

COUNTY OF SHASTA
SINGLE AUDIT REPORT
JUNE 30, 2013

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COUNTY OF SHASTA

Single Audit Report
For the Year Ended June 30, 2013

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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, in accordance with the 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, 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, California (the "County"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 20, 2013. Our report includes a reference to other auditors who audited the financial statements of First 5 Shasta, as described in our report on the County'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 of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
December 20, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Shasta's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance 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, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, as of and for the year ended June 30, 2013, and have issued our report thereon dated December 20, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 OMB Circular A-133 and is not a required part of the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Supervisors and Grand Jury
County of Shasta

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.

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Roseville, California
December 20, 2013

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COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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	--	\$ 22,362
Cooperative Law Enforcement, Drug Suppression	10.664	--	14,028
Subtotal CFDA #10.664			<u>36,390</u>
Subtotal Direct			<u>36,390</u>
Passed through State Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care			
Pierce's Disease Program	10.025	12-8506-0484-CA	52,599
Light Brown Apple Moth Program	10.025	11-8520-1164-CA 12-8520-1164-CA	3,386
Asian Citrus Psyllid	10.025	11-8520-1211-CA 12-8506-1211-CA	685
Pest Detection Trapping	10.025	11-8520-1399-CA	63,476
Sudden Oak Death (SOD) Statewide Emergency Response	10.025	12-0340-SF	1,489
Subtotal CFDA#10.025			<u>121,635</u>
USFS State & Private Forestry Weed Control	10.680	10-DG-11052021-037	<u>11,201</u>
Collaborative Forest Restoration:			
Water and Waste Disposal Systems for Rural Communities	10.760	LOAN	<u>1,162,047</u>
Passed through State Department of Education:			
School Breakfast Program	10.553	--	19,341
National School Lunch Program	10.555	--	35,967
Subtotal Pass-Through			<u>55,308</u>
Passed through State Department of Forestry and Fire:			
Cooperative Forestry Assistance:			
Volunteer Fire Assistance	10.664	7FG11156	13,558
Volunteer Fire Assistance	10.664	7FG12067	10,860
Subtotal Pass-Through			<u>24,418</u>
Passed through State Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children - Administrative	10.557	--	<u>1,614,882</u>
Passed through State Department of Health Care Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
California Nutrition Network	10.561	51360	<u>615,508</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Food Stamp Program	10.561	--	<u>4,311,319</u>
Total U.S. Department of Agriculture			<u>\$ 7,952,708</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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>			
Direct Program:			
Section 8 Housing Choice Vouchers	14.871	CA096	\$ 4,968,912
Subtotal Direct			<u>4,968,912</u>
Passed through the State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228	10-DRI-6792	<u>52,925</u>
Passed through City of Redding			
Community Development Block Grant/Entitlement Program	14.218	--	<u>20,000</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 5,041,837</u>
<u>U.S. Department of Interior</u>			
Direct Program:			
Recreation Resource Management-Law Enforcement Agreement	15.225	--	<u>44,137</u>
Total U.S. Department of Interior			<u>\$ 44,137</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Equitable Sharing Agreement - Asset Forfeiture	16.922	--	955,168
State Criminal Alien Assistance Program	16.606	--	15,244
Edward Byrne Memorial Justice Assistance Grant Program:			
Local Law Enforcement Block Grant	16.738	--	57,035
Edward Byrne Memorial Formula Grant Program			
Domestic Cannabis Eradication/Suppression	16.579	--	163,708
Subtotal Direct			<u>1,191,155</u>
Passed through State Board of Control:			
Juvenile Accountability Block Grants			
Integrated Justice System Data Transfer and Integration	16.523	CSA 116-12	<u>16,887</u>
Passed through California Emergency Management Agency:			
Crime Victim Assistance			
Victim Witness Assistance Program VOCA	16.575	VW10290450	<u>76,747</u>
Edward Byrne Memorial Justice Assistance Grant Program			
Anti-Drug Abuse Program	16.738	DC10230450	129,755
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program:			
Marijuana Suppression Grant	16.738	BSC -671-12	249,623
Marijuana Suppression Grant II	16.738	MS10010450	100,654
ARRA Anti-Drug Abuse Enforcement Team Program	16.804	ZA09010450	107,208
Subtotal Pass-Through			<u>663,987</u>
Total U.S. Department of Justice			<u>\$ 1,872,029</u>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	--	365,471
Subtotal Direct			<u>365,471</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation</u> (continued)			
Passed through State Department of Transportation:			
Safe Routes to School	20.205	--	\$ 128,806
Highway Planning and Construction	20.205	BHLS-5906(076)	3,273,272
Subtotal CFDA #20.205			3,402,078
Passed through State Department of Transportation:			
Formula Grants for Other Than Urbanized Areas	20.509	--	390,928
Job Access Reverse Commute - FTA Section 5316	20.516	--	22,453
Subtotal Pass-Through			413,381
Passed through State Office of Traffic Safety:			
National Highway Safety Administration - State and Highway Safety			
Felony & Recidivist DUI Vertical Prosecution Program	20.600	20549	55,113
Felony & Recidivist DUI Vertical Prosecution Program	20.600	AL1389	183,596
Subtotal CFDA #20.600			238,709
Alcohol Impaired Driving Countermeasures Incentive Grant I			
Drive Safe and Sober Education Program	20.601	--	115,867
Subtotal Pass-Through			354,576
Total U.S. Department of Transportation			\$ 4,535,506
<u>U.S. Environmental Protection Agency</u>			
Direct Program			
Congressionally Mandated Projects	66.202	--	246,109
Passed through California Department of Public Health:			
Federal Capitalization Grant for Drinking Water State Revolving Fund	66.468	--	3,873,623
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			\$ 4,124,832
<u>U.S. Department of Education</u>			
Passed through State Department of Rehabilitation:			
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	--	219,450
Total U.S. Department of Education			\$ 219,450
<u>U.S. Department of Health and Human Services</u>			
Passed through Secretary of State:			
Help America Vote Act Requirements Payments			
HAVA Section 301 Voting Systems Program	93.617	--	19,768
Passed through State Department of Alcohol & Drug Prevention:			
Block Grants for Prevention & Treatment of Substance Abuse	93.959	--	1,505,409
Passed through Public Health Institute:			
Community Transformation Grant	93.531	1U58DP003677-01	328,416

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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 the State Department of Mental Health:			
Projects for Assistance in Transition from Homelessness	93.150	--	\$ 72,574
Block Grants for Community Mental Health Services			
Substance Abuse and Mental Health Services Administration	93.958	--	290,443
Subtotal Pass-Through			<u>363,017</u>
Passed through State Department of Health Care Services:			
Childhood Lead Poisoning Prevention Projects	93.197	51702	18,208
Childhood Lead Poisoning Prevention Projects	93.197	51703	7,920
Subtotal CFDA #93.197			<u>26,128</u>
Immunization Grants	93.268	--	64,051
HIV Surveillance	93.944	--	14,897
California Obesity Prevention Program	93.548	--	<u>20,000</u>
Centers for Disease Control and Prevention Investigation and			
Technical Assistance Bioterrorism Preparedness	93.283	53107	646,974
Sodium Reduction	93.283	--	314,392
Subtotal CFDA #93.283			<u>961,366</u>
Medical Assistance Program:			
National Center for Health Workforce Analysis			
Adult Protective Services (Health-related)	93.778	--	487,881
Child Welfare Services (Health-related)	93.778	--	916,267
Children's Medical Services	93.778	--	564,579
Child Health and Disability Program (CHDP)	93.778	--	480,639
Medi-Cal Administrative Activities (MAA)	93.778	--	1,190,184
Targeted Case Management (TCM)	93.778	95922	172,722
Subtotal			<u>3,812,272</u>
Health Care and Other Facilities			
Medi-Cal Administrative Activities (MAA)	93.887	95918	204,905
Preventive Health Services-Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education			
	93.978	53117	24,141
Maternal and Child Health Services Block Grant to the States (MCAH)			
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53107	798,978
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53117	51,066
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53118	82,395
Subtotal CFDA#93.994			<u>932,439</u>
Subtotal Pass-Through			<u>6,060,199</u>
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families:			
Kin-Gap IVE	93.090	--	2,373
CalWORKS, Kinship Guardian Assitance Payments, Diversion	93.558	--	5,760,105
CalWORKS, Child Welfare Services TANF	93.558	--	7,899,188
Subtotal CFDA #93.558			<u>13,659,293</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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:			
CWS - Title IV-E, Foster Care, State Automated Child Welfare Information System, Non-CWS Programs, Licensing	93.658	--	\$ 3,261,762
Foster Care - Title IV-E - AFDC Foster Care, Wraparound Foster Care Placement	93.658	--	3,888,957
Transitional Housing Placement Program (THPP)	93.658	--	900
Foster Care - Title IV-E (Probation)	93.658	--	667,461
Subtotal CFDA #93.658			<u>7,819,080</u>
Promoting Safe and Stable Families (PSSF)	93.556	--	141,876
Child Welfare Services State Grants	93.645	--	156,654
Community Based Child Abuse Prevention	93.590	--	15,634
Adoption Assistance Program	93.659	--	4,860,188
Social Services Block Grant			
Child Welfare Services (CWS) Title XX - Licensing Title XX	93.667	--	549,741
CalWorks Single XX	93.667	--	273,205
Subtotal CFDA #93.667			<u>822,946</u>
Chafee Foster Care Independence Program	93.674	--	92,850
Medical Assistance Program			
Medical Assistance Program Administration	93.778	--	3,051,673
IHSS Public Authority	93.778	--	137,181
In-Home Supportive Services Admin (Health-related)	93.778	--	1,407,657
In-Home Supportive Services Provider Benefits	93.778	--	571,830
Subtotal			<u>5,168,341</u>
Subtotal Pass-Through			<u>32,739,235</u>
Passed through State Department of Child Support Services:			
Child Support Enforcement	93.563	--	<u>4,570,324</u>
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	12F-4444	120,346
Community Services Block Grant	93.569	13F-3044	128,289
Subtotal CFDA #93.569			<u>248,635</u>
Total U.S. Department of Health and Human Services			\$ <u>45,835,003</u>
<u>Executive Office of the President</u>			
Pass-Through Central Valley California HIDTA			
High Intensity Drug Trafficking Areas Program	95.001	--	<u>140,297</u>
Total Executive Office of the President			\$ <u>140,297</u>
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Emergency Food and Shelter National Board Program	97.024	--	2,354
Staffing for Adequate Fire and Emergency Response	97.083	--	480,767
Subtotal Direct			<u>483,121</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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> (continued)			
Passed through California Emergency Management Agency:			
Fire Management Assistance Grant	97.046	--	\$ 150,469
Emergency Management Performance Grants	97.042	--	156,165
Homeland Security Grant Program	97.067	--	441,917
Subtotal Pass-Through			<u>748,551</u>
Passed Through California Office of Homeland Security:			
State Homeland Security Program - SHSP (FY 2011)	97.073	--	11,623
State Homeland Security Program - SHSP (FY 2010)	97.073	--	53,687
Subtotal CFDA #97.073			<u>65,310</u>
Subtotal Pass-Through			<u>65,310</u>
 Total U.S. Department of Homeland Security			 <u>\$ 1,296,982</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 71,062,781</u></u>
 Federal Loan Balances with a Continuing Compliance Requirement at Year-End			
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Water and Waste Disposal Systems for Rural Counties	10.760	--	\$ 744,200
 <u>U.S. Environmental Protection Agency</u>			
Direct Program:			
Federal Capitalization Grant	66.468	--	\$ 93,333
 <u>U.S. Department of Energy</u>			
Direct Program:			
Energy Efficiency and Conservation Block Grant	81.041	--	\$ 522,271
 <u>U.S. Department of Housing and Urban Development</u>			
Passed through State Dept of Housing and Community Development:			
Community Development Block Grants/States Program			
CDBG Individual Housing Rehabilitation Loans	14.228	--	2,363,081
CDBG Rehab Loan - Shingletown Activities Council	14.228	--	92,849
CDBG Rehab Loan - Happy Valley Comm Found	14.228	--	278,456
CDBG Rehab Loan - Whitmore Comm Ctr	14.228	--	104,404
CDBG Rehab Loan - Fall River Lions Club	14.228	--	90,000
CDBG Rehab Loan - Cottonwood Comm Ctr	14.228	--	296,868
CDBG Neighborhood Stabilization Program	14.228	--	1,003,269
Subtotal			<u>4,228,927</u>
Home Investment Partnership Program	14.239	--	5,497,807
 Total Federal Loan Balances			 <u>11,086,538</u>
 Total Expenditures of Federal Awards including Loans			 <u><u>\$ 82,149,319</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Provided to Subrecipients</u>
16.738	Anti-Drug Abuse Program	\$ 77,249
16.738	Federal Marijuana Suppression Grant	209,001
16.922	US Department Justice Equitable Sharing	356,363
16.804	ARRA Anti-Drug Enforcement Team Recovery Act	57,170
93.150	Federal Projects for Assistance in Transition from Homelessness	7,101
93.959	Block Grants for Prevention & Treatment of Substance Abuse	327,759
97.046	Fire Management Assistance Grant	35,243
97.067	Homeland Security Grant Program	433,023

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

NOTE 5: PROGRAM CLUSTERS

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

Child Nutrition Cluster:

10.553	School Breakfast Program	\$ 19,341
10.555	National School Lunch Program	<u>35,967</u>
	Total	<u>\$ 55,308</u>

JAG Program Cluster:

16.738	Edward Byrne Memorial Justice Assistance Local Law Enforcement Block Grant	\$ 57,035
16.738	Edward Byrne Memorial Justice Assistance Marijuana Suppression Grant	249,623
16.738	Edward Byrne Memorial Justice Assistance Grant Marijuana Suppression Grant II	100,654
16.738	Edward Byrne Memorial Justice Assistance Anti-Drug Abuse Program	129,755
16.804	Edward Byrne Memorial Justice Assistance Grant ARRA Anti-Drug Abuse Enforcement Team Program	<u>107,208</u>
	Total	<u>\$ 644,275</u>

Highway Safety Cluster:

20.600	Felony & Recidivist DUI Vertical Prosecution Program	\$ 55,113
20.600	Felony & Recidivist DUI Vertical Prosecution Program	183,596
20.601	Drive Safe and Sober Education Program	<u>115,867</u>
	Total	<u>\$ 354,576</u>

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	\$ 4,926,827
16.738	537,067
16.804	107,208
93.778	8,980,613

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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, 2013 as follows:

Federal CFDA#	Program Title	Amount Outstanding	
		July 1, 2012	June 30, 2013
10.760	Water and Waste Disposal System for Rural Counties	\$ 762,565	\$ 744,200
14.228	Community Development Block Grants/States Program	\$ 4,320,482	\$ 4,228,927
14.239	HOME Investment Partnerships Program	\$ 5,545,687	\$ 5,497,807
66.468	Federal Capitalization Grant	\$ 3,622,133	\$ 93,333
81.041	Energy Efficiency and Conservation Block	\$ 522,171	\$ 522,171

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COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 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: | Unmodified |
| 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
20.205	Highway Planning and Construction
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
93.778	Medical Assistance Program

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 2,464,480 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

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, 2013

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, 2013

There were no prior year audit findings.

**SUPPLEMENTARY STATEMENTS
OF GRANT REVENUE AND EXPENDITURES**

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COUNTY OF SHASTA

Supplemental Statements of Grant Expenditures
For the Year Ended June 30, 2013

California Emergency Management Agency Grants/Department of Corrections and Rehabilitation Grants Expenditures

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2013. 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, 2012	For the Year Ended June 30, 2013	Cumulative As of June 30, 2013	Federal Share	State Share	County Share
Victim Witness Assistance - VW12310450						
Personal services	\$ 175,564	\$ 165,038	\$ 340,602	\$ 76,747	\$ 88,291	\$ --
Operating expenses	16,948	16,710	33,658	--	16,710	--
Totals	\$ 192,512	\$ 181,748	\$ 374,260	\$ 76,747	\$ 105,001	\$ --
Vertical Prosecution Block Program - VB08060450						
Personal services	\$ 77,412	\$ 2,504	\$ 79,916	\$ --	\$ 2,504	\$ --
Operating expenses	4,700	--	4,700	--	--	--
Totals	\$ 82,112	\$ 2,504	\$ 84,616	\$ --	\$ 2,504	\$ --
Substance Abuse Offender Treatment Program - ZA03010450						
Personal services	\$ 9,916	\$ --	\$ 9,916	\$ --	\$ --	\$ --
Operating expenses	5,549	--	5,549	--	--	--
Totals	\$ 15,465	\$ --	\$ 15,465	\$ --	\$ --	\$ --
Evidence-Based Probation Supervision Recovery Act Program - ZP09010450						
Personal services	\$ 84,020	\$ --	\$ 84,020	\$ --	\$ --	\$ --
Totals	\$ 84,020	\$ --	\$ 84,020	\$ --	\$ --	\$ --
Homeland Security Grant CFDA 97.067						
Personal services	\$ 33,110	\$ 5,486	\$ 38,596	\$ 5,486	\$ --	\$ --
Operating expenses	--	3,408	3,408	3,408	--	--
Equipment	655,802	433,023	1,088,825	433,023	--	--
Totals	\$ 688,912	\$ 441,917	\$ 1,130,829	\$ 441,917	\$ --	\$ --
Juvenile Accountability Block Grants - CSA 116-12						
Personal services	\$ --	\$ 18,763	\$ 18,763	\$ 16,887	\$ --	\$ 1,876
Operating expenses	20,562	--	20,562	--	--	--
Totals	\$ 20,562	\$ 18,763	\$ 39,325	\$ 16,887	\$ --	\$ 1,876
Anti Drug Abuse Program - DC10230450						
Personal services	\$ 72,301	\$ --	\$ 72,301	\$ --	\$ --	\$ --
Operating expenses	88,080	--	88,080	--	--	--
Totals	\$ 160,381	\$ --	\$ 160,381	\$ --	\$ --	\$ --
Anti Drug Abuse Recovery Act (ARRA) - ZA09010450						
Personal services	\$ 33,261	\$ 3,212	\$ 36,473	\$ 3,212	\$ --	\$ --
Operating expenses	175,343	22,580	197,923	22,580	--	--
Equipment	20,312	81,416	101,728	81,416	--	--
Totals	\$ 228,916	\$ 107,208	\$ 336,124	\$ 107,208	\$ --	\$ --

COUNTY OF SHASTA

Supplemental Statements of Grant Expenditures
For the Year Ended June 30, 2013

California Emergency Management Agency Grants/Department of Corrections and Rehabilitation Grants Expenditures (continued)

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2012	For the Year Ended June 30, 2013	Cumulative As of June 30, 2013	Federal Share	State Share	County Share
Cal-MMET Recovery Act (ARRA) - ZM09010450						
Personal services	\$ 28,954	\$ --	\$ 28,954	\$ --	\$ --	\$ --
Totals	<u>\$ 28,954</u>	<u>\$ --</u>	<u>\$ 28,954</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Marijuana Suppression (JAG) - MS10010450						
Personal services	\$ 229,530	\$ --	\$ 229,530	\$ --	\$ --	\$ --
Operating expenses	173,926	64,650	238,576	64,650	--	--
Equipment	56,731	36,004	92,735	36,004	--	--
Totals	<u>\$ 460,187</u>	<u>\$ 100,654</u>	<u>\$ 560,841</u>	<u>\$ 100,654</u>	<u>\$ --</u>	<u>\$ --</u>
Marijuana Suppression (JAG) BSCC 671-12						
Personal services	\$ --	\$ 111,275	\$ 111,275	\$ 111,275	\$ --	\$ --
Operating expenses	--	124,885	124,885	124,885	--	--
Equipment	--	13,463	13,463	13,463	--	--
Totals	<u>\$ --</u>	<u>\$ 249,623</u>	<u>\$ 249,623</u>	<u>\$ 249,623</u>	<u>\$ --</u>	<u>\$ --</u>
Anti Drug Abuse (JAG) BSCC 607-12						
Personal services	\$ --	\$ 52,506	\$ 52,506	\$ 52,506	\$ --	\$ --
Operating expenses	--	77,249	77,249	77,249	--	--
Totals	<u>\$ --</u>	<u>\$ 129,755</u>	<u>\$ 129,755</u>	<u>\$ 129,755</u>	<u>\$ --</u>	<u>\$ --</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 <u>June 30, 2012</u>	July 1, 2012 through <u>December 31, 2012</u>	<u>Totals</u>
Revenue			
Grant revenue	\$ 134,555	\$ 120,346	\$ 254,901
Total Revenue	<u>\$ 134,555</u>	<u>\$ 120,346</u>	<u>\$ 254,901</u>
Expenditures			
Administrative Costs:			
Salaries and wages	\$ 33,384	\$ 29,371	\$ 62,755
Fringe benefits	10,126	9,731	19,857
Operating Expenses & Equipment	<u>31,116</u>	<u>22,987</u>	<u>54,103</u>
Subtotal Administrative Costs	<u>74,626</u>	<u>62,089</u>	<u>136,715</u>
Program Costs:			
Salaries and wages	35,887	34,623	70,510
Fringe benefits	18,538	18,725	37,263
Operating Expenses & Equipment	<u>5,504</u>	<u>4,909</u>	<u>10,413</u>
Subtotal Program Costs	<u>59,929</u>	<u>58,257</u>	<u>118,186</u>
Total Expenditures	<u>\$ 134,555</u>	<u>\$ 120,346</u>	<u>\$ 254,901</u>

COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 13F-3044 (CSBG - \$274,859)
 For The Period January 1, 2013 through December 31, 2013

	January 1, 2013 through June 30, 2013	July 1, 2013 through December 31, 2013	Totals
Revenue			
Grant revenue	\$ 128,289	\$ --	\$ 128,289
Total Revenue	<u>\$ 128,289</u>	<u>\$ --</u>	<u>\$ 128,289</u>
Expenditures			
Administrative Costs:			
Salaries and wages	\$ 23,476	\$ --	\$ 23,476
Fringe benefits	9,085	--	9,085
Operating Expenses & Equipment	<u>26,618</u>	<u>--</u>	<u>26,618</u>
Subtotal Administrative Costs	<u>59,179</u>	<u>--</u>	<u>59,179</u>
Program Costs:			
Salaries and wages	41,954	--	41,954
Fringe benefits	19,273	--	19,273
Operating Expenses & Equipment	<u>7,883</u>	<u>--</u>	<u>7,883</u>
Subtotal Program Costs	<u>69,110</u>	<u>--</u>	<u>69,110</u>
Total Expenditures	<u>\$ 128,289</u>	<u>\$ --</u>	<u>\$ 128,289</u>