



**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 County of Sullivan, New York's ("County") compliance 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's major federal programs for the year ended December 31, 2010. 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.

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, 2010.

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 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 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, 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. However, this report is a matter of public record and its distribution is not limited.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
Harrison, New York
June 17, 2011

COUNTY OF SULLIVAN, NEW YORK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR THEN ENDED DECEMBER 31, 2010

<u>Federal Grantor</u> <u>Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number (1)</u>	<u>Non</u> <u>ARRA (2)</u>	<u>ARRA (2)</u>	<u>Federal</u> <u>Program</u> <u>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	1,711,648		\$ 1,711,648
Indirect Programs - Passed through				
New York State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1,230,462		1,230,462
Total U.S. Department of Agriculture				<u>2,942,110</u>
<u>U.S. Department of Housing and Urban Development</u>				
Indirect Program - Passed through New York State				
Community Development Block Grant				
Community Development Block Grants/Technical Assistance Program	14.227	22,000		22,000
Community Development Block Grants/Entitlement Grants	14.218	286,991		<u>286,991</u>
Total U.S. Department of Housing and Urban Development				<u>308,991</u>
<u>U.S. Department of the Interior</u>				
Direct Program -				
Rivers, Trails and Conservation Assistance	15.921	22,332		<u>22,332</u>
<u>U.S. Department of Justice</u>				
Indirect Program - Passed through New York State				
Recovery Act - Edward Byrne Memorial Justice Assistance Grant	16.804	23,485		23,485
Edward Byrne Memorial Formula Grant Program	16.579	16,162		<u>16,162</u>
Total U.S. Department of Justice				<u>39,647</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	23,554		<u>23,554</u>
Indirect Programs - Passed through				
New York State Department of Labor:				
Work Incentive Grant	17.266	51,891		51,891
<i>WIA Cluster:</i>				
WIA Adult Program	17.258	188,295		188,295
WIA Adult Program (ARRA)	17.258		48,325	48,325
WIA Youth Activities	17.259	224,556		<u>224,556</u>

COUNTY OF SULLIVAN, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR THEN ENDED DECEMBER 31, 2010

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>ARRA (2)</u>	<u>Federal Program Expenditures</u>
Indirect Programs - Passed through New York State Department of Labor: (Continued)				
WIA Youth Activities (ARRA)	17.259		60,936	\$ 60,936
WIA Dislocated Workers	17.260	212,799		212,799
WIA Dislocated Workers (ARRA)	17.260		120,847	120,847
Cluster Sub-total				855,758
Total U.S. Department of Labor				931,203
Direct Program -				
Airport Improvement Program	20.106	88,232		88,232
Indirect Programs - Passed through New York State Department of Transportation:				
Highway Planning and Construction	20.205	4,907,093		4,907,093
Highway Planning and Construction (ARRA)	20.205		2,174,038	2,174,038
State and Community Highway Safety	20.600	5,346		5,346
Total U.S. Department of Transportation				7,174,709
<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	46,453		\$ 46,453
<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	93,101		93,101
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	175,024		175,024
Nutrition Services Incentive Program	93.053	35,692		35,692
Cluster Sub-total				303,817
Special Programs for the Aging - Title III, Part D Disease Prevention and Health Promotion Services	93.043	5,782		5,782
National Family Caregiver Support - Title III, Part E	93.052	39,901		39,901
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	33,172		33,172
Maternal and Child Health Services Block Grant to the States	93.994	28,197		28,197
Medicare Enrollment Assistance Program	93.071	6,000		6,000
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	127,713		127,713
Immunization Grants	93.268	17,288		17,288

COUNTY OF SULLIVAN, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR THEN ENDED DECEMBER 31, 2010

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non ARRA (2)</u>	<u>Federal CFDA ARRA (2)</u>	<u>Federal Program Expenditures</u>
Indirect Programs - Passed through New York State Department of Family Assistance:				
Temporary Assistance for Needy Families	93.558	3,159,083		3,159,083
Emergency Contingency Fund for Temporary Assistance for Needy Families (ARRA)	93.714		14,883	14,883
Child Support Enforcement	93.563	466,104		466,104
Child Support Enforcement (ARRA)	93.563		92,395	92,395
Child Welfare Services - State Grants	93.645	931,862		931,862
Low-Income Home Energy Assistance	93.568	5,522,333		5,522,333
Child Care and Development Block Grant	93.575	1,703,737		1,703,737
Foster Care - Title IV-E	93.658	1,322,724		1,322,724
Foster Care - Title IV-E (ARRA)	93.658		39,352	39,352
Adoption Assistance	93.659	226,645		226,645
Social Services Block Grant	93.667	1,154,280		1,154,280
Chafee Foster Care Independence Program	93.674	55,252		55,252
Indirect Programs - Passed through New York State Department of Family Assistance (Continued):				
Medical Assistance Program	93.778	1,529,852		\$ 1,529,852
Medical Assistance Program (ARRA)	93.778		4,438,917	4,438,917
Total U.S. Department of Health and Human Services				21,219,289
<u>Corporation for National and Community Service</u>				
Direct Program -				
Retired and Senior Volunteer Program	94.002	67,326		67,326
<u>Corporation for National and Community Service</u>				
Indirect Programs - Passed through New York State Board of Elections				
Help America Vote Act Requirements Payments	90.401	10,136		10,136
<u>U.S. Department of Homeland Security</u>				
Indirect Programs - Passed through New York State Emergency Management Office:				
Disaster Grants - Public Assistance	97.036	2,704		2,704
Homeland Security Grant Program	97.067	39,918		39,918
Total U.S. Department of Homeland Security				42,622
Total Federal Expenditures		<u>\$ 25,815,125</u>	<u>\$ 6,989,693</u>	<u>\$ 32,804,818</u>

(1) Catalog of Federal Domestic Assistance number.

(2) American Recovery and Reinvestment Act

COUNTY OF SULLIVAN, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2010

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, 2010. 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, 2010

None

COUNTY OF SULLIVAN, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

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 No
- Significant deficiency(ies) identified reported? Yes None
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified reported? Yes None

Type of auditor's report issued on compliance for major programs {unqualified, qualified, adverse, or disclaimer}:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
14.218	Community Development Block Grants
20.205	Highway Planning and Construction
20.205	Highway Planning and Construction-ARRA
93.568	Low-Income Home Energy Assistance
93.667	Social Services Block Grant
93.778	Medical Assistance Program
93.778	Medical Assistance Program - ARRA

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

\$984,145

Auditee qualified as low-risk auditee?

X Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None