

COUNTY OF SHASTA
SINGLE AUDIT REPORT
JUNE 30, 2006

COUNTY OF SHASTA

Single Audit Report
For the Year Ended June 30, 2006

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**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 Supervisors and Grand Jury
County of Shasta
Redding, California

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 the County of Shasta, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 27, 2006. 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 of Shasta's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Supervisors and Grand Jury
County of Shasta

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Shasta'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*.

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, 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.

BARTIG, BASLER & RAY, LLP
A Gallina, LLP Company

October 27, 2006
Roseville, California

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Supervisors and Grand Jury
County of Shasta
Redding, California

Compliance

We have audited the compliance of the County of Shasta, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The County of Shasta'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, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Shasta's management. Our responsibility is to express an opinion on the County of Shasta's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Shasta'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 of Shasta's compliance with those requirements.

In our opinion, the County of Shasta 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 June 30, 2006. 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 item 06-1.

Board of Supervisors and Grand Jury
County of Shasta

Internal Control Over Compliance

The management of the County of Shasta 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 of Shasta's internal control over compliance with 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 the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County of Shasta's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-1 and 06-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs which we have reported to management in a separate letter dated October 27, 2006.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Shasta as of and for the year ended June 30, 2006, and have issued our report thereon dated October 27, 2006. 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 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. The Supplemental Statements have not been subjected to auditing procedures

Board of Supervisors and Grand Jury
County of Shasta

Schedule of Expenditures of Federal Awards (continued)

applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, 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.

BARTIG, BASLER & RAY, LLP
A Gallina, LLP Company

October 27, 2006
Roseville, California

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Cooperative Forestry Assistance:			
Cooperative Patrol	10.664	--	\$ 20,915
Cooperative Law Enforcement, Drug Suppression	10.664	--	19,465
Subtotal Direct			<u>40,380</u>
Passed through State Department of Food and Agriculture:			
Glassy-Winged Sharpshooter Pierce's Disease Program	10.000	05-0387	85,365
Pest Detection Trapping	10.000	05-0266	62,435
Shasta County Weed Eradication Project	10.000	05-0140	15,972
Shasta County Agricultural Commissioner's Noxious Weed Eradication Project on CalTrans Right-of-Way on I-5 Corridor	10.000	04-DG-11051400- 008	9,692
Sudden Oak Death (SOD) Statewide Emergency Response	10.000	05-0454	2,467
Subtotal Pass-Through			<u>175,931</u>
Passed through State Department of Education:			
National School Lunch Program	10.555	--	<u>313,128</u>
Passed through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	953,334
Nutrition Network	10.561 *	--	626,444
Subtotal Pass-Through			<u>1,579,778</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for Food Stamp Program	10.561 *	--	1,158,267
Food Stamps	10.551 *	--	15,066,511
Subtotal Pass-Through			<u>16,224,778</u>
Passed through State Controller's Office:			
Schools and Roads - Grants to States	10.665	--	<u>2,059,010</u>
Total U.S. Department of Agriculture			<u>\$ 20,393,005</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228	--	\$ 310,602
HOME Investment Partnership Program	14.239	--	610,943
Section 8 Housing Choice Vouchers	14.871 *	--	<u>2,606,348</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 3,527,893</u>
<u>U.S. Department of Interior</u>			
Direct Programs:			
Recreation Resource Management	15.225	--	<u>67,734</u>
Total U.S. Department of Interior			<u>\$ 67,734</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Local Law Enforcement Block Grant	16.592	--	38,420
Secure Our Schools	16.710	--	19,736
Domestic Cannabis Eradication/Suppression	16.579	--	44,601
Subtotal Direct			<u>102,757</u>
Passed through State Office of Emergency Services:			
Child Abuse Treatment Program	16.575	AT04010450	96,172
Child Abuse Treatment Program	16.575	AT05020450	136,925
Victim Witness Assistance Program	16.575	VW04230450	6,426
Victim Witness Assistance Program	16.575	VW05240450	83,732
Marijuana Eradication	16.579	MS05160450	193,333
Shasta Interagency Narcotic Task Force	16.579	DC05180450	226,344
Subtotal Pass-Through			<u>742,932</u>
Passed through State Board of Control:			
Integrated Justice System Document Availability	16.523	CSA 116-05	<u>16,137</u>
Total U.S. Department of Justice			<u>\$ 861,826</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	--	\$ 519,930
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BRLS-5906(055)	78,088
Highway Planning and Construction	20.205	BRLS-5906(063)	65,775
Highway Planning and Construction	20.205	BHLD-5906(077)	53,916
Highway Planning and Construction	20.205	BHLS-5906(076)	35,865
Highway Planning and Construction	20.205	BRLO-5906(062)	99,635
Highway Planning and Construction	20.205	BRLO-5906(057)	679,864
Highway Planning and Construction	20.205	BRLO-5906(064)	579,604
Highway Planning and Construction	20.205	BRLO-5906(069)	30,776
Highway Planning and Construction	20.205	BRLO-5906(070)	39,671
Highway Planning and Construction	20.205	BRLO-5906(071)	26,188
Highway Planning and Construction	20.205	BRLO-5906(072)	20,874
Highway Planning and Construction	20.205	RSTPLE-5906(075)	64,373
Subtotal Pass-Through			<u>1,774,629</u>
Passed through State Regional Transportation Planning Agency:			
Highway Planning and Construction	20.205	--	<u>324,007</u>
Passed through Business, Transportation and Housing Agency:			
State and Community Highway Safety	20.600	--	<u>315,596</u>
Total U.S. Department of Transportation			<u>\$ 2,934,162</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through Air Pollution Control Officers Association:			
EPA Particulate Monitoring 2.5	66.606	CAPCOA / X-999939-01-0	<u>5,012</u>
Total U.S. Environmental Protection Agency			<u>\$ 5,012</u>

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Education</u>			
Passed through State Department of Alcohol and Drug Programs:			
Safe & Drug-Free Schools & Communities	84.186	SDF03-02	\$ 230,553
Total U.S. Department of Education			\$ 230,553
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Alcohol & Drug Prevention:			
Block Grants for Community Mental Health Services	93.958	--	273,301
Block Grants - Prevention & Treatment of Substance Abuse	93.959	--	1,412,859
Subtotal Pass-Through			<u>1,686,160</u>
Passed through the State Department of Mental Health:			
Projects for Assistance - Transition from Homelessness	93.150	--	<u>54,282</u>
Passed through State Department of Health Services:			
Childhood Lead Poisoning Prevention Projects	93.197	--	21,281
Immunization Program	93.268	--	49,170
Bioterrorism Preparedness	93.283	--	895,410
Medical Assistance Program:			
Children's Medical Services	93.778 *	--	380,625
Child Health and Disability Program (CHDP)	93.778 *	--	351,289
Medi-Cal Administrative Activities (MAA)	93.778 *	--	56,876
Medical Assistance Program Administration	93.778 *		2,936,318
Preventive Health Services-Research, Demonstrations, and Public Information and Education	93.978	--	40,000
Preventive Health And Health Services Block Grant:			
Project LEAN (Leaders Encouraging Activity and Nutrition)	93.991	--	27,000
Maternal Child Adolescent Health (MCAH)	93.994	--	248,092
Subtotal Pass-Through			<u>5,006,061</u>
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families:			
TANF, KINGAP, Diversion, Emergency Assistance Foster Care-Assistance Payments	93.558	--	8,762,374
TANF, KINGAP, Diversion, Emergency Assistance Foster Care-Administration	93.558	--	7,355,497
Subtotal CFDA 93.558			<u>16,117,871</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through State Department of Social Services (continued):			
Foster Care - Title IV-E:			
Foster Care - Title IVE - CWS, Licensing, Foster Parent Training/Recruitment, Options for Recovery	93.658 *	--	\$ 2,345,006
Foster Care - Title IV-E - AFDC Foster Care, Wraparound Foster Care Placement	93.658 *	--	2,923,749
Foster Care - Title IV-E (Probation)	93.658 *	--	3,048,626
Foster Care - Title IV-E SB 933	93.658 *	--	33,471
Subtotal CFDA 93.658			<u>8,350,852</u>
Promoting Safe and Stable Families (PSSF)	93.556	--	240,531
Child Welfare Services Title IVB	93.645	--	126,788
Adoption Assistance	93.659	--	3,489,735
Child Welfare Services (CWS) Title XX - Licensing Title XX	93.667	--	410,678
Independent Living Program (ILP)	93.674	--	126,333
Medical Assistance Program - IHSS Public Authority	93.778 *	--	224,617
Subtotal			<u>4,618,682</u>
Subtotal Pass-Through			<u>29,087,405</u>
Passed through State Department of Child Support Services:			
Child Support Enforcement	93.563	--	<u>5,137,192</u>
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	05F-4644	143,869
Community Services Block Grant	93.569	06F-4746	88,936
Subtotal CFDA 93.569			<u>232,805</u>
Total U.S. Department of Health and Human Services			<u>\$ 41,203,905</u>
<u>U.S. Corporation for National and Community Service</u>			
Direct Programs:			
Retired and Senior Volunteer Program	94.002	--	149,003
Volunteers in Service to America	94.013	--	2,794
Total U.S. Corporation for National Community Service			<u>\$ 151,797</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Emergency Food and Shelter National Board Program	97.024	--	\$ 2,425
Emergency Management Performance Grants	97.042	--	52,722
Subtotal Direct			<u>55,147</u>
Passed through State Office of Emergency Services:			
State Domestic Preparedness Equipment Support Program:			
State Homeland Security Part II (FY 2003)	97.004 *	--	47,190
State Homeland Security (FY 2004)	97.004 *	--	215,810
State Homeland Security - SHSP (FY 2005)	97.073 *	--	102,945
State Homeland Security - LETPP (FY 2005)	97.074 *		82,000
Subtotal CFDA 97.004			<u>447,945</u>
Fire Management Assistance Grant	97.046	--	16,228
Subtotal Pass-Through			<u>464,173</u>
Total U.S. Department of Homeland Security			<u>\$ 519,320</u>
Total Expenditures of Federal Awards			<u><u>\$ 69,895,207</u></u>

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2006

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Shasta. The County of Shasta's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is sometimes prepared on a basis other than that used to record transactions in the accounting records and as reported in the basic financial statements (such as cash basis). The information in this schedule 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.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

Note 4: **Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County of Shasta provided federal awards to subrecipients as follows:

<u>Federal CFDA</u>	<u>Subrecipient</u>	<u>Amount</u>
16.575	New Directions to Hope	\$ 197,547
20.600	Cottonwood Citizens Patrol	6,766
20.600	True North	2,853
20.600	KIXE (Northern California Educational TV)	975
20.600	Shasta County Fire Department	527
20.600	Northern Valley Catholic Social Services	371
20.600	Cottonwood Community Park Board	9,182
84.186	The Chemical People, Inc.	170,005
84.186	Youth Violence Prevention Council	39,172
93.268	Shasta Community Health Center	31,438
93.958	Helpline	76,526
93.958	Opportunity Center	78,000

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 4: **Subrecipients** (continued)

<u>Federal CFDA</u>	<u>Subrecipient</u>	<u>Amount</u>
93.959	The Chemical People, Inc.	107,000
93.959	Empire Recovery Center	40,070
93.959	Mayers Memorial Hospital	37,826
93.959	Northern Valley Catholic Social Services	72
93.959	Right Road Recovery Programs	<u>54,632</u>
	Total	<u>\$ 852,962</u>

Note 5: **Loans Outstanding**

The programs listed below had the following aggregate, federally-funded loans outstanding at June 30, 2006:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Outstanding</u>
14.239	HOME Investment Partnership Program	\$ 4,687,872
14.228	Community Development Block Grant/State's Program	<u>2,821,017</u>
	Total	<u>\$ 7,508,889</u>

Note 6: **Program Clusters**

Federal programs, which must be audited together as a program cluster, include the following:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>Food Stamp Cluster:</u>		
10.551	Food Stamps	\$ 15,066,511
10.561	Nutrition Network	626,444
10.561	State Administrative Matching Grants for Food Stamp Program	<u>1,158,267</u>
	Total	<u>\$ 16,851,222</u>

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 6: **Program Clusters** (continued)

Homeland Security Cluster:

97.004	State Homeland Security Part II (FY 2003)	\$	47,190
97.004	State Homeland Security – (FY 2004)		215,810
97.073	State Homeland Security – SHSP (FY 2005)		102,945
97.074	State Homeland Security – LETPP (FY 2005)		<u>82,000</u>
	Total	\$	<u>447,945</u>

Note 7: **Total Federal awards expended by CFDA Number**

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards totals all programs under the one CFDA number. Occasionally, however, this total could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the Schedule, but instead is provided below:

<u>CFDA No.</u>	<u>Total Federal Expenditures</u>
10.561	\$ 1,784,711
16.575	323,255
16.579	464,278
20.205	2,038,636
93.778	3,949,725

Note 8: **Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County either determined that no identifying number is assigned for the program or was simply unable to obtain an identifying number from the pass-through entity.

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 9: **Office of Emergency Services Grants**

The following represents expenditures for Office of Emergency Services (OES) programs for the year ended June 30, 2006. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2005	For the Year Ended June 30, 2006	Cumulative As of June 30, 2006	Federal Share	State Share	County Share
<u>VW04230450 - Victim Witness Assistance</u>						
Personal services	\$ 161,389	\$ --	\$ 161,389	\$ --	\$ --	\$ --
Operating expenses	27,344	6,426	33,770	6,426	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 188,733</u>	<u>\$ 6,426</u>	<u>\$ 195,159</u>	<u>\$ 6,426</u>	<u>\$ --</u>	<u>\$ --</u>
<u>VW05240450 - Victim Witness Assistance</u>						
Personal services	\$ --	\$ 188,733	\$ 188,733	\$ 83,732	\$ 105,001	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 188,733</u>	<u>\$ 188,733</u>	<u>\$ 83,732</u>	<u>\$ 105,001</u>	<u>\$ --</u>
<u>MS05160450 - Marijuana Eradication</u>						
Personal services	\$ 237,132	\$ 187,369	\$ 424,501	\$ 187,369	\$ --	\$ --
Operating expenses	8,229	5,964	14,193	5,964	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 245,361</u>	<u>\$ 193,333</u>	<u>\$ 438,694</u>	<u>\$ 193,333</u>	<u>\$ --</u>	<u>\$ --</u>
<u>DC05180450 - Shasta Interagency Narcotic Task Force</u>						
Personal services	\$ 185,365	\$ 160,692	\$ 346,057	\$ 160,692	\$ --	\$ --
Operating expenses	75,638	65,652	141,290	65,652	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 261,003</u>	<u>\$ 226,344</u>	<u>\$ 487,347</u>	<u>\$ 226,344</u>	<u>\$ --</u>	<u>\$ --</u>
<u>AT04010450 - Child Abuse Treatment</u>						
Personal services	\$ 1,266	\$ 5,423	\$ 4,254	\$ 2,988	\$ --	\$ 2,435
Operating expenses	101,146	107,583	191,930	90,784	--	16,799
Equipment	--	2,400	2,400	2,400	--	--
Totals	<u>\$ 102,412</u>	<u>\$ 115,406</u>	<u>\$ 198,584</u>	<u>\$ 96,172</u>	<u>\$ --</u>	<u>\$ 19,234</u>

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 9: **Office of Emergency Services Grants** (continued)

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through	For the Year Ended	Cumulative As of	Federal Share	State Share	County Share
	June 30, 2005	June 30, 2006	June 30, 2006			
<u>AT05020450 - Child Abuse Treatment</u>						
Personal services	\$ --	\$ 6,528	\$ 6,528	\$ 678	\$ --	\$ 5,850
Operating expenses	--	162,255	162,255	134,947	--	27,308
Equipment	--	1,300	1,300	1,300	--	--
Totals	<u>\$ --</u>	<u>\$ 170,083</u>	<u>\$ 170,083</u>	<u>\$ 136,925</u>	<u>\$ --</u>	<u>\$ 33,158</u>
<u>VB05030450 - Vertical Prosecution</u>						
Personal services	\$ --	\$ 153,555	\$ 153,555	\$ --	\$ 153,555	\$ --
Operating expenses	--	20,596	20,596	--	20,596	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 174,151</u>	<u>\$ 174,151</u>	<u>\$ --</u>	<u>\$ 174,151</u>	<u>\$ --</u>

Note 10: **California Department of Corrections and Rehabilitation Grants**

The following represents expenditures for the California Department of Corrections and Rehabilitation programs for the year ended June 30, 2006. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through	For the Year Ended	Cumulative As of	Federal Share	State Share	County Share
	June 30, 2005	June 30, 2006	June 30, 2006			
<u>CSA 116-05 - Integrated Justice System Document Availability</u>						
Personal services	\$ 11,990	\$ 14,557	\$ 26,547	\$ 12,764	\$ 1,793	\$ --
Operating expenses	--	1,500	1,500	1,500	--	--
Equipment	20,700	1,873	22,573	1,873	--	--
Totals	<u>\$ 32,690</u>	<u>\$ 17,930</u>	<u>\$ 50,620</u>	<u>\$ 16,137</u>	<u>\$ 1,793</u>	<u>\$ -</u>

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 11: **California Department of Justice Grants**

The following represents expenditures for California Department of Justice grant for the year ended June 30, 2006.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2005	For the Year Ended June 30, 2006	Cumulative As of June 30, 2006	Federal Share	State Share	County Share
<u>05SA12C032 - Spousal Abuser Prosecution</u>						
Salaries and benefits	\$ --	\$ 94,336	\$ 94,336	\$ --	\$ 59,035	\$ 25,301
Operational	--	1,229	1,229	--	7,488	3,741
Totals	<u>\$ --</u>	<u>\$ 95,565</u>	<u>\$ 95,565</u>	<u>\$ --</u>	<u>\$ 66,523</u>	<u>\$ 29,042</u>

Note 12: **California Department of Insurance Grants**

The following represents expenditures for California Department of Insurance grant for the year ended June 30, 2006.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2005	For the Year Ended June 30, 2006	Cumulative As of June 30, 2006	Federal Share	State Share	County Share
<u>Automobile Insurance Fraud</u>						
Salaries and benefits	\$ --	\$ 71,328	\$ 71,328	\$ --	71,328	\$ --
Services and supplies	--	11,693	11,693	--	11,693	--
Central service charges	--	4,957	4,957	--	4,957	--
Equipment	--	12,544	12,544	--	12,544	--
Totals	<u>\$ --</u>	<u>\$ 100,522</u>	<u>\$ 100,522</u>	<u>\$ --</u>	<u>\$ 100,522</u>	<u>\$ --</u>
<u>Worker's Compensation Insurance Fraud</u>						
Salaries and benefits	\$ --	\$ 163,195	\$ 163,195	\$ --	163,195	\$ --
Services and supplies	--	30,723	30,723	--	30,723	--
Central service charges	--	10,760	10,760	--	10,760	--
Equipment	--	12,544	12,544	--	12,544	--
Totals	<u>\$ --</u>	<u>\$ 217,222</u>	<u>\$ 217,222</u>	<u>\$ --</u>	<u>\$ 217,222</u>	<u>\$ --</u>

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes |
| 4. Identification of major programs: | |

CFDA Number

Name of Federal Program

10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamps Program
14.871	Section 8 Housing Choice Vouchers
93.658	Foster Care - Title IV-E
93.778	Medical Assistance Program
97.004	State Homeland Security Program
97.073	State Homeland Security – SHGP
97.074	State Homeland Security – LETPP

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Section 1 (continued)

Federal Awards

Summary of Auditor's Results

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 2,096,856 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes |

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

CFDA 10.551 & 10.561	Finding 06-1
CFDA 14.871	Finding 06-2

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Finding/Program

Findings/Noncompliance

Finding 06-1

Food Stamps
CFDA 10.551

and

State
Administrative
Matching Grants
for Food Stamps
Program
CFDA 10.561

Award No. n/a
Year: 2005/2006

Special Tests/Provisions (Food Stamp Reconciliations) – Reportable Condition; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective

Criteria

The California Department of Social Services Manual (California–DSS-Manual-EBT), § 16-410 “Food Stamp and Cash Reconciliation Process” provides that for the Food Stamp Program, “the county shall on a daily basis reconcile benefits entering into the EBT system with the county’s eligibility system.”

Further, 7 CFR § 274.12 (J)(1) requires that reconciliations be conducted and records kept as follows: “(v) reconciliation of total funds entered into . . . the system each day.” The County eligibility system controls funds entering into the Food Stamp EBT system.

Condition

We inquired about the daily reconciliations between the EBT system and the county’s eligibility system (ISAWS) and were informed that reconciliations were not being performed on a daily basis.

Questioned Costs

No costs are questioned.

Perspective

Though they do not perform daily reconciliations, county staff monitors the reports from the eligibility system and EBT system. Our review of monthly DFA 885 reports and supporting documentation did confirm that reconciliations were being performed on a monthly basis in the process of completing the required reports.

Effect of Condition

If the daily reconciliations are not performed, cumulative reconciliations could become difficult to perform and errors could more easily go undetected. As well, failure to reconcile the EBT system to the county’s ISAWS eligibility system could make the EBT cards and benefits more vulnerable to misappropriation. For these and other reasons, policymakers have mandated daily reconciliations, rendering failure to perform them an instance of non-compliance.

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Finding/Program

Findings/Noncompliance

Finding 06-1
(continued)

Food Stamps
CFDA 10.551

and

State
Administrative
Matching Grants
for Food Stamps
Program
CFDA 10.561

Recommendation

We recommend that the county assign and train staff to perform the required daily reconciliation of the food stamp benefits entering into the EBT system with the county's ISAWS eligibility system. Also, we recommend that the county monitor to ensure that the EBT reconciliations are being performed every day as required.

Corrective Action Plan

We concur that the reconciliation needs to be done daily and with the new procedure it will make the monthly report preparation easier. This has now been established as a daily procedure.

Sandie Peterson at (530)-225-5638 is the contact person for this plan.

Finding 06-2

Section 8
Housing Choice
Vouchers
CFDA 14.871

Award No. n/a
Year: 2005/2006

Allowable Costs/Cost Principles - Reportable Condition

Criteria

Direct payroll charges to federal grants for employee time spent on grant functions must be supported with documentation as required by OMB Circular A-87, which provides: "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee" (2 CFR 225, Appendix B § (8)(h)(3)).

Condition

We inquired about time certification procedures in order to perform a test. We were informed that such time certifications were not being produced.

Questioned Costs

Undetermined.

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Finding/Program

Findings/Noncompliance

Finding 06-2
(continued)

Section 8
Housing Choice
Vouchers
CFDA 14.871

Perspective

It appears that the department was not aware of this compliance requirement and simply neglected to prepare the required time certifications.

Effect of the Condition

The completion of time certifications enables the department to establish that its full-time employees do in fact work exclusively on the program in accordance with A-87 standards. Without the periodic time certifications, employee assignments away from federal grant functions could be overlooked.

Recommendation

We recommend that the department implement a system for collecting the required time certifications from employees twice per year. The time certifications should declare that, during the previous six months, the certifying employees have worked only on federal Section 8 activities. More frequent time certifications are also acceptable as long as they cover the period of time elapsed since the last certification. The department could collect these certifications periodically along with employees' payroll timecards, or even add certification language to the timecards themselves to ensure compliance.

For more information, we recommend that the county review OMB's requirements located at
<http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html>.

Corrective Action Plan

In addition to the bi-weekly time card certification currently prepared, no less than twice a year employees working exclusively for the Housing Choice Voucher Program will complete the required time certification. This will be implemented following publication of the final single audit report.

Janet Redmond at (530)-245-6432 is the contact person for this plan.

COUNTY OF SHASTA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

Audit Reference Number	Status of Prior Year Audit Findings
Finding 05-1 Medical Assistance Program CFDA 93.778 Award No. n/a Original Finding Year: 2004-2005	<u>Recommendation</u> We recommend that the Department review the instances found in which incorrect income information was entered into the ISAWS eligibility system and determine if a change in the internal control system could prevent future errors of this type. If modification of the internal control system is necessary, we recommend that the internal control system be accordingly modified. <u>Status</u> Corrected. We provided various income and budgeting refresher trainings for our staff during 11/05 and 12/05. We also provided an in-depth training on income and budgeting for our intake staff. We have discussed income verification requirements and income issues with all Supervisors, and have put on our calendar to go over income calculations when using the year to date figures to determine a monthly average income amount each January. The review was conducted with the Supervisors by our Senior Analyst over Medi-Cal Programs. We continue to authorize redeterminations and also income changes on a random basis. We have a goal this year of establishing a Quality Control Review so we can conduct targeted reviews.

**SUPPLEMENTAL STATEMENTS
OF REVENUE AND EXPENDITURES**

COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 05F-4644
 For The Period January 1, 2005 through December 31, 2005

	January 1, 2005 through June 30, 2005	July 1, 2005 through December 31, 2005	Totals
<u>Revenue</u>			
Grant revenue	\$ 74,758	\$ 143,869	\$ 218,627
Total Revenue	<u>\$ 74,758</u>	<u>\$ 143,869</u>	<u>\$ 218,627</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 22,043	\$ 27,328	\$ 49,371
Fringe benefits	8,872	13,191	22,063
Travel	1,185	864	2,049
Space	5,116	--	5,116
Consumable supplies	2,729	9,141	11,870
Consultant services	(5,753)	16,472	10,719
Other costs	8,566	14,883	23,449
Subtotal Administrative Costs	<u>42,758</u>	<u>81,879</u>	<u>124,637</u>
Program Costs:			
Other costs	<u>32,000</u>	<u>61,990</u>	<u>93,990</u>
Subtotal Program Costs	<u>32,000</u>	<u>61,990</u>	<u>93,990</u>
Total Expenditures	<u>\$ 74,758</u>	<u>\$ 143,869</u>	<u>\$ 218,627</u>

COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 06F-4746
 For The Period January 1, 2006 through December 31, 2006

	January 1, 2006 through <u>June 30, 2006</u>	July 1, 2006 through <u>December 31, 2006</u>	<u>Totals</u>
<u>Revenue</u>			
Grant revenue	\$ 88,936	\$ --	\$ 88,936
Total Revenue	<u>\$ 88,936</u>	<u>\$ --</u>	<u>\$ 88,936</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 22,052	\$ --	\$ 22,052
Fringe benefits	8,662	--	8,662
Operating Expenses & Equipment	25,638	--	25,638
Out-of-State Travel	584	--	584
Subtotal Administrative Costs	<u>56,936</u>	<u>--</u>	<u>56,936</u>
Program Costs:			
Subcontractor Services	<u>32,000</u>	<u>--</u>	<u>32,000</u>
Subtotal Program Costs	<u>32,000</u>	<u>--</u>	<u>32,000</u>
Total Expenditures	<u>\$ 88,936</u>	<u>\$ --</u>	<u>\$ 88,936</u>