

COUNTY OF SHASTA
SINGLE AUDIT REPORT
JUNE 30, 2009

COUNTY OF SHASTA

Single Audit Report
For the Year Ended June 30, 2009

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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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 14, 2009. 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 Shasta County Children and Families Commission, as described in our report on the County of Shasta's 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 of Shasta's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Board of Supervisors and Grand Jury
County of Shasta

Internal Control Over Financial Reporting (continued)

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 of the audit committee, management, the 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.

Gallina LLP

Roseville, California
December 14, 2009



**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, 2009. 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, regulations, 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, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 09-SA-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 the 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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Shasta's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-SA-1 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirements of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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 express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and business-type activities, each major fund, and the aggregate remaining fund information of the County of Shasta as of and for the year ended June 30, 2009, and have issued our report thereon dated December 14, 2009. Our audit was performed for the purpose of forming opinions on the

Board of Supervisors and Grand Jury
County of Shasta

Schedule of Expenditures of Federal Awards (continued)

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.

The Supplementary Statements of Grant Expenditures have not been subjected to auditing procedures 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, the Board of Supervisors, others within the entity, 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.

Gallina LLP

Roseville, California
December 14, 2009

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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	--	\$ 58,920
Cooperative Law Enforcement, Drug Suppression	10.664	--	32,350
Subtotal Direct			<u>91,270</u>
Passed through State Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care:			
Glassy-Winged Sharpshooter Pierce's Disease Program	10.025	07-0173	83,970
Light Brown Apple Moth	10.025	07-0860	5,245
Pest Detection Trapping	10.025	07-0650	55,808
Sudden Oak Death (SOD) Statewide Emergency Response	10.025	07-0452	503
Water and Waste Disposal Systems for Rural Communities	10.760	--	565,996
Water and Waste Disposal Systems for Rural Communities	10.760	--	184,700
Subtotal Pass-Through			<u>896,222</u>
Passed through State Department of Education:			
School Breakfast Program	10.553	--	43,326
National School Lunch Program	10.555	--	78,122
Subtotal Pass-Through			<u>121,448</u>
Passed through State Department of Forestry and Fire:			
Cooperative Forestry Assistance:			
Volunteer Fire Assistance	10.664	7FG700400	<u>10,000</u>
Passed through State Department of Health Care Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	1,238,297
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 *	--	774,624
Subtotal Pass-Through			<u>2,012,921</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture (continued)</u>			
Passed through State Department of Social Services:			
Supplemental Nutrition Assistance Program - Food Stamps	10.551 *	--	\$ 25,336,530
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
ISAWS Migration - Food Stamps	10.561 *	--	64,590
Food Stamp Program	10.561 *	--	1,813,573
Subtotal Pass-Through			<u>27,214,693</u>
Passed through State Controller's Office:			
Schools and Roads - Grants to States	10.665	--	<u>1,847,382</u>
Total U.S. Department of Agriculture			<u>\$ 32,193,936</u>
<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	07-EDEF-3764	9,942
Community Development Block Grant/State's Program	14.228	--	47,456
Section 8 Housing Choice Vouchers	14.871	--	<u>3,469,763</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 3,527,161</u>
<u>U.S. Department of Interior</u>			
Direct Program:			
Recreation Resource Management	15.225	--	<u>151,243</u>
Total U.S. Department of Interior			<u>\$ 151,243</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	--	17,357
Edward Byrne Memorial Formula Grant Program			
Domestic Cannabis Eradication/Suppression	16.579	--	161,808
Subtotal Direct			<u>179,165</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice (continued)</u>			
Passed through California Emergency Management Agency:			
Crime Victim Assistance:			
Child Abuse Treatment Program	16.575	AT08050450	\$ 137,706
Child Abuse Treatment Program	16.575	AT07040450	42,392
Victim Witness Assistance Program	16.575	VW08270450	71,172
Edward Byrne Memorial Justice Assistance Grant Program:			
Shasta Interagency Narcotic Task Force	16.738	DC08210450	158,108
Subtotal Pass-Through			<u>409,378</u>
Passed through State Board of Control:			
Juvenile Accountability Block Grants:			
Integrated Justice System Document Availability	16.523	CSA 116-08	12,551
Total U.S. Department of Justice			<u>601,094</u>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	--	<u>1,111,544</u>
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205 *	BHLS-5906(076)	45,451
Highway Planning and Construction	20.205 *	BHLS-5906(077)	11,432
Highway Planning and Construction	20.205 *	BHLS-5906(082)	5,031
Highway Planning and Construction	20.205 *	BRLO-5906(071)	47,543
Highway Planning and Construction	20.205 *	BRLO-5906(079)	32,404
Highway Planning and Construction	20.205 *	BRLO-5906(079)	3,677
Highway Planning and Construction	20.205 *	BRLO-5906(079)	7,676
Highway Planning and Construction	20.205 *	BRLS-5906(055)	9,860,482
Highway Planning and Construction	20.205 *	BRLS-5906(063)	61,045
Highway Planning and Construction	20.205 *	BRLS-5906(086)	5,715
Highway Planning and Construction	20.205 *	BRLS-5906(088)	3,051
Highway Planning and Construction	20.205 *	ER-4408(002)	149,726
Highway Planning and Construction	20.205 *	HRRRL-5906(084)	41,827
Highway Planning and Construction	20.205 *	HRRRL-5906(091)	19,612
Highway Planning and Construction	20.205 *	HRRRL-5906(092)	18,071
Highway Planning and Construction	20.205 *	HRRRL-5906(093)	5,250
Highway Planning and Construction	20.205 *	RSTPLE-5906(075)	147,079
Subtotal Pass-Through			<u>10,465,072</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Transportation (continued)</u>			
Passed through State Department of Transportation:			
Job Access Reverse Commute - FTA Section 5316	20.516	--	\$ <u>32,022</u>
Passed through State Department of Health Services:			
State and Community Highway Safety	20.600	SA0007	<u>228,471</u>
Passed through San Diego County Probation Department:			
State and Community Highway Safety	20.600	--	<u>13,953</u>
Passed through State Office of Traffic Safety:			
State and Community Highway Safety:			
DUI Misdemeanor Prosecutor Program	20.600	AL0836	<u>93,157</u>
Total U.S. Department of Transportation			\$ <u>11,944,219</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through Air Pollution Control Officers Association:			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act			
EPA Particulate Monitoring 2.5	66.034	CAPCOA / X-999939-01-0	<u>5,100</u>
Total U.S. Environmental Protection Agency			\$ <u>5,100</u>
<u>U.S. Department of Education</u>			
Passed through State Department of Alcohol and Drug Programs:			
Safe & Drug-Free Schools & Communities_State Grants	84.186	SDF03-02	<u>235,568</u>
Total U.S. Department of Education			\$ <u>235,568</u>

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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</u>			
Passed through State Department of Alcohol & Drug Prevention:			
Block Grants for Community Mental Health Services	93.958	--	\$ 259,431
Block Grants for Prevention and Treatment of Substance Abuse	93.959	--	1,370,812
Subtotal Pass-Through			<u>1,630,243</u>
Passed through the State Department of Mental Health:			
Projects for Assistance in Transition from Homelessness	93.150	--	<u>51,682</u>
Passed through State Department of Health Care Services:			
Childhood Lead Poisoning Prevention Projects	93.197	51702	15,021
Childhood Lead Poisoning Prevention Projects	93.197	51703	8,113
Medical Assistance Program:			
In-Home Supportive Services Admin (Health-related)	93.778 *	--	739,978
ARRA - In-Home Supportive Services Admin (Health-related)	93.778 *	--	604,623
Children's Medical Services	93.778 *	--	544,242
Child Health and Disability Program (CHDP)	93.778 *	95915	488,786
Medi-Cal Administrative Activities (MAA)	93.778 *	95918	157,156
Medical Assistance Program Administration	93.778 *	--	6,454,488
Targeted Case Management (TCM)	93.778 *	95922	202,319
ARRA - Targeted Case Management (TCM)	93.778 *	95922	35,327
Preventive Health Services-Research, Demonstrations, and Public Information and Education	93.978	--	48,823
Preventive Health And Health Services Block Grant:			
Project LEAN (Leaders Encouraging Activity and Nutrition)	93.991	95281	45,000
Subtotal Pass-Through			<u>9,343,876</u>
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families:			
TANF, KINGAP, Diversion, Emergency Assistance Foster Care-Assistance Payments	93.558	--	9,636,204

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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):			
TANF, KINGAP, Diversion, Emergency Assistance Foster Care-Administration	93.558	--	\$ 8,858,337
TANF - Fraud Incentive	93.558	--	24,417
ISAWS Migration - CALWORKS TANF	93.558	--	81,009
Subtotal CFDA 93.558			<u>18,599,967</u>
Foster Care - Title IV-E:			
Foster Care - Title IV-E - CWS, Licensing, Foster Parent Training/Recruitment, Options for Recovery	93.658 *	--	3,327,524
Foster Care - Title IV-E - AFDC Foster Care, Wraparound Foster Care Placement	93.658 *	--	2,873,716
Foster Care - Title IV-E (Probation)	93.658 *	--	668,964
ARRA - Foster Care - Title IV-E	93.658 *	--	179,725
Subtotal CFDA 93.658			<u>7,049,929</u>
Promoting Safe and Stable Families (PSSF)	93.556	--	182,871
Refugee and Entrant Assistance - State Administered Programs:			
ISAWS Migration - Refugee	93.566	--	42
Child Welfare Services State Grants	93.645	--	170,574
Adoption Assistance	93.659 *	--	4,378,044
ARRA - Adoption Assistance	93.659 *	--	282,944
Social Services Block Grant:			
Child Welfare Services (CWS) Title XX - Licensing Title XX	93.667	--	705,588
Chafee Foster Care Independence Program	93.674	--	100,490
Medical Assistance Program:			
ISAWS Migration - Medi-Cal	93.778 *	--	83,813
IHSS Public Authority	93.778 *	--	335,711
Subtotal			<u>6,240,077</u>
Subtotal Pass-Through			<u>31,889,973</u>
Passed through State Department of Child Support Services:			
Child Support Enforcement	93.563 *	--	<u>5,000,121</u>

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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</u> (continued)			
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	08F-4944	\$ <u>273,038</u>
Passed through State Department of Public Health:			
Immunization Grants	93.268	--	57,668
Centers for Disease Control and Prevention Investigation and Technical Assistance:			
Bioterrorism Preparedness	93.283	--	720,398
National Bioterrorism Hospital Preparedness Program	93.889	--	4,100
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53107	69,742
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53115	30,810
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53116	18,050
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53117	46,324
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53118	63,068
Subtotal Pass-Through			<u>1,010,160</u>
Total U.S. Department of Health and Human Services			\$ <u>49,199,093</u>
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Emergency Food and Shelter National Board Program	97.024	--	3,314
ARRA - Emergency Food and Shelter National Board Program	97.114	--	940
Emergency Management Performance Grants	97.042	--	101,482
Subtotal Direct			<u>105,736</u>
Passed through California Emergency Management Agency:			
Fire Management Assistance Grant	97.046	--	476,080
State Homeland Security - SHSP (FY 2007)	97.073	--	94,584
State Homeland Security Program - SHSP (FY 2008)	97.073	--	30,449

* Major Program

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Homeland Security (continued)</u>			
Passed through California Emergency Management Agency (continued):			
Law Enforcement Terrorism Prevention Program - LETPP (FY 2007)	97.074	--	\$ 93,828
Law Enforcement Terrorism Prevention Program - LETPP (FY 2008)	97.074	--	29,083
Subtotal Pass-Through			<u>724,024</u>
Total U.S. Department of Homeland Security			<u>\$ 829,760</u>
Total Expenditures of Federal Awards Excluding Loans			<u><u>\$ 98,687,174</u></u>
<u>Beginning Federal Loan Balances with a Continuing Compliance Requirement</u>			
U.S. Department of Housing and Urban Development			
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/States Program	14.228	--	\$ 3,197,595
HOME Investment Partnerships Program	14.239	--	5,288,877
Total Federal Loan Balances			<u><u>\$ 8,486,472</u></u>
Total Expenditures of Federal Awards Including Loans			<u><u>\$ 107,173,646</u></u>

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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 prepared on an accrual 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 and as grant revenue in the Enterprise 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>Program Title</u>	<u>Amount</u>	<u>Provided to Subrecipients</u>
16.575	Child Abuse Treatment Program	\$	179,174
20.600	State and Community Highway Safety		29,046
84.186	Safe and Drug-Free Schools and Communities		219,178
93.778	Medical Assistance Program – Targeted Case Management		237,646
93.958	Block Grants for Community Mental Health Services		166,769
93.959	Block Grants – Prevention and Treatment of Substance Abuse		325,178
97.073	State Homeland Security Program – SHSP (FY 2007)		83,542
97.074	Law Enforcement Terrorism Prevention Program – LETPP (2007)		83,648
97.073	State Homeland Security Program – SHSP (FY 2008)		26,558
97.074	Law Enforcement Terrorism Prevention Program – LETPP (2008)		15,504

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

Note 5: **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>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>		
10.551	Supplemental Nutrition Assistance Program - Food Stamps	\$ 25,336,530
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	64,590
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	774,624
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>1,813,573</u>
	Total	<u>\$ 27,989,317</u>
<u>Child Nutrition Cluster:</u>		
10.553	School Breakfast Program	\$ 43,326
10.555	National School Lunch Program	<u>78,122</u>
	Total	<u>\$ 121,448</u>
<u>Homeland Security Cluster:</u>		
97.073	State Homeland Security Program – SHSP (FY 2007)	94,584
97.073	State Homeland Security Program – SHSP (FY 2008)	30,449
97.074	Law Enforcement Terrorism Prevention Program – LETPP (FY 2007)	93,828
97.074	Law Enforcement Terrorism Prevention Program – LETPP (FY 2008)	<u>29,083</u>
	Total	<u>\$ 247,944</u>
<u>Emergency Food and Shelter Cluster:</u>		
97.024	Emergency Food and Shelter National Board Program	\$ 3,314
97.114	ARRA- Emergency Food and Shelter National Board Program	<u>940</u>
	Total	<u>\$ 4,254</u>

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Note 6: **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	\$ 2,652,787
20.600	335,581
93.778	9,646,443

Note 7: **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.

Note 8: **Loans with Continuing Compliance Requirement**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2009 as follows:

<u>Federal CFDA#</u>	<u>Program Title</u>	<u>Amount Outstanding</u>	
		<u>July 1, 2008</u>	<u>June 30, 2009</u>
14.228	Community Development Block Grants/States Program	\$ 3,197,595	\$3,178,104
14.239	HOME Investment Partnerships Program	\$ 5,288,877	\$5,261,961

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

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. Significant deficiencies 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. Significant deficiencies 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

<i>SNAP Cluster</i>	
10.551	Supplemental Nutrition Assistance Program – Food Stamps
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
20.205	Highway Planning and Construction
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.778	Medical Assistance Program

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section 1 (continued)

Federal Awards

Summary of Auditor's Results

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 3,000,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

Section 2

Financial Statement Findings

None Reported.

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.778	Finding 09-SA-1
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COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2009

Finding/Program	Findings/Noncompliance
Finding 09-SA-1 Medical Assistance Program CFDA 93.778 Award No. n/a Year: 2008/2009	<i>Federal Grantor: U.S. Department of Health and Human Services</i> <i>Pass-Through Entity: State Departments of Health Care Services and Social Services</i> <i>Compliance Requirement: Eligibility (IEVS)</i> <i>Reporting Requirement: Significant Deficiency and Material Noncompliance in Relation to a Compliance Supplement Audit Objective</i>

Criteria

As required by § 1137 of the Social Security Act, income and benefit information from the Income Eligibility and Verification System (IEVS) database must be requested and used when making eligibility determinations. The County must review and compare the information obtained from IEVS against information contained in the case record to determine whether it affects the individual’s eligibility or level of assistance, benefits or services.

Condition

We tested 29 cases and noted that 7 cases did not have any current IEVS documents at all for at least one member being assisted on the case.

Questioned Costs

No costs are questioned. All of these cases were eligible for federal assistance under this program. The problem was that their eligibility was not properly documented, as required.

Perspective

We noted that the current IEVS were missing for 14 individuals. We assumed an average number of individuals requiring an IEVS per case was 3.5. That means we tested for 102 IEVS with 14 current IEVS missing. The exception rate for the sample was $14 / 102 = 13.73\%$.

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2009

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 09-SA-1 (continued)	<u>Effect of Condition</u>
Medical Assistance Program CFDA 93.778	The IEVS system is an elaborate, federally-mandated system which compiles government information for the purpose of tracking federal program eligibility data. Not requesting and using IEVS in eligibility determination can result in individuals receiving benefits to which they are not entitled.
	<u>Recommendation</u>
	We recommend that the Department review this omission to request, review, and compare the IEVS to information in the case record. We recommend that the Department attempt to determine why the current system of controls failed to prevent these exceptions and that the Department establish and communicate a policy designed to ensure that IEVS information is requested, received, and reviewed and that this review is documented in each case.
	<u>Corrective Action Plan</u>
	The Department will request and process an IEVS report for the seven cases cited in the audit report. The Decision Chart previously used will be updated with the corrected information and provided to staff along with training on the changes. The Department will request, review, and compare the IEVS to information in the case record at renewal.
	The contact person for this corrective action plan is the Fiscal Program Manager. The telephone number is 530.229.8425.

COUNTY OF SHASTA

Summary Schedule of Prior Audit Findings
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2009

Audit Reference Number	Status of Prior Year Audit Findings
Finding 08-SA-1	<u>Recommendation</u>
Highway Planning and Construction CFDA 20.205	The current financial system the County is using includes a “Project Accounting System”. We recommended that all of the County Departments use this project accounting system to track the grant activity. A separate project number should be used for each grant.
Award No. n/a Year: 2007/2008	<u>Status</u>
	The Department implemented their corrective action plan however they are not utilizing the project accounting system. We continue to recommend that the County Departments use project numbers for tracking grant activity.
Finding 08-SA-2	<u>Recommendation</u>
Child Support Enforcement CFDA 93.563	The Child Support Department had procedures in effect to ensure that medical support obligations are secured and enforced. We recommended that the Child Support Department review the exception and determine what went wrong and determine if additional procedures can be implemented to prevent recurrence of events such as occurred.
Award No. n/a Year: 2007/2008	<u>Status</u>
	Implemented.
Finding 07-SA-3	<u>Recommendation</u>
Child Support Enforcement CFDA 93.563	The Child Support Department had procedures in effect to ensure that time frames are met for establishment of paternity and support obligations. We recommended that the Child Support Department review the exceptions and determine what procedures can be implemented to prevent recurrence of similar events. Such procedures might include a directive to workers to send cases out for service rather than waiting if information that is helpful but not essential to the process is proving elusive.
Award No. n/a Year: 2006/2007	<u>Status</u>
	Implemented.

**SUPPLEMENTARY STATEMENTS
OF GRANT REVENUE AND EXPENDITURES**

COUNTY OF SHASTA

Supplementary Statements of Grant Expenditures
For the Year Ended June 30, 2009

California Emergency Management Agency Grants

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2009. 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, 2008	For the Year Ended June 30, 2009	Cumulative As of June 30, 2009	Federal Share	State Share	County Share
<u>VW08270450 - Victim Witness Assistance</u>						
Personal services	\$ 188,733	\$ 176,173	\$ 364,906	\$ 71,172	\$ 105,001	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 188,733</u>	<u>\$ 176,173</u>	<u>\$ 364,906</u>	<u>\$ 71,172</u>	<u>\$ 105,001</u>	<u>\$ --</u>
<u>AT08050450 - Child Abuse Treatment</u>						
Personal services	\$ --	\$ 614	\$ 614	\$ 614	\$ --	\$ --
Operating expenses	--	171,474	171,474	137,092	--	34,382
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 172,088</u>	<u>\$ 172,088</u>	<u>\$ 137,706</u>	<u>\$ --</u>	<u>\$ 34,382</u>
<u>AT07040450 - Child Abuse Treatment</u>						
Personal services	\$ 233	\$ 310	\$ 543	\$ 310	\$ --	\$ --
Operating expenses	107,270	71,584	178,854	42,082	--	29,502
Equipment	--	--	--	--	--	--
Totals	<u>\$ 107,503</u>	<u>\$ 71,894</u>	<u>\$ 179,397</u>	<u>\$ 42,392</u>	<u>\$ --</u>	<u>\$ 29,502</u>
<u>VB07050450 - Vertical Prosecution Block Program</u>						
Personal services	\$ 204,615	\$ 201,844	\$ 406,459	\$ --	\$ 201,844	\$ --
Operating expenses	44,891	17,392	62,283	--	17,392	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 249,506</u>	<u>\$ 219,236</u>	<u>\$ 468,742</u>	<u>\$ --</u>	<u>\$ 219,236</u>	<u>\$ --</u>
<u>DC08210450 - Shasta Interagency Narcotics Task Force</u>						
Personal services	\$ --	\$ 59,806	\$ 59,806	\$ 59,806	\$ --	\$ --
Operating expenses	--	98,302	98,302	98,302	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 158,108</u>	<u>\$ 158,108</u>	<u>\$ 158,108</u>	<u>\$ --</u>	<u>\$ --</u>

COUNTY OF SHASTA

Supplementary Statements of Grant Expenditures
For the Year Ended June 30, 2009

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, 2009. 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, 2008	For the Year Ended June 30, 2009	Cumulative As of June 30, 2009	Federal Share	State Share	County Share
<u>CSA 116-08 - Juvenile Accountability Block Grants</u>						
Personal services	\$ 14,059	\$ 13,946	\$ 28,005	\$ 12,551	\$ 1,395	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 14,059</u>	<u>\$ 13,946</u>	<u>\$ 28,005</u>	<u>\$ 12,551</u>	<u>\$ 1,395</u>	<u>\$ --</u>

COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 08F-4944
For The Period January 1, 2008 through June 30, 2009

	January 1, 2008 through June 30, 2008	July 1, 2008 through June 30, 2009	Totals
<u>Revenue</u>			
Grant revenue	\$ 98,641	\$ 273,038	\$ 371,679
Total Revenue	<u>\$ 98,641</u>	<u>\$ 273,038</u>	<u>\$ 371,679</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 24,554	\$ 75,570	\$ 100,124
Fringe benefits	11,030	34,160	45,190
Operating Expenses & Equipment	38,157	100,108	138,265
Out of State Travel	--	--	--
Subtotal Administrative Costs	<u>73,741</u>	<u>209,838</u>	<u>283,579</u>
Program Costs:			
Subcontractor Services	24,900	63,200	88,100
Subtotal Program Costs	<u>24,900</u>	<u>63,200</u>	<u>88,100</u>
Total Expenditures	<u>\$ 98,641</u>	<u>\$ 273,038</u>	<u>\$ 371,679</u>