

# **County of Centre, Pennsylvania**

Single Audit  
For the Year Ended  
December 31, 2009  
&  
Independent Auditors' Reports

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COUNTY OF CENTRE, PENNSYLVANIA

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

GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) REVENUE AT 1/1/09	REVENUE RECOGNIZED	FEDERAL EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 12/31/09
U.S. DEPARTMENT OF AGRICULTURE: Passed through Pennsylvania Department of Agriculture: Emergency Food Assistance Program (Administrative Costs) Emergency Food Assistance Program (Food Commodities) ARRA - Emergency Food Assistance Program (Food Commodities)	10.568 10.569 10.569	ME441857 ME441857 ME441857	\$ 29,603 331,617 361,220	\$ 4,944 - 4,944	\$ 45,999 331,617 377,616	\$ 45,999 331,617 377,616	\$ 21,340 - 21,340
TOTAL U.S. DEPARTMENT OF AGRICULTURE							
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT: Passed through Pennsylvania Department of Community and Economic Development: Community Development Block Grants/State's Program Community Development Block Grants/State's Program Community Development Block Grants/State's Program Community Development Block Grants/State's Program Community Development Block Grants/State's Program	14.228 14.228 14.228 14.228 14.228	C000020781 C000029819 C000032175 C000036507 C000043402	9,714 99,397 28,902 58,525 28,600	6,950 27,067 - - -	23,799 91,212 28,902 59,685 71,254	23,799 91,212 28,902 59,685 71,254	21,035 18,882 1,160 42,654
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			225,138	34,017	274,852	274,852	83,731
U.S. DEPARTMENT OF THE INTERIOR Payments in Lieu of Taxes	15.226	N/A	-	-	-	-	-
U.S. DEPARTMENT OF JUSTICE: Passed through Pennsylvania Commission on Crime and Delinquency: Violence Against Women Formula Grants Edward Byrne Memorial Justice Assistance Grant Program	16.588 16.738	2008/09-VA-06-19197 2008/09-JG-05-18941	50,723	14,379	74,045	74,045	37,701
TOTAL U.S. DEPARTMENT OF JUSTICE			50,723	14,379	74,045	74,045	37,701
U.S. DEPARTMENT OF TRANSPORTATION, Passed through Pennsylvania Department of Transportation, Intragency Hazardous Materials Public Sector Training and Planning Grant Hazardous Materials Emergency Preparedness	20.703 20.703		3,468 10,850	11,498	3,468 10,202	3,468 10,202	10,850
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			14,318	11,498	13,670	13,670	10,850
ENVIRONMENTAL PROTECTION AGENCY: Passed through Pennsylvania Department of Environmental Protection: Nonpoint Source Implementation Grants Chesapeake Bay National Fish & Wildlife	66.460 66.606	ME410034232 2004-0001-028/2005-0001-068 **	- -	(30,000) (4,000)	27,702 4,000	27,702 4,000	(2,298)
TOTAL ENVIRONMENTAL PROTECTION AGENCY			-	(34,000)	31,702	31,702	(2,298)
U.S. DEPARTMENT OF EDUCATION: Passed through Pennsylvania Department of Public Welfare, Special Education - Grants for Infants and Families with Disabilities Passed through Pennsylvania Department of Health, Safe and Drug-Free Schools and Communities - State Grants	84.181 84.186	N/A ME00312	96,125 2,605	- (2,124)	96,125 2,727	96,125 2,727	(2,002)
TOTAL U.S. DEPARTMENT OF EDUCATION			98,730	(2,124)	98,852	98,852	(2,002)



COUNTY OF CENTRE, PENNSYLVANIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) REVENUE AT 1/1/09	REVENUE RECOGNIZED	FEDERAL EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 12/31/09
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE, Passed through Pennsylvania Department of Corporation for National and Community Service, Retired and Senior Volunteer Program	94.002	035RAPA	\$ 67,124	\$ 16,251	\$ 64,129	\$ 64,129	\$ 13,256
U.S. DEPARTMENT OF HOMELAND SECURITY: Passed through Pennsylvania Emergency Management Agency: Emergency Management Performance Grants Homeland Security Grant Program	97.042 97.067	N/A N/A	83,415 196,475	22,632 6,304	60,783 213,273	60,783 213,273	23,102
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			279,890	28,936	274,056	274,056	23,102
TOTAL			\$ 9,120,968	\$ 1,342,696	\$ 9,028,554	\$ 9,028,554	\$ 1,250,282

\*\* The County's calendar year spans two program years; therefore, two pass-through entity identification numbers are provided.

See Note to Schedule of Expenditures of Federal Awards

## COUNTY OF CENTRE, PENNSYLVANIA

### NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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#### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Centre, Pennsylvania (the "County") presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Amounts reported in this schedule agree with the amounts included in the County's basic financial statements.

**COUNTY OF CENTRE, PENNSYLVANIA**

**SCHEDULE OF SELECTED COMMONWEALTH OF  
PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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<u>GRANTOR/PROGRAM TITLE</u>	<u>COMBINED FEDERAL AND STATE EXPENDITURES</u>
PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE:	
Mental Health/Mental Retardation	\$ 12,196,807 *
Children and Youth	7,498,072 *
Child Support Enforcement	711,269 *
Combined Homeless Assistance Program	194,872
Medical Assistance Transportation Program	550,083
Human Services Development Fund	<u>505,590</u>
TOTAL SELECTED PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE ASSISTANCE	<u>\$ 21,656,693</u>

\* Denotes a major DPW program.

Note: This schedule includes selected Pennsylvania Department of Public Welfare (DPW) Assistance received by the County of Centre, Pennsylvania and is presented using the full accrual method of accounting. Amounts reported in this schedule agree with the amounts included in the County's basic financial statements.

**INDEPENDENT AUDITORS' 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**

Board of Commissioners  
County of Centre, Pennsylvania:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County of Centre, Pennsylvania (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 June 23, 2010. 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**

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 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. However, we consider the deficiency described in the accompany schedule of findings and questioned costs referenced as 09-1 to be a significant deficiency in internal control over financial reporting. 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.

#### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the 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 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*.

The County's response to the finding 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 do not express an opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization 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.

A handwritten signature in black ink that reads "Parente Beard LLC". The signature is written in a cursive, flowing style.

State College, Pennsylvania  
September 23, 2010

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133 AND  
THE PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE  
SINGLE AUDIT SUPPLEMENT; SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS AND SELECTED COMMONWEALTH  
OF PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE ASSISTANCE**

Board of Commissioners  
County of Centre, Pennsylvania:

**COMPLIANCE**

We have audited the compliance of the County of Centre, Pennsylvania (the "County") with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* and the Department of Public Welfare ("DPW") *Single Audit Supplement* that are applicable to each of its major federal and DPW programs for the year ended December 31, 2009. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. The County's major DPW programs are identified in the Schedule of Selected Commonwealth of Pennsylvania Department of Public Welfare Assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and DPW 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and; the Commonwealth of Pennsylvania, Department of Public Welfare *Single Audit Supplement*. Those standards, OMB Circular A-133 and the DPW *Single Audit Supplement* 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 or DPW 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.

As described in item 09-2 in the accompany schedule of findings and questioned costs, the County did not comply with requirements regarding consumer financial situation reassessments that are applicable to its special programs for the aging clusters. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs 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 requirements of laws, regulations, contracts, and grants applicable to federal and DPW programs. 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 or DPW 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding 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, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and an other deficiency that we consider to be a significant deficiency.

*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 or DPW program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs are item 09-2 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompany schedule of findings and questioned costs as item 09-3 to be a significant deficiency.

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.

**SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND SELECTED  
PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE ASSISTANCE**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of 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 23, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and Selected Commonwealth of Pennsylvania, Department of Public Welfare Assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and the Commonwealth of Pennsylvania, Department of Public Welfare, and are 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 Board of Commissioners, management, others within the organization 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.

A handwritten signature in cursive script that reads "Parente Beard LLC".

State College, Pennsylvania  
September 23, 2010

**COUNTY OF CENTRE, PENNSYLVANIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**I. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: UNQUALIFIED

Internal control over financial reporting:

Material weakness(es) identified?	<u>          </u>	yes	<u>  X  </u>	no
Significant deficiency(ies) identified?	<u>  X  </u>	yes	<u>          </u>	none reported
Noncompliance material to financial statements noted?	<u>          </u>	yes	<u>  X  </u>	no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u>  X  </u>	yes	<u>          </u>	no
Significant deficiency(ies) identified?	<u>  X  </u>	yes	<u>          </u>	none reported

Type of auditors' report issued on compliance for major programs: QUALIFIED

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.044, 93.045, 93.053, 93.707	Special programs for the Aging Cluster
10.568, 10.569	Emergency Food Assistance Cluster
93.778	Medical Assistance Program
93.658	Title Foster Care IV-E
93.659	Adoption Assistance
93.563	Child Support Enforcement

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   yes            no

## II. FINANCIAL STATEMENTS FINDINGS

### 09-1 ICFR – SHERIFF’S OFFICE CASH AND LIABILITY RECONCILIATION

**CRITERIA:** In order to maintain proper control over agency cash, the cash should be reconciled to the underlying liability on a regular basis.

**CONDITION:** The Sheriff’s Office does maintain a listing of the liability owed to others. However, this liability is not reconciled to the cash on a regular basis and there are obvious errors within the liability listing.

**CAUSE:** While there is a formal requirement to perform the reconciliation the Sheriff’s Office has not found adequate time to perform the reconciliation properly.

**EFFECT:** The Sheriff’s Office could improperly return funds as to amount and payee.

**RECOMMENDATION:** A procedure needs to be established ensuring that the detailed listing be reviewed on a monthly basis to determine the propriety of account balances as well as the entire balance must reconcile to the underlying cash amount.

**MANAGEMENT RESPONSE:** The Sheriff’s Office has been aware of the issues noted in the audit and have been working on making all necessary corrections for some time. Many corrections have been made along with the necessary adjustments as of this writing.

We have found a number of causes for the inaccurate reporting and tracking. Many of the problems are a combination of human error mixed with a computer program that was not being used to its capacity because of inadequate instruction, along with several programming flaws that the program developer is addressing.

COUNTY OF CENTRE, PENNSYLVANIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

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The complexity of our system makes both the monthly reconciliation and past examination of records a very time consuming process. We are therefore hesitant to provide a time line to complete an accurate up-to-date reconciliation. We have, however, made this a priority and as noted in my first paragraph we are making steady progress in resolving all conditions. Once a complete and accurate reconciliation is made we will be able to maintain accuracy through a weekly and monthly in-house reconciliation.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**09-2 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT**

**CFDA # 93.044, 93.045, 93.053, 93.707 SPECIAL PROGRAMS FOR THE AGING CLUSTER**

- CRITERIA:** Changes in the consumer(s) financial situation must be reviewed annually during the reassessment process. Consumers should be encouraged to call the AAA when there has been a significant change in income since that change may affect the cost share amount, in which case mid-year adjustments may be made. In general however, the fee will also be adjusted annually to reflect changes in annual income and in the updated federal poverty levels.
- CONDITION:** Annual financial situations were not reviewed and updated annually for all consumers receiving services.
- CAUSE:** Reassessments of consumer financial situations were not completed timely and no controls are implemented to track the timing of required annual reassessment.
- EFFECT:** Possible overcharging/under charging consumers co-payments for services.
- RECOMMENDATION:** A control procedure needs to be implemented to track the due date for each reassessment for all consumers County personnel should perform the required reassessment prior to the due date.
- MANAGEMENT RESPONSE:** See corrective action plan.

COUNTY OF CENTRE, PENNSYLVANIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009

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**09-3 U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE PENNSYLVANIA  
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT**

**CFDA # 10.568 & 10.569 EMERGENCY FOOD ASSISTANCE PROGRAM**

- CRITERIA:** Based on the Program Management Agreement for the Emergency Food Assistance Program invoices and inventory reports summarizing activity should be submitted 15 days after the close of each fiscal quarter. Fourth quarter invoices must be submitted by the County by November 15<sup>th</sup> of each year. These reports should be supported with appropriate documentation.
- CONDITION:** No support for the quarterly reports are received from Central Pennsylvania Community Action, Inc.: therefore, supporting documentation is not being compared to quarterly reimbursement reports.
- CAUSE:** County did not obtain the support needed.
- EFFECT:** Actual amounts of reimbursement requested could be incorrect.
- RECOMMENDATION:** Request and review supporting documentation for all quarterly reports.
- MANAGEMENT RESPONSE:** See corrective action plan.

**COUNTY OF CENTRE, PENNSYLVANIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

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**08-1 ICFR – SHERIFF’S OFFICE CASH AND LIABILITY RECONCILIATION**

See current year finding 09-1; this matter was also listed as a finding in the 2008 Single Audit.