



**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**

To the Honorable Legislature of the  
County of Sullivan, New York:

**Compliance**

We have audited the compliance of the County of Sullivan, 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 could have a direct and material effect on each of the County of Sullivan, New York major federal programs for the year ended December 31, 2009. The County of Sullivan, 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 the County of Sullivan, New York's management. Our responsibility is to express an opinion on the County of Sullivan, 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 the County of Sullivan, 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 of the County of Sullivan, New York's compliance with those requirements.

In our opinion, County of Sullivan, New York complied, in all material respects, with the 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, 2009.

**Internal Control Over Compliance**

The management of the County of Sullivan, 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 the County of Sullivan, 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 Sullivan, New York'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.

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

*O'Connor Davies Munns & Dobbins, LLP*

**O'Connor Davies Munns & Dobbins, LLP**

August 10, 2010



COUNTY OF SULLIVAN, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2009

<u>Federal Grantor</u> <u>Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Indirect Program - Passed through New York State Department of Health -		
Special Supplemental Nutrition Program for Woman, Infants and Children	10.557	\$ <u>1,654,350</u>
Indirect Programs - Passed through New York State Department of Social Services:		
<i>Nutrition Cluster:</i>		
Supplemental Nutrition Assistance Program	10.551	14,401,772
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1,207,158
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (ARRA)	10.561	<u>81,197</u>
Subtotal Nutrition Cluster		<u>15,690,127</u>
Total U.S. Department of Agriculture		<u>17,344,477</u>
<u>U.S Department of the Interior</u>		
Direct Program -		
Rivers, Trails and Conservation Assistance	15.921	<u>25,000</u>
<u>U.S Department of Justice</u>		
Direct Program -		
Bullet Proof Vest Partnership Program	16.607	<u>6,951</u>
<u>U.S Department of Labor</u>		
Indirect Programs - Passed through New York State Office for the Aging -		
Senior Community Service Employment	17.235	<u>31,296</u>

COUNTY OF SULLIVAN, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
 FOR THE YEAR THEN ENDED DECEMBER 31, 2009

<u>Federal Grantor</u> <u>Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S Department of Labor (Continued)</u>		
Indirect Programs - Passed through New York State Department of Labor:		
Trade Adjustment Assistance	17.245	\$ 14,924
Work Incentive Grant	17.266	74,651
<i>WIA Cluster:</i>		
WIA Adult Program	17.258	228,039
WIA Adult Program (ARRA)	17.258	57,004
WIA Youth Activities	17.259	132,424
WIA Youth Activities (ARRA)	17.259	207,085
WIA Dislocated Workers	17.260	122,118
WIA Dislocated Workers (ARRA)	17.260	53,625
Subtotal WIA Cluster		800,295
Total U.S. Department of Labor		921,166
<u>U.S Department of Transportation</u>		
Direct Program -		
Airport Improvement Program	20.106	379,218
Indirect Programs - Passed through New York State Department of Transportation:		
Highway Planning and Construction	20.205	534,508
Federal Transit Capital Investment Grants	20.500	697,794
State and Community Highway Safety	20.600	6,966
Total U.S. Department of Transportation		1,618,486

COUNTY OF SULLIVAN, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
 FOR THE YEAR THEN ENDED DECEMBER 31, 2009

<u>Federal Grantor</u> <u>Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S Department of Education</u>		
Indirect Program - Passed through New York State Department of Health and Human Services -		
Special Education - Grants for Infants and Families	84.181	\$ <u>44,748</u>
<u>U.S Department of Health and Human Services</u>		
Indirect Programs - Passed through New York State Office for the Aging:		
<i>Aging Cluster:</i>		
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	92,940
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	174,900
Nutrition Services Incentive Program	93.053	<u>53,218</u>
Subtotal Aging Cluster		321,058
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	5,759
National Family Caregiver Support - Title III, Part E	93.052	37,941
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	29,818
Maternal and Child Health Services Block Grant to the States	93.994	22,462
Indirect Programs - Passed through New York State Department of Health and Human Services:		
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	28,490
Preventive Health and Health Services Block Grant	93.991	6,410
Immunization Grants	93.268	21,844



COUNTY OF SULLIVAN, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
 FOR THE YEAR THEN ENDED DECEMBER 31, 2009

<u>Federal Grantor</u> <u>Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number (1)</u>	<u>Federal</u> <u>Program</u> <u>Expenditures</u>
<u>U.S Department of Health and Human Services (Continued)</u>		
Indirect Programs - Passed through New York State Department of Health and Human Services (Continued):		
Aging Home-Delivered Nutrition Services for States (ARRA)	93.705	\$ 8,343
Aging Congregate Nutrition Services for States (ARRA)	93.707	16,944
Emergency Contingency Fund for Temporary Assistance for Needy Families (ARRA)	93.714	487,966
Foster Care Title IV-E (ARRA)	93.658	38,117
Adoption Assistance (ARRA)	93.659	19,663
Indirect Programs - Passed through New York State Department of Family Assistance:		
Temporary Assistance for Needy Families	93.558	3,545,757
Child Support Enforcement	93.563	516,116
Child Support Enforcement (ARRA)	93.563	44,905
Child Welfare Services - State Grants	93.645	967,608
Low-Income Home Energy Assistance	93.568	5,981,328
Child Care and Development Block Grant	93.575	1,618,521
Foster Care - Title IV-E	93.658	1,288,364
Foster Care - Title IV-E (ARRA)	93.658	38,117
Adoption Assistance	93.659	211,842
Adoption Assistance (ARRA)	93.659	19,663
Social Services Block Grant	93.667	970,202
Chafee Foster Care Independence Program	93.674	48,567
Medical Assistance Program	93.778	1,915,552
Medical Assistance Program (ARRA)	93.778	<u>4,023,521</u>
Total U.S. Department of Health and Human Services		<u>22,234,878</u>

COUNTY OF SULLIVAN, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)  
 FOR THE YEAR THEN ENDED DECEMBER 31, 2009

<u>Federal Grantor</u> <u>Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>Corporation for National and Community Service</u>		
Direct Program -		
Retired and Senior Volunteer Program	94.002	\$ <u>65,365</u>
<u>U.S. Department of Homeland Security</u>		
Indirect Programs - Passed through New York State Emergency Management Office:		
Disaster Grants - Public Assistance	97.036	160,825
Homeland Security Grant Program	97.067	<u>96,642</u>
Total U.S. Department of Homeland Security		<u>257,467</u>
Total Federal Expenditures		<u>\$ 42,518,538</u>

(1) Catalog of Federal Domestic Assistance Number

**COUNTY OF SULLIVAN, NEW YORK**

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

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

1. *General*

The accompanying Schedule of Expenditures of Federal Awards presents all activity of all Federal awards programs for the year ended December 31, 2009. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the Schedule.

2. *Basis of Accounting*

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. *Relationship to Financial Statements*

The County's fund financial statements are presented using the modified accrual basis of accounting.



## COUNTY OF SULLIVAN, NEW YORK

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2009

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#### **Significant Deficiencies**

##### 2007-1 Other Bank Accounts

###### *Condition:*

The County has several bank accounts that are maintained by the department heads. Since these bank accounts are not maintained by the County Treasurer's Office, no transactions are included in the financial records until year end in certain accounts.

###### *Recommendation:*

Limit the use of such accounts and record activity on a contemporaneous basis.

###### *Current Status:*

The Community Services and Mental Health accounts are now under the signature of the County Treasurer. The other accounts, for the Sheriff's Department and the Department of Family Services, are required to be maintained by these departments. However, these departments have implemented procedures to ensure proper segregation of duties, monthly bank reconciliations and review of these accounts by department management.

##### 2007-2 Recordkeeping

###### *Condition:*

Revenues and related receivable accounts were overstated particularly as it related to previous fiscal years. Encumbrances were overstated at year end.

###### *Recommendation:*

It is suggested that the departmental heads and fiscal administrative officers as well as the staff in the Office of Management and Budget and the Audit Department review the information prior to the preparation of the financial statements. Such personnel are very familiar with the budget, revenues and expenditures and their review may prevent errors which can potentially result in improper financial reporting and loss of revenues.

###### *Current Status:*

The 2008 audit results indicated that revenues and related receivable accounts were properly stated, as were encumbrances.

**COUNTY OF SULLIVAN, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2009**

**Section I-Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_ Yes  X  No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? \_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_ Yes  X  None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_ Yes  X  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Nutrition Cluster:
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.561	State Administrative matching Grants for the Supplemental Nutrition Assistance Program - ARRA
	WIA Cluster:
17.258	WIA Adult Programs
17.258	WIA Adult Programs – ARRA
17.259	WIA Youth Activities
17.259	WIA Youth Activities – ARRA
17.260	WIA Dislocated Workers
17.260	WIA Dislocated Workers – ARRA

	TANF Cluster:
93.558	Temporary Assistance for Needy Families
93.714	Emergency Contingency Fund for Temporary Assistance for Needy Families
93.658	Foster Care - Title IV-E
93.658	Foster Care - Title IV-E - ARRA
93.659	Adoption Assistance
93.659	Adoption Assistance ARRA
93.778	Medical Assistance Program
93.778	Medical Assistance Program - ARRA

Dollar threshold used to distinguish  
between Type A and Type B programs:

\$1,275,556

Auditee qualified as low-risk auditee?

       Yes   X   No

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None