

Dutchess County, New York

EIN# 14-6002566

Reports on Federal Awards

Office of Management and Budget

Circular A-133

December 31, 2010

Dutchess County, New York
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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of the
County Legislature and the County Executive
Dutchess County, New York:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dutchess County, New York (the "County") as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 30, 2011. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Dutchess Community College, the Dutchess Resource Recovery Agency, the Dutchess County Water and Wastewater Authority and the Dutchess County Industrial Development Agency, which in aggregate represented 99 percent of the assets, net assets and revenues, respectively, of the aggregate discretely presented component units, as described in our report on the County's financial statements. As described in Note 2 to those financial statements, the financial statements of the Dutchess Community College have been adjusted for the presentation of long-term liabilities and net assets included in those financial statements. This report does not include the results of the other auditors, testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

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.

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 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. However, we identified a deficiency in internal control over financial reporting, described in



the accompanying Schedule of Findings and Questioned Costs as finding number 10-01, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated September 30, 2011.

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

This report is intended solely for the information and use of the County's audit committee, management, the legislature, 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.

PricewaterhouseCoopers LLP

September 30, 2011



**Report of Independent Auditors 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 Members of the
County Legislature and the County Executive
Dutchess County, New York:

Compliance

We have audited the compliance of Dutchess County, New York (the "County") with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010, except as described in the second paragraph of this report. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Dutchess Community College ("DCC") which received Federal Awards which are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2010. Our audit, described below, did not include DCC because DCC engaged other auditors to perform a separate audit in accordance with OMB Circular A-133. In addition our audit described below did not include the Dutchess County Resource Recovery Agency, Dutchess County Water and Wastewater Authority, the Dutchess County Industrial Development Agency, and the Dutchess County Local Development Corporation because they have each engaged other auditors to perform separate audits in accordance with Government Auditing Standards.

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 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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-02 and 10-03.

Internal Control Over Compliance

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

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

Our consideration of the 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dutchess County, New York (the "County") as of and for the year ended December 31, 2010, and have issued our report thereon dated September 30, 2011. Our report included a reference to other auditors. Other auditors audited the financial statements of the Dutchess Community College, the Dutchess Resource Recovery Agency, the Dutchess County Water and Wastewater Authority, and the Dutchess County Industrial Development Agency, which in aggregate represented XX percent of the assets, net assets and revenues, respectively, of the aggregate discretely presented component units, as described in our report on the County's financial statements. As described in Note 2 to those financial statements, the financial statements of the Dutchess Community College have been adjusted for the presentation of long-term liabilities and net assets included in those financial statements.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2010 is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the County's audit committee, management, the legislature, 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.

Prinwotuhom Coopers LLP

September 30, 2011

Dutchess County, New York
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-through Entity Identifying Number	CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services			
HIV Emergency Relief Project Grants		93.914	\$ 1,410,993
Medical Reserve Corps Small Grant Program	M2C09016	93.008	<u>5,000</u>
Subtotal DHHS Direct Programs			1,415,993
Pass-Through Programs From NY State Office for the Aging:			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services		93.043	14,995
Centers for Medicare and Medicaid Services (CMS) - Research, Demonstrations, and Evaluations		93.779	37,636
National Family Caregiver Support - Title III, Part E		93.052	109,993
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers		93.044	(2) 279,605
Special Programs for the Aging - Title III, Part C - Nutrition Services		93.045	(2) 393,451
Special Programs for the Aging - Community Living - Title IV and Title II - Discretionary Projects		93.048	58,320
Nutrition Services Incentive Program		93.053	(2) 123,522
Medicare Enrollment Assistance Program		93.071	<u>7,731</u>
Subtotal Pass-Through Programs From NY State Office for the Aging			1,025,253
Pass-Through Programs From:			
NY State Office of Children and Family Services			
Foster Care - Title IV-E		93.658	9,464,894
Foster Care - Title IV-E (Recovery Act Funded)		93.658	52,673
Adoption Assistance		93.659	39,146
Chafee Foster Care Independent Program		93.674	<u>92,055</u>
Subtotal Pass-Through Programs From NY State Office of Children and Family Services			9,648,768
NY State Office of Temporary and Disability Assistance			
Child Support Enforcement		93.563	2,049,531
Low-Income Home Energy Assistance		93.568	6,657,402
Social Services Block Grant		93.667	1,717,729
Temporary Assistance for Needy Families		93.558	(4) 10,191,608
Emergency Contingency Fund for Temporary Assistance for Needy Families - State Program (Recovery Act Funded)		93.714	(4) <u>1,021,070</u>
Subtotal Pass-Through Programs From NY State Office of Temporary and Disability Assistance			21,637,340
Pass-Through Programs From NY State Division of Alcoholism and Alcohol Abuse:			
Block Grants for Prevention and Treatment of Substance Abuse		93.959	<u>324,589</u>
Subtotal Pass-Through Programs From NY State Division of Alcoholism and Alcohol Abuse			324,589
Pass-Through Programs From NY State Office of Mental Health:			
Medical Assistance Program	PSSHSP	93.778	(10) <u>6,628,182</u>
Subtotal Pass-Through Programs From NY State Office of Mental Health			6,628,182
Pass-Through Programs From NY State Board of Elections			
Help America Vote Act Requirements Payments		90.401	<u>766,080</u>
Subtotal Pass-Through Programs From NY State Board of Elections			766,080
Pass-Through Programs From NY State Department of Health:			
Medical Assistance Program (Recovery Act Funded)		93.778	(10) 8,459,415
Public Health Emergency Preparedness	001600-06	93.069	667,443
Preventative Health and Health Services Block Grant	T025612	93.991	478
HIV Prevention Activities - Health Department Based	002195-04-05	93.940	32,275
Maternal and Child Health Services Block Grant to the States	CO20604	93.994	34,495
	CO21548	93.994	42,688
Immunization Grants	CO18660/C023243	93.268	(9) 99,179
Immunization Grants (Recovery Act Funded)	T025272	93.712	(9) <u>24,508</u>
Subtotal Pass-Through Programs From NY State Department of Health			9,360,481
Subtotal Pass-Through Programs			<u>49,390,693</u>
Total U.S. Department of Health and Human Services			<u>\$ 50,806,686</u>

Dutchess County, New York
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-through Entity Identifying Number	CFDA Number	Federal Expenditures
U.S. Department of Transportation			
Airport Improvement Program		20.106	\$ 1,097,549
Federal Transit Capital Investment Grants		20.500	(6) 1,307,656
Federal Transit Capital Investment Grants (Recovery Act Funded)		20.500	(6) 494,082
Federal Transit Capital Investment Grants (Recovery Act Funded)		20.500	(6) 2,453,622
Interagency Hazardous Materials Public Sector Training & Planning Grants		20.703	3,776
Formula Grants for Other than Urbanized Areas	C003697	20.509	<u>71,748</u>
Subtotal U.S. Department of Transportation Direct Programs			5,428,433
Pass-Through Programs From NY State Department of Transportation:			
Metropolitan Transportation Planning	NY-80-X16-, X17	20.505	113,226
Highway Planning & Construction	L450-1014-043	20.205	(7) 519,454
	8754.02	20.205	(7) 14,451
	8755.42	20.205	(7) 2,353
	8755.44	20.205	(7) 236
	8755.86	20.205	(7) 6,539
	8756.01	20.205	(7) 9,433
	8757.27	20.205	(7) 1,430
	8757.37	20.205	(7) 14,707
	8757.38	20.205	(7) 22,363
	8753.78	20.205	(7) 1,200
	8755.81	20.205	(7) 124
	8757.84	20.205	(7) 116
	8755.41	20.205	(7) 9,572
	8757.53	20.205	(7) 12,183
	8758.69	20.205	(7) 5,084
	8758.71	20.205	(7) 209
	8758.74	20.205	(7) 1,673
	8760.24	20.205	(7) 379,894
	8760.25	20.205	(7) 3,020,170
	8760.26	20.205	(7) 62,467
	Various	20.205	(7) 6,334,651
State and Community Highway Safety	08-0692-9/09-PL	20.600	(1) 76,445
	08-0705-9/09-PL	20.600	(1) 101,578
Occupant Protection Incentive Grants	08-0653-9/09-PL	20.602	(1) 17,551
Safety Incentive Grants for Use of Seatbelts	08-0693-9/09-PL	20.604	(1) <u>77,466</u>
Subtotal Pass-Through Program From NY State Department of Transportation			<u>10,804,575</u>
Total U.S. Department of Transportation			<u>\$ 16,233,008</u>

Dutchess County, New York

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-through Entity Identifying Number	CFDA Number	Federal Expenditures
U.S. Department of Labor			
Pass-Through Program From NY State Department of Labor:			
Trade Adjustment Assistance	80060	17.245	631,341
Workforce Investment Act - Adult Program	80060	17.258 (3)	288,296
Workforce Investment Act - Youth Activities	80060	17.259 (3)	215,438
Workforce Investment Act - Dislocated Workers	80060	17.260 (3)	334,315
Workforce Investment Act - Adult Program	80060	17.258 (3)	65,184
Workforce Investment Act - Youth Activities	80060	17.259 (3)	121,885
Workforce Investment Act - Dislocated Workers	80060	17.260 (3)	275,714
Employee Benefits Security Administration (Recovery Act Funded)		17.151	42,289
Total U.S. Department of Labor			<u>1,974,463</u>
U.S. Department of Agriculture			
Pass-Through Program From NY State Office of Children and Family Services-			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		10.561	2,135,214
Total U.S. Department of Agriculture			<u>2,135,214</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grants (Entitlement Grants)		14.218 (5)	1,644,067
Supportive Housing Program		14.235	2,864
Shelter Plus Care		14.238	401,816
Home Investment Partnerships Program		14.239	689,954
Community Development Block Grant (Recovery Act Funded)		14.253 (5)	259,541
Homeless Prevention and Rapid Re-Housing Program (Recovery Act Funded)		14.257	404,705
Total U.S. Department of Housing and Urban Development			<u>3,402,947</u>
National Science Foundation			
Ecology of Infectious Disease - Anaplasma Grant		47.047	15,980
Total National Science Foundation			<u>15,980</u>
U.S. Department of Justice			
State Criminal Alien Assistance Program	2008-AP-BX-1499	16.606	17,771
Local Law Enforcement Block Grants Program		16.592	23,606
Bulletproof Vest Partnership Program		16.607	4,646
Subtotal U.S. Department of Justice Direct Programs			<u>46,023</u>
Pass-Through Program From NY State Division of Criminal Justice Services:			
Violence Against Women Formula Grants	VW05548941	16.588	69,996
Subtotal Pass-Through Program			<u>69,996</u>
Total U.S. Department of Justice			<u>116,019</u>
U.S. Department of Energy			
Energy Efficiency and Conservation Block Grant Program (Recovery Act Funded)		81.128	468,383
Total U.S. Department of Energy			<u>468,383</u>
U.S. Department of Education			
Pass-Through Program From NY State Department of Health			
Special Education - Grants for Infants and Families (Recovery Act Funded)	C025320	84.393 (8)	26,881
Special Education- Grants for Infants and Families	C021790	84.181 (8)	280,237
Total U.S. Department of Education			<u>307,118</u>
U.S. Department of Homeland Security			
Pass-Through Program From NY State Office of Homeland Security			
Homeland Security Grant Program	C834994	97.067	10,000
State Homeland Security Program (SHSP)		97.073	348,844
Subtotal Pass-Through Program From NY State Office of Homeland Security			<u>358,844</u>
Pass-Through Program From NY State Emergency Management Office:			
Emergency Management Performance Grants		97.042	128,610
Emergency Food & Shelter National Board Program	615400-016	97.024	1,055
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	1692-DR-NY	97.036	374,529
Pre-Disaster Mitigation		97.047	65,005
Subtotal Pass-Through Program From NY State Emergency Management Office			<u>569,199</u>
Total U.S. Department of Homeland Security			<u>928,043</u>
Total Expenditures of Federal Awards			<u>\$ 76,387,860</u>
(1) Highway Safety Cluster			\$ 273,040
(2) Aging Cluster			\$ 796,578
(3) Workforce Investment Act Cluster			\$ 1,300,833
(4) TANF Cluster			\$ 11,212,678
(5) CDBG Entitlement Grants Cluster			\$ 1,903,608
(6) Federal Transit Cluster			\$ 4,255,360
(7) Highway Planning and Construction Cluster			\$ 10,418,309
(8) Early Intervention Services (IDEA) Cluster			\$ 307,118
(9) Immunization Cluster			\$ 123,687
(10) Medicaid Cluster			\$ 15,087,597

Dutchess County, New York
Notes to Schedule of Expenditures of Federal Awards
December 31, 2010

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the primary government of Dutchess County, New York (“the County”), an entity as defined in the basic financial statements and does not include Dutchess Community College (“DCC”), Dutchess County Resource Recovery Agency, Dutchess County Water and Wastewater Authority, Dutchess County Industrial Development Agency, and Dutchess County Local Development Corporation (the “Component Units”) because they have engaged other auditors to perform separate audits in accordance with Government Auditing Standards. The information in this schedule was prepared on the accrual basis of accounting and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Pass-through entity identifying numbers were included on the schedule where available.

2. Subrecipients

Of the federal expenditures presented in the Schedule, the County provided the following to subrecipients

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Temporary Assistance for Needy Families	93.558	\$ 1,913,094
Low Income Home Energy Assistance	93.568	326,139
State Administrative Matching Grants for Food Stamps	10.561	363,014
Block Grants for Prevention and Treatment of Substance Abuse	93.959	324,589
Medical Assistance Program	93.778	698,616
Highway Planning & Construction	20.205	8,760
Community Development Block Grant (Entitlement Grants)	14.218	1,644,067
CDBG ARRA Stimulus	14.253	259,541
Homeless Prev. ARRA	14.257	404,705
Shelter Plus Care	14.238	401,816
Home Investment Partnership Program	14.239	689,954
Workforce Investment Act Cluster	Various	510,035
State and Community Highway Safety	20.600	101,578
Safety Incentive Grants for Use of Seatbelts	20.604	77,466
Total		<u>\$ 7,723,374</u>

Dutchess County, New York
Schedule of Findings and Questioned Costs
December 31, 2010

II Summary of Auditors' Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weaknesses identified No

Significant deficiencies identified that are not considered to be material weaknesses Yes

Noncompliance material to financial statements No

Federal Awards:

Internal control over major programs:

Material weaknesses identified No

Significant deficiencies identified that are not considered to be material weaknesses None reported

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

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

Identification of Major Programs, Program or Cluster Title	CFDA Numbers
Medical Assistance Program	93.778
Federal Transit Cluster	20.500
Low Income Home Energy Assistance	93.568
Highway Planning & Construction Program	20.205
Temporary Aid to Needy Families (ARRA, partial)	93.558, 93.714
Workforce Investment Act Cluster (ARRA partial)	17.258, 17.259, 17.260, 17.263
 Dollar threshold used to distinguish between Type A and Type B programs	 \$2,291,636
 Auditee qualified as a low risk auditee?	 No

Dutchess County, New York
Schedule of Findings and Questioned Costs
December 31, 2010

II. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Auditing Standards.

10-01 Out-of-Period Error Related to Non-Federal Expenditures (Significant Deficiency)

In 2010, management identified accounting errors in posting liquidations of accounts payable to the County's general ledger during 2007, 2008 and 2009. Management determined these errors resulted from an issue within the County's financial management system that was implemented during 2006. Whereas, departments input liquidation adjustments into the system application, they were not properly updated to the general ledger. As a result, the County did not record a total of \$4,991,252 of liquidation adjustments (comprising of \$2,132,723, \$2,710,314 and \$148,215 in 2007, 2008 and 2009). This error resulted in a revision to the beginning net assets and fund balance in the 2010 financial statements.

We recommend that management continue to review all liquidations to ensure that they are appropriately posted to the general ledger in the appropriate period.

Management's Views and Corrective Action Plan

Following these findings are Management's Views and Corrective Action Plan.

III. Federal Award Findings and Questioned Costs

10-02 Eligibility

Temporary Assistance for Needy Families ("TANF"), 93.558 and 93.714 Award Year 2010

Criteria:

Qualified aliens are the only non-citizens who may receive a TANF public benefit.

Condition:

Of the forty participants tested for eligibility, one individual did not have proof of residency and four individuals did not have proof of citizenship in their files.

Cause:

When the individuals applied for TANF, the case worker did not obtain the required proof for citizenship or residency to include in the file.

Effect:

It is possible that the individuals are not US citizens or New York State residents and are receiving TANF when they are not eligible.

Questioned costs:

The questioned costs associated with these individuals who did not have the required proof of citizenship or residency in their TANF files was \$2,016.

Recommendation:

We recommend that the case files be reviewed and that a checklist be used to ensure that all required information is obtained prior to an individual being deemed eligible for TANF. It is also recommended that the County investigate and determine if the applicants were eligible for TANF, and if they were not, then the questioned costs associated with these individuals be returned to TANF.

Dutchess County, New York
Schedule of Findings and Questioned Costs
December 31, 2010

10-03 Eligibility

Low Income Home Energy Assistance ("HEAP"), 93.568 Award Year 2010

Criteria:

Original signed applications should be retained within case files to ensure applicants meet the specific eligibility criteria for HEAP benefits.

Condition:

Of the forty participants tested for eligibility, three individuals did not have signed applications for the HEAP program in their files.

Cause:

When the individuals applied for HEAP, the case worker either did not obtain or retain the required application form to include in the file.

Effect:

It is possible that the individuals who are receiving benefits may not be eligible or may receive a larger benefit than the individual is not eligible for.

Questioned costs:

The questioned costs associated with the three individuals who did not have the required applications included within their files were \$2,420.

Recommendation:

We recommend that the case files be reviewed and that a checklist be used to ensure that all required information is obtained prior to an individual being deemed eligible for HEAP. It is also recommended that the County investigate and determine if the applicants were eligible for HEAP, and if they were not, then the questioned costs associated with these individuals should be returned to HEAP.

Dutchess County, New York
Summary Schedule of Prior Audit Findings
December 31, 2010

Status of Prior Year Findings

09-01 Monitoring of Capital Assets (Material Weakness)

In connection with PwC's procedures over fixed assets in fiscal year 2009, PwC identified that depreciation expense was overstated by \$3.25 million. The reason for the error was due to incorrect in-service dates and useful lives being used to calculate depreciation expense in the fixed asset sub-ledger.

In addition, in connection with PwC's review of projects remaining in construction in progress (CIP) at the end of the year PwC identified items that were improperly categorized between a depreciable asset and CIP. This resulted in uncorrected differences of \$250,000 in the General Fund and \$76,000 in the Airport Enterprise Fund to record additional depreciation expense for items placed in service prior to year end and not moved to a depreciable asset. In addition, various reclassifications between CIP and a depreciable asset were not identified and recorded.

PwC recommends that management review the controls and procedures in place around fixed assets. Without an effective review process, depreciation may not be appropriately recorded and cause the financial statements to be materially misstated.

2010 Update

The prior year corrective action plan was implemented and this finding did not recur in the current year. Management implemented a procedure to communicate with the various departments in the County in order to determine when fixed assets have been placed into service.

**Dutchess County, New York
Management's Views and Corrective Action Plan
December 31, 2010**



Dutchess County
Office of the
Commissioner
of Finance

Dutchess

William R. Steinhaus
County Executive

Pamela Barrack
Commissioner

Corinna C. Wu
First Deputy

Carmela Morley
Deputy

September 28, 2011

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RE: Management's Views and Corrective Action Plan for Dutchess County OMB
Circular A-133 Compliance for the Year Ended December

I. Findings

10-01 Out-of-Period Error Related to Non-Federal Expenditures
(Significant Deficiency)

10-02 Eligibility - Temporary Assistance for Needy Families (TANF),
93.558 and 93.714 Award Year 2010

10-3 Eligibility - Low Income Home Energy Assistance ("HEAP"), 93.568
Award Year 2010

II. Management's Response and Corrective Action Plan

10-01 – Management's Response

In 2010, management identified and addressed the issue. To correct the systemic issue, a monthly process was developed and implemented to identify and correct the issue going forward.

10-02 – Management's Response

Management has reviewed the current process and implemented procedures to ensure compliance with TANF eligibility.

10-03 – Management's Response

Management has reviewed the current process and implemented procedures to ensure compliance with HEAP eligibility.

III. Responsible Individual

Pamela Barrack, Commissioner of Finance