

COUNTY OF SHASTA
SINGLE AUDIT REPORT
JUNE 30, 2012

COUNTY OF SHASTA

Single Audit Report For the Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Shasta, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 21, 2012. 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 *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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Board of Supervisors and Grand Jury
County of Shasta

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.

A handwritten signature in cursive script that reads "Gallina LLP". The signature is written in black ink and is positioned above the printed text of the firm's name.

Roseville, California
December 21, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON 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 could have a direct and material effect on each of the County of Shasta's major federal programs for the year ended June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine 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.

Board of Supervisors and Grand Jury
County of Shasta

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 reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Shasta as of and for the year ended June 30, 2012, and have issued our report thereon dated December 21, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Supplementary Statements of Grant Revenue and 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.



Roseville, California
December 21, 2012

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

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	--	\$ 30,684
Cooperative Law Enforcement, Drug Suppression	10.664	--	52,533
Subtotal CFDA #10.664			<u>83,217</u>
Subtotal Direct			<u>83,217</u>
Passed through State Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care			
Pierce's Disease Program	10.025	09-8500-0484-CA	26,776
Light Brown Apple Moth Program	10.025	10-8520-1164-CA	1,595
Asian Citrus Psyllid	10.025	10-8520-1211-CA	787
European Grapevine Moth	10.025	10-8520-1317-CA	8,852
Pest Detection Trapping	10.025	10-8520-1399-CA	45,572
Expanded Pest Detection	10.025	10-8520-1399-CA	6,211
Sudden Oak Death (SOD) Statewide Emergency Response	10.025	09-8523-0572-CA	436
Subtotal CFDA#10.025			<u>90,229</u>
Collaborative Forest Restoration:			
ARRA-Recovery Act of 2009: Wildland Fire Management-Noxious Weed Control	10.688	09-DG-11059702-021	33,884
Water and Waste Disposal Systems for Rural Communities	10.760	LOAN	816,280
Subtotal Pass-Through			<u>940,393</u>
Passed through State Department of Education:			
School Breakfast Program	10.553	--	17,393
National School Lunch Program	10.555	--	31,879
Subtotal Pass-Through			<u>49,272</u>
Passed through State Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children - Administrative	10.557	--	1,936,176
ARRA - Women Infant & Children (WIC) Administrative	10.557	--	84,906
Subtotal CFDA #10.557			<u>2,021,082</u>
Subtotal Pass-Through			<u>2,021,082</u>
Passed through State Department of Health Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
California Nutrition Network	10.561	51360	634,307
Subtotal Pass-Through			<u>634,307</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Food Stamp Program	10.561	--	3,584,364
Subtotal Pass-Through			<u>3,584,364</u>

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u> (continued)			
Passed through the State of California:			
Schools and Roads - Grants to States	10.665	--	\$ 1,189,576
Subtotal Pass-Through			<u>1,189,576</u>
Total U.S. Department of Agriculture			<u>\$ 8,502,211</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Section 8 Housing Choice Vouchers	14.871	CA096	4,313,522
Subtotal Direct			<u>4,313,522</u>
Passed through the State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228	08-STBG-4836	19,037
Community Development Block Grant/State's Program	14.228	09-NSPI-6262	1,701
Subtotal CFDA #14.228			<u>20,738</u>
HOME Investment Partnerships Program	14.239	--	441,598
Subtotal Pass-Through			<u>462,336</u>
Passed through City of Redding			
Community Development Block Grant/Entitlement Program	14.218	--	20,000
Subtotal Pass-Through			<u>20,000</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 4,795,858</u>
<u>U.S. Department of Interior</u>			
Direct Program:			
Recreation Resource Management-Law Enforcement Agreement	15.225	--	88,126
Subtotal Direct			<u>88,126</u>
Total U.S. Department of Interior			<u>\$ 88,126</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Equitable Sharing Agreement - Asset Forfeiture	16.000	--	766,967
State Criminal Alien Assistance Program	16.606	--	15,492
Edward Byrne Memorial Justice Assistance Grant Program			
Local Law Enforcement Block Grant	16.738	--	14,211
Edward Byrne Memorial Formula Grant Program			
Domestic Cannabis Eradication/Suppression	16.579	--	192,307
ARRA-Edward Byrne Memorial Assistance Grant	16.804	--	92,968
Subtotal Direct			<u>1,081,945</u>
Passed through State Board of Control:			
Juvenile Accountability Block Grants			
Integrated Justice System Data Transfer and Integration	16.523	CSA 116-11	18,693
Subtotal Pass-Through			<u>18,693</u>

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice</u> (continued)			
Passed through California Emergency Management Agency:			
Crime Victim Assistance			
Victim Witness Assistance Program VOCA	16.575	VW10290450	\$ 87,511
Subtotal CFDA #16.575			<u>87,511</u>
Edward Byrne Memorial Justice Assistance Grant Program			
Anti-Drug Abuse Program	16.738	DC10230450	160,381
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program:			
Marijuana Suppression Grant	16.804	MS10010450	460,187
North State Anti-Gang Recovery Act	16.804	--	48,818
ARRA Evidence-based Probation Supervision Program	16.804	ZP09010450	84,020
ARRA Anti-Drug Abuse Enforcement Team Program	16.804	ZA09010450	115,991
ARRA Cal-MMET Recovery Act Program	16.804	ZM09010450	28,954
ARRA Offender Treatment Recovery Act Program	16.804	ZA09010450	15,465
Subtotal Pass-Through			<u>1,001,327</u>
Total U.S. Department of Justice			<u>\$ 2,101,965</u>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	--	107,493
Subtotal Direct			<u>107,493</u>
Passed through State Department of Transportation:			
Safe Routes to School	20.205	--	91,591
Highway Planning and Construction	20.205	BHLS-5906(076)	2,218,440
Subtotal CFDA #20.205			<u>2,310,031</u>
Passed through State Office of Traffic Safety:			
National Highway Safety Administration - State and Highway Safety			
Felony & Recidivist DUI Vertical Prosecution Program	20.600	AL11100	69,797
Felony & Recidivist DUI Vertical Prosecution Program	20.600	20546	191,836
Subtotal CFDA #20.600			<u>261,633</u>
Alcohol Impaired Driving Countermeasures Incentive Grant I			
Drive Safe and Sober Education Program	20.601	--	145,631
Subtotal Pass-Through			<u>407,264</u>
Total U.S. Department of Transportation			<u>\$ 2,824,788</u>
<u>U.S. Department of Treasury</u>			
Direct Program			
Equitable Sharing Agreement - Asset Forfeiture	21.000	--	109,953
Subtotal CFDA #21.000			<u>109,953</u>
Total U.S. Department of Treasury			<u>\$ 109,953</u>

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Environmental Protection Agency</u>			
Direct Program			
Congressionally Mandated Projects	66.202	--	\$ 601,893
Passed through California Department of Public Health:			
Federal Capitalization Grant for Drinking Water State Revolving Fund	66.468	--	4,117,757
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	AQS060890004	5,100
Total U.S. Environmental Protection Agency			\$ 4,724,750
<u>U.S. Department of Education</u>			
Passed through State Department of Rehabilitation:			
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	--	216,043
Subtotal Pass-Through			216,043
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Alcohol & Drug Prevention:			
Block Grants for Prevention & Treatment of Substance Abuse	93.959	--	1,738,875
Subtotal Pass-Through			1,738,875
Passed through Secretary of State:			
Voting Access for Individuals with Disabilities Grants to States	93.617	09G26145	178
Subtotal Pass-Through			178
Passed through Public Health Institute:			
Community Transformation Grant	93.531	1U58DP003677-01	80,703
Subtotal Pass-Through			80,703
Passed through the State Department of Mental Health:			
Projects for Assistance in Transition from Homelessness	93.150	--	87,069
Block Grants for Community Mental Health Services			
Substance Abuse and Mental Health Services Administration	93.958	--	249,162
Subtotal Pass-Through			336,231
Passed through State Department of Health Care Services:			
Childhood Lead Poisoning Prevention Projects	93.197	51702	16,785
Childhood Lead Poisoning Prevention Projects	93.197	51703	7,571
Subtotal CFDA #93.197			24,356
Immunization Grants	93.268	--	65,188
Tuberculosis Real-Time Allotment	93.116	--	3,603
California Obesity Prevention Program	93.548	--	27,415
Centers for Disease Control and Prevention Investigation and Technical Assistance Bioterrorism Preparedness	93.283	53107	508,954
Sodium Reduction	93.283	--	339,257
Medical Assistance Program:			
National Center for Health Workforce Analysis			
Adult Protective Services (Health-related)	93.778	--	5,770,021

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

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 Health Care Services (continued):			
Medical Assistance Program:			
Children's Medical Services	93.778	--	\$ 525,027
Child Health and Disability Program (CHDP)	93.778	--	433,040
Targeted Case Management (TCM)	93.778	95922	190,567
Subtotal CFDA #93.778			<u>6,918,655</u>
Health Care and Other Facilities			
Medi-Cal Administrative Activities (MAA)	93.887	95918	309,983
Preventive Health Services-Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education	93.978	53117	22,501
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53107	307,074
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53117	49,769
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53118	80,559
Subtotal CFDA#93.994			<u>437,402</u>
Subtotal Pass-Through			<u>8,657,314</u>
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families:			
CalWORKS, Kinship Guardian Assitance Payments, Diversion	93.558	--	8,196,753
CalWORKS, Child Welfare Services TANF	93.558	--	8,268,070
Subtotal CFDA#93.558			<u>16,464,823</u>
Foster Care - Title IV-E:			
CWS - Title IV-E, Foster Care, State Automated Child Welfare Information System, Non-CWS Programs, Licensing	93.658	--	2,950,063
Foster Care - Title IV-E - AFDC Foster Care, Wraparound Foster Care Placement	93.658	--	3,015,528
Transitional Housing Placement Program (THPP)	93.658	--	4,038
ARRA - Foster Care - Title IV-E - AFDC Foster Care, Wraparound Foster Care Placement	93.658	--	(179)
Foster Care - Title IV-E (Probation)	93.658	--	713,478
Subtotal CFDA 93.658			<u>6,682,928</u>
Promoting Safe and Stable Families (PSSF)	93.556	--	160,443
Child Welfare Services State Grants	93.645	--	169,162
Community Based Child Abuse Prevention	93.590	--	15,660
Adoption Assistance	93.659	--	4,563,601
Subtotal CFDA #93.659			<u>4,563,601</u>
Social Services Block Grant			
Child Welfare Services (CWS) Title XX - Licensing Title XX	93.667	--	879,688
Subtotal CFDA #93.667			<u>879,688</u>
Chafee Foster Care Independence Program	93.674	--	93,147
Medical Assistance Program			
IHSS Public Authority	93.778	--	141,715
Subtotal Pass-Through			<u>29,171,167</u>

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

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 Child Support Services:			
Child Support Enforcement	93.563	--	\$ 4,586,616
Subtotal CFDA #93.563			<u>4,586,616</u>
Subtotal Pass-Through			<u>4,586,616</u>
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	11F-4246	125,975
Community Services Block Grant	93.569	12F-4444	134,555
Subtotal CFDA 93.569			<u>260,530</u>
Subtotal Pass-Through			<u>260,530</u>
Total U.S. Department of Health and Human Services			<u>\$ 44,831,614</u>
<u>Executive Office of the President</u>			
Pass-Through Central Valley California HIDTA			
High Intensity Drug Trafficking Areas Program	95.001	--	67,429
Subtotal Pass-Through			<u>67,429</u>
Total Executive Office of the President			<u>\$ 67,429</u>
<u>U.S. Department of Energy</u>			
Pass-Through California Energy Commission			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	--	182
Subtotal Pass-Through			<u>182</u>
Total U.S. Department of Energy			<u>\$ 182</u>
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Emergency Food and Shelter National Board Program	97.024	--	2,549
Staffing for Adequate Fire and Emergency Response	97.083	--	484,485
Subtotal Direct			<u>487,034</u>
Passed through California Emergency Management Agency:			
Emergency Management Performance Grants	97.042	--	109,280
Homeland Security Grant Program	97.067	--	688,912
Subtotal Pass-Through			<u>798,192</u>
Passed Through California Office of Homeland Security:			
State Homeland Security Program - SHSP (FY 2008)	97.073	--	154,770
State Homeland Security - SHSP (FY 2007)	97.073	--	25,339
Subtotal CFDA #97.073			<u>180,109</u>
Law Enforcement Terrorism Prevention Program - LETPP (FY 2007)	97.074	--	75,894
Subtotal CFDA #97.074			<u>75,894</u>
Subtotal Pass-Through			<u>256,003</u>

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Homeland Security (continued)</u>			
Passed through Shasta County Public Health:			
Homeland Security Grant	97.044	--	\$ 105,689
Total U.S. Department of Homeland Security			\$ 1,646,918
Total Expenditures of Federal Awards			\$ 69,909,837
<u>Federal Loan Balances with a Continuing Compliance Requirement at Year-End</u>			
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Water and Waste Disposal Systems for Rural Counties	10.760	--	\$ 780,838
<u>U.S. Environmental Protection Agency</u>			
Direct Program:			
Federal Capitalization Grant	66.468	--	\$ 100,000
<u>U.S. Department of Energy</u>			
Direct Program:			
Energy Efficiency and Conservation Block Grant	81.041	--	\$ 522,171
U.S. Department of Housing and Urban Development			
Passed through State Dept of Housing and Community Development:			
Community Development Block Grants/States Program			
CDBG Individual Housing Rehabilitation Loans	14.228	--	2,457,624
CDBG Rehab Loan - Shingletown Activities Council	14.228	--	94,829
CDBG Rehab Loan - Happy Valley Comm Found	14.228	--	104,406
CDBG Rehab Loan - Whitmore Comm Ctr	14.228	--	278,456
CDBG Rehab Loan - Fall River Lions Club	14.228	--	90,000
CDBG Rehab Loan - Cottonwood Comm Ctr	14.228	--	296,867
CDBG Neighborhood Stabilization Program	14.228	--	1,003,269
Subtotal			4,325,451
Home Investment Partnership Program	14.239	--	5,175,291
Total U.S. Department of Housing and Urban Development			\$ 9,500,742
Total Federal Loan Balances			\$ 10,903,751
Total Expenditures of Federal Awards including Loans			\$ 80,813,588

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

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 includes the federal grant activity of the County and is presented on Generally Accepted Accounting Principles. 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.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's 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 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:

Federal CFDA	Program Title	Amount Provided to Subrecipients
16.000	U.S. Department of Justice Equitable Sharing	\$ 67,575
16.804	2009 Recovery Act – Edward Byrne Memorial Justice Assistance Grant	248,851
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant Program – Offender Treatment Recovery Act Program	50,300
16.804	Anti-Drug Abuse Enforcement Team Recovery Act Program	134,427
16.804	Cal-MMET Recovery Act Program	67,620
16.804	Marijuana Suppression Program II	246,773
21.000	U.S. Department of Justice Equitable Sharing	5,477
93.150	Federal Projects for Assistance in Transition from Homes	6,670
93.959	Block Grants for Prevention & Treatment of Substance Abuse	347,910
97.067	Homeland Security Grant Program	648,212
97.083	Staffing for Adequate Fire and Emergency Response (SAFER) Grant	484,485

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

NOTE 5: PROGRAM CLUSTERS

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

Food Stamp Cluster:

10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	\$ 634,307
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>3,584,364</u>
	Total	<u>\$ 4,218,671</u>

Child Nutrition Cluster:

10.553	School Breakfast Program	\$ 17,393
10.555	National School Lunch Program	<u>31,879</u>
	Total	<u>\$ 49,272</u>

Schools and Roads Cluster:

10.665	Schools and Roads – Grants to States	<u>\$ 1,189,576</u>
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CDBG Entitlement Grants Cluster:

14.218	Community Development Block Grant/Entitlement	<u>\$ 20,000</u>
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CDBG – State Administered CDBG Cluster:

14.228	Community Development Block Grant/State's Program	\$ 19,037
14.228	Community Development Block Grant/State's Program	<u>1,701</u>
	Total	<u>\$ 20,738</u>

Housing Voucher Grant:

14.871	Section 8 Housing Choice Vouchers	<u>\$ 4,313,270</u>
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JAG Program Cluster:

16.738	Edward Byrne Memorial Justice Assistance Local Law Enforcement Block Grant	\$ 14,211
16.738	Edward Byrne Memorial Justice Assistance Anti-Drug Abuse Program	160,381
16.804	Edward Byrne Memorial Justice Assistance Grant – ARRA	92,968
16.804	Edward Byrne Memorial Justice Assistance Grant Marijuana Suppression Grant	460,187
16.804	Edward Byrne Memorial Justice Assistance Grant North State Anti-Gang Recovery Act	48,818
16.804	Edward Byrne Memorial Justice Assistance Grant ARRA Evidence-based Probation Supervision Program	84,020

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

NOTE 5: **PROGRAM CLUSTERS** (continued)

JAG Program Cluster (continued):

16.804	Edward Byrne Memorial Justice Assistance Grant ARRA Anti-Drug Abuse Enforcement Team Program	\$ 115,991
16.804	Edward Byrne Memorial Justice Assistance Grant ARRA Cal-MMET Recovery Act Program	28,954
16.804	Edward Byrne Memorial Justice Assistance Grant ARRA Offender Treatment Recovery Act Program	<u>15,465</u>
	Total	<u>\$ 1,020,992</u>

Highway Planning and Construction Cluster:

20.205	Safe Routes to School	\$ 91,591
20.205	Highway Planning and Construction	<u>2,218,440</u>
	Total	<u>\$ 2,310,031</u>

Highway Safety Cluster:

20.600	Felony & Recidivist DUI Vertical Prosecution Program	\$ 69,797
20.600	Felony & Recidivist DUI Vertical Prosecution Program	191,836
20.601	Drive Safe and Sober Education Program	<u>145,631</u>
	Total	<u>\$ 407,264</u>

Vocational Rehabilitation Cluster:

84.126	Rehabilitation Services – Grants to States	<u>\$ 216,043</u>
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Immunization Cluster:

93.268	Immunization Grants	<u>\$ 65,188</u>
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Temporary Assistance for Needy Families Cluster:

93.558	TANF State Programs – Child Welfare	\$ 8,196,753
93.558	TANF CalWORKS	<u>8,268,070</u>
	Total	<u>\$ 16,464,823</u>

CSBG Cluster:

93.569	Community Services Block Grants	<u>\$ 125,975</u>
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COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

NOTE 5: **PROGRAM CLUSTERS** (continued)

Medicaid Cluster:

93.778	Adult Protective Services (Health-related)	\$ 5,770,021
93.778	Children's Medical Services	525,027
93.778	Child Health and Disability Program (CHDP)	433,040
93.778	Targeted Case Management (TCM)	190,567
93.778	IHSS Public Authority	<u>141,715</u>

Total		\$ <u>7,060,370</u>
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Emergency Food and Shelter Cluster:

97.024	Emergency Food and Shelter National Board Program	\$ <u>2,549</u>
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Homeland Security Cluster:

97.067	Homeland Security Grant Program	\$ <u>688,912</u>
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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	\$ 4,218,671
16.738	174,592
16.804	846,403
93.778	7,060,370

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.

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

NOTE 8: **LOANS WITH CONTINUING COMPLIANCE REQUIREMENT**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2012 as follows:

Federal CFDA#	Program Title	Amount Outstanding	
		July 1, 2011	June 30, 2012
10.760	Water and Waste Disposal System for Rural Counties	\$ 780,838	\$ 762,565
14.228	Community Development Block Grants/States Program	\$ 4,325,451	\$ 4,320,482
14.239	HOME Investment Partnerships Program	\$ 5,175,291	\$ 5,545,687
66.468	Federal Capitalization Grant	\$ 100,000	\$ 3,622,133
81.041	Energy Efficiency and Conservation Block	\$ 522,171	\$ 522,171

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

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? | None Reported |
| 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)? | No |

4. Identification of major programs:

CFDA Number

Name of Federal Program

10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
16.738, 16.803, 16.804	JAG Program Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Funds
93.558	Temporary Assistance for Needy Families
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance Program
93.778	Medical Assistance Program

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 2,424,408 |
|---|--------------|

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section 1 (continued)

Financial Statements

Summary of Auditor's Results

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

None Reported.

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2012

Finding/Program

Findings/Noncompliance

None reported.

COUNTY OF SHASTA

Summary Schedule of Prior Audit Findings Federal Award Findings and Questioned Costs For the Year Ended June 30, 2012

Reference Number	11-SA-1
Federal Program Title	Temporary Assistance for Needy Families and ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families
CFDA Number	93.558 and 93.714
Federal Agency	U.S. Department of Health and Human Services
Pass Through Entity	State Department of Social Services
Compliance Requirement	Eligibility/Special Tests (IEVS)
Reporting Requirement:	Material Weakness and Material Noncompliance in Relation to a Compliance Supplement Audit Objective

Recommendation

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 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.

Status

Implemented.

**SUPPLEMENTARY STATEMENTS
OF GRANT REVENUE AND EXPENDITURES**

COUNTY OF SHASTA

Supplementary Statements of Grant Expenditures
For the Year Ended June 30, 2012

California Emergency Management Agency Grants

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2012. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Federal Grantor Pass-Through Number	Expenditures Claimed			Share of Expenditures Current Year		
		For the Period Through June 30, 2011	For the Year Ended June 30, 2012	Cumulative As of June 30, 2012	Federal Share	State Share	County Share
<u>Victim Witness Assistance</u>	VW10290450						
Personal services		\$ 176,920	\$ 175,564	\$ 352,484	\$ 87,511	\$ 88,053	\$ --
Operating expenses		15,592	16,948	32,540	--	16,948	--
Totals		<u>\$ 192,512</u>	<u>\$ 192,512</u>	<u>\$ 385,024</u>	<u>\$ 87,511</u>	<u>\$ 105,001</u>	<u>\$ --</u>
<u>Vertical Prosecution Block Program</u>	VB08060450						
Personal services		\$ 81,409	\$ 77,412	\$ 158,821	\$ --	\$ 77,412	\$ --
Operating expenses		--	4,700	4,700	--	4,700	--
Totals		<u>\$ 81,409</u>	<u>\$ 82,112</u>	<u>\$ 163,521</u>	<u>\$ --</u>	<u>\$ 82,112</u>	<u>\$ --</u>
<u>Substance Abuse Offender Treatment Program</u>	ZA09010450						
Personal services		\$ 77,854	\$ 9,916	\$ 87,770	\$ 9,916	\$ --	\$ --
Operating expenses		203,191	5,549	208,740	5,549	--	--
Totals		<u>\$ 281,045</u>	<u>\$ 15,465</u>	<u>\$ 296,510</u>	<u>\$ 15,465</u>	<u>\$ --</u>	<u>\$ --</u>
<u>Evidence-Based Probation Supervision Recovery Act Program</u>	ZP09010450						
Personal services		\$ 71,742	\$ 84,020	\$ 155,762	\$ 84,020	\$ --	\$ --
Operating expenses		20,017	--	20,017	--	--	--
Totals		<u>\$ 91,759</u>	<u>\$ 84,020</u>	<u>\$ 175,779</u>	<u>\$ 84,020</u>	<u>\$ --</u>	<u>\$ --</u>
<u>Anti Drug Abuse Program</u>	DC10230450						
Personal services		\$ --	\$ 72,301	\$ 72,301	\$ 72,301	\$ --	\$ --
Operating expenses		--	88,080	88,080	88,080	--	--
Totals		<u>\$ --</u>	<u>\$ 160,381</u>	<u>\$ 160,381</u>	<u>\$ 160,381</u>	<u>\$ --</u>	<u>\$ --</u>
<u>Anti Drug Abuse Recovery Act (ARRA)</u>	ZA09010450						
Personal services		\$ --	\$ 19,569	\$ 19,569	\$ 19,569	\$ --	\$ --
Operating expenses		--	94,090	94,090	94,090	--	--
Equipment		--	2,332	2,332	2,332	--	--
Totals		<u>\$ --</u>	<u>\$ 115,991</u>	<u>\$ 115,991</u>	<u>\$ 115,991</u>	<u>\$ --</u>	<u>\$ --</u>

COUNTY OF SHASTA

Supplementary Statements of Grant Expenditures
For the Year Ended June 30, 2012

California Emergency Management Agency Grants (continued)

Program	Federal Grantor Pass-Through Number	Expenditures Claimed			Share of Expenditures Current Year		
		For the Period Through June 30, 2010	For the Year Ended June 30, 2011	Cumulative As of June 30, 2011	Federal Share	State Share	County Share
<u>Cal-MMET Recovery Act (ARRA)</u>	ZM09010450						
Personal services		\$ --	\$ 28,954	\$ 28,954	\$ 28,954		
Totals		\$ --	\$ 28,954	\$ 28,954	\$ 28,954	\$ --	\$ --
<u>Marijuana Suppression (JAG)</u>	MS10010450						
Personal services		\$ --	\$ 229,530	\$ 229,530	\$ 229,530		
Operating expenses		--	173,926	173,926	173,926		
Equipment		--	56,731	56,731	56,731		
Totals		\$ --	\$ 460,187	\$ 460,187	\$ 460,187	\$ --	\$ --

Department of Corrections and Rehabilitation Grants Expenditures

The following represents expenditures for the California Department of Corrections and Rehabilitation programs for the year ended June 30, 2012. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Federal Grantor Pass-Through Number	Expenditures Claimed			Share of Expenditures Current Year		
		For the Period Through June 30, 2010	For the Year Ended June 30, 2011	Cumulative As of June 30, 2011	Federal Share	State Share	County Share
<u>Juvenile Accountability Block Grants</u>	CSA 116-11						
Operating expenses		14,371	20,562	\$ 34,933	18,693	--	1,869
Totals		\$ 14,371	\$ 20,562	\$ 34,933	\$ 18,693	\$ --	\$ 1,869

COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 11F-4246 (CSBG - \$262,162)
 For The Period January 1, 2011 through December 31, 2011

	January 1, 2011 through June 30, 2011	July 1, 2011 through December 31, 2011	Totals
<u>Revenue</u>			
Grant revenue	\$ 136,187	\$ 125,975	\$ 262,162
Total Revenue	<u>\$ 136,187</u>	<u>\$ 125,975</u>	<u>\$ 262,162</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 30,411	\$ 37,910	\$ 68,321
Fringe benefits	11,449	12,046	23,495
Operating Expenses & Equipment	29,994	31,759	61,753
Subtotal Administrative Costs	<u>71,854</u>	<u>81,715</u>	<u>153,569</u>
Program Costs:			
Salaries and wages	37,117	21,826	58,943
Fringe benefits	15,738	10,603	26,341
Operating Expenses & Equipment	5,742	9,341	15,083
Subcontractor Services	5,736	2,490	8,226
Subtotal Program Costs	<u>64,333</u>	<u>44,260</u>	<u>108,593</u>
Total Expenditures	<u>\$ 136,187</u>	<u>\$ 125,975</u>	<u>\$ 262,162</u>

COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 12F-4444 (CSBG - \$254,901)
 For The Period January 1, 2012 through December 31, 2012

	January 1, 2012 through June 30, 2012	July 1, 2012 through December 31, 2012	Totals
<u>Revenue</u>			
Grant revenue	\$ 134,555	\$ --	\$ 134,555
Total Revenue	<u>\$ 134,555</u>	<u>\$ --</u>	<u>\$ 134,555</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 33,384		\$ 33,384
Fringe benefits	10,126		10,126
Operating Expenses & Equipment	31,116		31,116
Subtotal Administrative Costs	<u>74,626</u>	<u>--</u>	<u>74,626</u>
Program Costs:			
Salaries and wages	35,887		35,887
Fringe benefits	18,538		18,538
Operating Expenses & Equipment	5,504		5,504
Subtotal Program Costs	<u>59,929</u>	<u>--</u>	<u>59,929</u>
Total Expenditures	<u>\$ 134,555</u>	<u>\$ --</u>	<u>\$ 134,555</u>