

COUNTY OF PUTNAM, NEW YORK
Single Audit Report
December 31, 2011
(With Independent Auditors' Report Thereon)

COUNTY OF PUTNAM, NEW YORK

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INDEPENDENT AUDITORS' 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

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

Compliance

We have audited the County of Putnam, New York's (the 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 its major Federal programs for the year ended December 31, 2011. The County's major Federal programs are identified in the summary of auditors' 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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 11-01.

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 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 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.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, 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 July 26, 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 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 information 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 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.

Toski & Co., CPAs, P.C.

Williamsville, New York
July 26, 2012

COUNTY OF PUTNAM, NEW YORK
Schedule of Expenditures of Federal Awards
Year ended December 31, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture - passed through New York State: Special Supplemental Nutrition Program for Women, and Children	10.557	C012346	\$ 1,556,155
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	<u>517,875</u>
Total U.S. Department of Agriculture			<u>2,074,030</u>
U.S. Department of Housing and Urban Development: Shelter Plus Care	14.238	N/A	15,815
Passed through New York City - Housing Opportunities for Persons with AIDS	14.241	N/A	<u>46,324</u>
Total U.S. Department of Housing and Urban Development			<u>62,139</u>
U.S. Department of Justice: State Criminal Alien Assistance Program	16.606	N/A	749
Passed through New York State: Missing Children's Assistance	16.543	N/A	8,759
Crime Victim Assistance	16.575	N/A	88,194
Public Safety Partnership and Community Policing Grants	16.710	N/A	<u>54,373</u>
Total U.S. Department of Justice			<u>152,075</u>
U.S. Department of Labor - passed through New York State: Trade Adjustment Assistance	17.245	N/A	35,813
WIA Cluster:			
WIA Adult Program	17.258	N/A	92,941
ARRA - WIA Adult Program	17.258	N/A	344
WIA Youth Activities	17.259	N/A	<u>118,012</u>
Total WIA Cluster			<u>211,297</u>
WIA Dislocated Worker Formula Grants	17.278	N/A	160,288
ARRA - WIA Dislocated Worker Formula Grants	17.278	N/A	<u>17,836</u>
Total WIA Dislocated			<u>178,124</u>
Total U.S. Department of Labor			<u>425,234</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation:			
Federal Transit - Formula Grants	20.507	N/A	\$ 515,341
ARRA - Federal Transit Formula Grants	20.507	N/A	558,703
Passed through New York State:			
Highway Planning and Construction	20.205	N/A	899,237
Metropolitan Transportation Planning	20.505	N/A	142,660
Public Transportation Research	20.514	N/A	48,000
Highway Safety Cluster:			
State and Community Highway Safety	20.600	N/A	26,017
Safety Belt Performance Grants	20.609	N/A	<u>2,011</u>
Total Highway Safety Cluster			<u>28,028</u>
Total U.S. Department of Transportation			<u>2,191,969</u>
U.S. Department of Education - passed through New York State:			
Special Education - Grants for Infants and Families	84.181	N/A	62,263
ARRA - Special Education - Grants for Infants and Families, Recovery Act	84.393	N/A	<u>16,436</u>
Total U.S. Department of Education			<u>78,699</u>
U.S. Election Assistance Commission - passed through New York State - Help America Vote Act Requirements Payments			
	90.401	C002563	<u>40,382</u>
U.S. Department of Health and Human Services - passed through New York State:			
Medical Reserve Corps Small Grant Program	93.008	N/A	3,907
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	N/A	10,592
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	N/A	4,771

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services - passed through New York State, Continued:			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	\$ 67,550
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	N/A	126,132
Nutrition Services Incentive Program	93.053	N/A	<u>52,201</u>
Total Aging Cluster			<u>245,883</u>
National Family Caregiver Support, Title III, Part E	93.052	N/A	30,433
Public Health Emergency Preparedness	93.069	N/A	151,533
Medicare Enrollment Assistance Program	93.071	N/A	15,549
Immunization Grants	93.268	N/A	18,845
ARRA - Immunization	93.712	N/A	<u>2,137</u>
Total Immunization			<u>20,982</u>
Temporary Assistance for Needy Families	93.558	N/A	2,100,154
Child Support Enforcement	93.563	N/A	375,543
ARRA - Child Support Enforcement	93.563	N/A	<u>21,495</u>
Total Child Support Enforcement			<u>397,038</u>
Low-Income Home Energy Assistance	93.568	N/A	766,361
Child Care and Development Block Grant	93.575	N/A	837,573
Foster Care - Title IV-E	93.658	N/A	495,021
ARRA - Foster Care - Title IV-E	93.658	N/A	<u>6,189</u>
Total Foster Care			<u>501,210</u>
Adoption Assistance	93.659	N/A	72,177
ARRA - Adoption Assistance	93.659	N/A	<u>6,194</u>
Total Adoption Assistance			<u>78,371</u>
Social Services Block Grant	93.667	N/A	288,944
Chafee Foster Care Independence Program	93.674	N/A	4,750

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services - passed through New York State, Continued:			
Medical Assistance Program	93.778	N/A	\$ 46,022,149
ARRA - Medical Assistance Program	93.778	N/A	<u>919,223</u>
Total Medical Assistance Program			<u>46,941,372</u>
Centers for Medicare and Medicaid Services (CMS)			
Research, Demonstrations and Evaluations	93.779	N/A	49,843
Block Grants for Prevention and Treatment of			
Substance Abuse	93.959	N/A	408,280
Preventive Health and Health Services Block Grant	93.991	N/A	11,036
Maternal and Child Health Services Block Grant to the States	93.994	N/A	<u>16,799</u>
Total U.S. Department of Health and Human Services			<u>52,885,381</u>
Corporation for National and Community Service - Retired and Senior Volunteer Program	94.002	N/A	<u>46,140</u>
U.S Department of Homeland Security - passed through New York State:			
Citizen Corps	97.053	N/A	5,973
Port Security Grant Program	97.056	N/A	3,040
Homeland Security Grant Program	97.067	N/A	234,470
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	N/A	<u>105</u>
Total U.S. Department of Homeland Security			<u>243,588</u>
Total Expenditures of Federal Awards			<u>\$ 58,199,637</u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF PUTNAM, NEW YORK
Notes to Schedule of Expenditures of Federal Awards
December 31, 2011

(1) Basis of Presentation

(a) Reporting Entity

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by the County, an entity as defined in the basic financial statements.

(b) 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 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.

(c) Nonmonetary Federal Programs

The County is the recipient of a federal financial assistance program that does not result in cash receipts or disbursements, termed "nonmonetary programs." During the year ended December 31, 2011, the County distributed \$44,544,046 of medical services and goods which were received by participants in the Medical Assistance Program (CFDA Number 93.778) and \$1,176,850 of food vouchers to eligible persons participating in the Special Supplemental Nutrition Program for Women, Infants and Children (CFDA Number 10.557).

New York State makes payments of benefits directly to vendors, primarily utility companies, on behalf of eligible persons participating in the Low-Income Home Energy Assistance Program (CFDA Number 93.568). Included in the amount presented on the schedule of expenditures of federal awards is \$664,255 in direct payments.

For the year ended December 31, 2011, the County distributed \$3,495,348 of food vouchers to eligible persons participating in the supplemental nutrition assistance program (CFDA Number 10.551). However, this nonmonetary program amount is not reflected in the schedule of expenditures of federal awards, as requested by the U.S. Department of Agriculture.

(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. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the schedule of expenditures of federal awards up to such amounts.

COUNTY OF PUTNAM, NEW YORK
Notes to Schedule of Expenditures of Federal Awards, Continued

(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 PUTNAM, NEW YORK
 Schedule of Findings and Questioned Costs
 Year ended December 31, 2011

Part I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
1. Material weakness(es) identified?	___ Yes <u> X </u> No
2. Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes <u> X </u> None reported
3. Noncompliance material to financial statements noted?	___ Yes <u> X </u> No

Federal Awards:

Internal control over major programs:	
4. Material weakness(es) identified?	___ Yes <u> X </u> No
5. Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes <u> X </u> None reported

Type of auditors' report issued on compliance for major programs:	Unqualified
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6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))	<u> X </u> Yes ___ No
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7. The County's major programs audited were:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Temporary Assistance for Needy Families	93.558
Medical Assistance Program	93.778
ARRA - Medical Assistance Program	93.778

8. Dollar threshold used to distinguish between Type A and Type B programs?	\$1,745,989
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9. Auditee qualified as low-risk auditee?	<u> X </u> Yes ___ No
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Part II. FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

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

Part III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

Medical Assistance Program (93.778)
ARRA - Medical Assistance Program (93.778)

Reference: 2011-01

Requirement

The State Medicaid agency or its designee is required to determine client eligibility in accordance with eligibility requirements defined in the approved State plan (42 CFR section 431.10).

There are specific requirements that must be followed to ensure that individuals meet the financial and categorical requirements for Medicaid. These requirements include that the State or its designee shall require a written application signed under penalty of perjury and include in each applicant's case records facts to support the agency's decision on the application (42 USC 1320b-7(d); 42 CFR sections 435.907 and 435.913).

Finding

Required eligibility determinations and redeterminations should be performed according to the State's plan. The New York State application process includes the re-certification of all applications by a case worker. The review determines eligibility and the case worker's signature indicates that the review was performed.

Two of 60 cases examined contained a re-certification that was not signed by a case worker or supervisor.

Recommendation

We recommend that the County review their controls regarding the re-certification review process.

Related Noncompliance

Based on the above, the County is not in compliance with the listed requirements.

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

Questioned Costs

None

Views of Responsible Officials

Required eligibility determinations and redeterminations will be performed according to the State's required plan. The New York State application process includes the review of all applications by a caseworker. The review determines eligibility and the worker's signature indicates that the review was performed.

At the time of the audit the caseworkers were notified of the findings and were directed to make diligent effort to ensure that all re-certifications and applications contain the required signatures.

COUNTY OF PUTNAM, NEW YORK

Status of Prior Audit Findings

Year ended December 31, 2011

Medical Assistance Program (93.778)

Reference: 2010-01

Status: Implemented

Finding

Required eligibility determinations and redeterminations should be performed according to the State's plan. The New York State application process includes the review of all applications by a case worker. The review determines eligibility and the case worker's signature indicates that the review was performed.

Two of 60 cases examined contained a application that was not signed by a case worker or supervisor.

One of 60 cases examined was mistakenly opened as a Medicaid case. This occurred when an active Temporary Assistance case with a child closed April 30, 2007. The child had continued coverage until September 30, 2007. The case was not closed until December 14, 2010, when the auditors inquired with regard to this case. The case has been open in error, however, no benefits have been disbursed by the County for this case that would result in disallowed costs.

Corrective Action Plan

Required eligibility determinations and redeterminations will be performed according to the State's required plan. The New York State application process includes the review of all applications by a caseworker. The review determines eligibility and the worker's signature indicates that the review was performed.

At the time of the audit the caseworkers were notified of the findings and were directed to make diligent effort to ensure that all recertifications and applications contain the required signatures.

Status

The corrective action plan has been implemented.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County of Putnam, 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 July 26, 2012. 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.

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 opinion 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.

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 County's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective on our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards, and which is described in the schedule of findings and questioned costs as item 11-01.

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

We noted certain matters that we have reported to the management of the County in a separate letter dated July 26, 2012.

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.

Toski & Co., CPAs, P.C.

Williamsville, New York
July 26, 2012