Assets. The conversion completion date for this project is anticipated to be finalized by November 1, 2010.

(Continued)

**COUNTY OF BROOME, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Part IV - Status of Prior Year Federal Award Findings and Questioned Costs

Reference Number: 08-01

Status:

See current year finding 09-02.