

COUNTY OF SHASTA
SINGLE AUDIT REPORT
JUNE 30, 2014

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COUNTY OF SHASTA

Single Audit Report
For the Year Ended June 30, 2014

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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, 2014, 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 19, 2014. 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 19, 2014



**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, 2014. 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, 2014.

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, 2014, and have issued our report thereon dated December 19, 2014, 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

Other Matters

The Supplementary Schedule of the Governor's Office of Emergency Services Grant Expenditures and the Supplementary Schedules of the Department of Community Services and Development Grant Revenues 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.

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

Roseville, California
December 19, 2014

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COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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	--	\$ 22,481
Cooperative Law Enforcement - Drug Suppression	10.664	--	47,301
Subtotal CFDA Number 10.664			<u>69,782</u>
Subtotal Direct Programs			<u>69,782</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	47,238
Light Brown Apple Moth Program	10.025	11 & 12-8520-1164-CA	2,102
Pest Detection Trapping	10.025	2013-37	1,599
Expanded Pest Detection	10.025	10-8520-1399-CA	9,009
Subtotal CFDA Number 10.025			<u>59,948</u>
USFS State & Private Forestry Weed Control	10.680	10-DG-11052021-037	<u>11,401</u>
Passed through State Department of Education:			
School Breakfast Program			
National School Lunch Program	10.553	--	15,224
Subtotal Child Nutrition Cluster	10.555	--	<u>29,072</u>
Subtotal Child Nutrition Cluster			<u>44,296</u>
Passed through State Department of Forestry and Fire:			
Cooperative Forestry Assistance:			
Volunteer Fire Assistance	10.664	7FG11156	<u>20,000</u>
Passed through State Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children - Administrative			
	10.557	--	<u>1,776,431</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	708,746
Subtotal Pass-Through			<u>708,746</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
	10.561	--	<u>4,166,115</u>
Total U.S. Department of Agriculture			<u>\$ 6,856,719</u>

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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	\$ 5,156,665
Passed through the State Department of Housing and Community Development:			
Community Development Block Grants/State's Program	14.228	12-CDBG-8412	41,375
Community Development Block Grants/State's Program	14.228	--	2,943
Community Development Block Grants/State's Program	14.228	10-DRI-6792	51,594
Community Development Block Grants/State's Program - Outstanding Loan Balance	14.228	--	4,230,907
Subtotal CFDA Number 14.228			<u>4,326,819</u>
HOME Investment Partnerships Program	14.239	--	4,979
HOME Investment Partnerships Program - Outstanding Loan Balance	14.239	--	5,497,807
Subtotal CFDA Number 14.239			<u>5,502,786</u>
Subtotal Pass-Through			<u>9,829,605</u>
Passed through City of Redding			
Community Development Block Grant/Entitlement Program	14.218	--	20,000
Total U.S. Department of Housing and Urban Development			\$ 15,006,270
<u>U.S. Department of Interior</u>			
Direct Program:			
Recreation Resource Management-Law Enforcement Agreement	15.225	--	53,321
Total U.S. Department of Interior			\$ 53,321
<u>U.S. Department of Justice</u>			
Direct Programs:			
Equitable Sharing Program - Asset Forfeiture	16.922	--	1,008,102
Edward Byrne Memorial Justice Assistance Grant Program - Local Law Enforcement Block Grant	16.738	--	44,714
Edward Byrne Memorial Justice Assistance Grant Program - Domestic Cannabis Eradication/Suppression	16.738	--	181,618
Subtotal Direct Programs			<u>1,234,434</u>
Passed through the Governor's Office of Emergency Services:			
Victim Witness Assistance Program (VOCA)	16.575	VW13320450	76,747
Edward Byrne Memorial Justice Assistance Grant Program - Anti-Drug Abuse Program	16.738	DC10230450	72,853
Marijuana Suppression Grant II	16.738	MS10010450	250,071
Subtotal Pass-Through			<u>399,671</u>
Total U.S. Department of Justice			\$ 1,634,105

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	--	\$ 160,746
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	--	117,706
Highway Planning and Construction	20.205	BHLS-5906(077)	2,192,540
Highway Planning and Construction	20.205	BHLS-5906(082)	25,890
Highway Planning and Construction	20.205	BRLO-5906(104)	61,412
Highway Planning and Construction	20.205	BRLO-5906(107)	43,615
Highway Planning and Construction	20.205	BRLO-5906106)	48,335
Highway Planning and Construction	20.205	BRLO-5906(071)	51,074
Highway Planning and Construction	20.205	BRLO-5906(103)	115,740
Highway Planning and Construction	20.205	BRLO-5906(079)	812,612
Highway Planning and Construction	20.205	BRLO-5906(087)	63,133
Highway Planning and Construction	20.205	BRLO-5906(089)	1,970
Highway Planning and Construction	20.205	BRLO-5906(117)	11,988
Highway Planning and Construction	20.205	BRLO-5906(100)	18,590
Highway Planning and Construction	20.205	BRLS-5906(119)	5,519
Highway Planning and Construction	20.205	BRLS-5906(063)	17,749
Highway Planning and Construction	20.205	BRLS-5906(111)	14,112
Highway Planning and Construction	20.205	BRLS-5906(088)	76,559
Highway Planning and Construction	20.205	ER-4408(001)	11,259
Highway Planning and Construction	20.205	ER-4408(002)	9,632
Highway Planning and Construction	20.205	HRRRL-5906(084)	711,000
Highway Planning and Construction	20.205	HRRRL-5906(091)	50,667
Highway Planning and Construction	20.205	HRRRL-5906(092)	45,558
Highway Planning and Construction	20.205	HRRRL-5906(115)	60,774
Highway Planning and Construction	20.205	HRRRL-5906(093)	44,284
Highway Planning and Construction	20.205	RPSTPLE-5906(075)	1,008,830
Highway Planning and Construction	20.205	HSIPL-5906(110)	52,850
Subtotal CFDA Number 20.205			<u>5,673,398</u>
Formula Grants for Other Than Urbanized Areas	20.509	--	401,754
Job Access Reverse Commute - FTA Section 5316	20.516	--	5,576
Passed through State Office of Traffic Safety:			
National Priority Safety Programs	20.616	DI414	184,613
State and Community Highway Safety	20.600	AL1389	34,662
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	--	135,602
Subtotal Highway Safety Cluster			<u>170,264</u>
Total U.S. Department of Transportation			<u>\$ 6,596,351</u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

<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. Environmental Protection Agency</u>			
Passed through State Department of Public Health:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	--	\$ 344,896
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	<u>5,100</u>
Total U.S. Environmental Protection Agency			<u>\$ 349,996</u>
<u>U.S. Department of Education</u>			
Passed through State Department of Rehabilitation:			
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	--	<u>220,000</u>
Total U.S. Department of Education			<u>\$ 220,000</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Secretary of State:			
Voting Access for Individuals with Disabilities - Grants to States	93.617	--	<u>11,757</u>
Passed through State Department of Alcohol & Drug Prevention:			
Block Grants for Prevention & Treatment of Substance Abuse	93.959	--	<u>1,203,618</u>
Passed through Public Health Institute:			
Community Transformation Grant	93.531	1U58DP003677-01	<u>272,391</u>
Passed through the State Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	61,657
Block Grants for Community Mental Health Services			
Substance Abuse and Mental Health Services Administration	93.958	--	<u>297,476</u>
Subtotal Pass-Through			<u>359,133</u>
Passed through State Department of Health Care Services:			
Childhood Lead Poisoning Prevention Projects	93.197	51701	25,746
Childhood Lead Poisoning Prevention Projects	93.197	51702	6,672
Childhood Lead Poisoning Prevention Projects	93.197	51703	<u>15,242</u>
Subtotal CFDA Number 93.197			<u>47,660</u>
Immunization Grants	93.268	--	63,352
Tuberculosis Real-Time Allotment	93.116	--	10,246
HIV Surveillance	93.944	--	14,435
CalHeers, Covered California	93.525	--	255,457
Centers for Disease Control and Prevention Investigation and Technical Assistance Bioterrorism Preparedness	93.283	53107	659,960
Sodium Reduction	93.283	--	<u>98,510</u>
Subtotal			<u>1,101,960</u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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:			
Adult Protective Services (Health-related)	93.778	--	\$ 425,407
Child Welfare Services (Health-related)	93.778	--	1,035,193
Children's Medical Services	93.778	--	651,547
Child Health and Disability Program (CHDP)	93.778	--	447,297
Medi-Cal Administrative Activities (MAA)	93.778	--	1,006,663
Targeted Case Management (TCM)	93.778	95922	34,018
Medi-Cal Administrative Activities (MAA)	93.778	95918	124,188
			<u>3,724,313</u>
 Preventive Health Services-Sexually Transmitted Diseases, Research, Demonstrations, and Public Information and Education	 93.978	 53117	 <u>12,981</u>
 Maternal & Child Health Services Block Grant to States (MCAH)	 93.994	 53107	 754,068
Maternal & Child Health Services Block Grant to States (MCAH)	93.994	53115	111,041
Maternal & Child Health Services Block Grant to States (MCAH)	93.994	53116	59,475
Subtotal CFDA Number 93.994			<u>924,584</u>
Subtotal Pass-Through			<u>5,811,498</u>
 Passed through State Department of Social Services:			
Guardian Assistance	93.090	--	<u>2,447</u>
 Temporary Assistance for Needy Families:			
CalWORKS Assistance Payments, Diversion	93.558	--	4,744,812
CalWORKS, Child Welfare Services TANF	93.558	--	8,764,890
Subtotal CFDA Number 93.558			<u>13,509,702</u>
 Foster Care - Title IV-E:			
CWS - Title IV-E, Foster Care, State Automated Child Welfare Information System, Non-CWS Programs, Licensing	93.658	--	3,134,400
Foster Care - Title IV-E - AFDC Foster Care, Wraparound Foster Care Placement	93.658	--	3,777,456
Foster Care - Title IV-E (Probation)	93.658	--	340,217
Subtotal CFDA Number 93.658			<u>7,252,073</u>
 Promoting Safe and Stable Families (PSSF)	 93.556	 --	 147,688
Child Welfare Services State Grants	93.645	--	149,187
Community Based Child Abuse Prevention	93.590	--	15,634
 Adoption Assistance	 93.659	 --	 <u>5,546,664</u>
 Child Welfare Services (CWS) Title XX - Licensing Title XX	 93.667	 --	 1,052,896
CalWorks Single XX	93.667	--	265,137
Subtotal CFDA Number 93.667			<u>1,318,033</u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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):			
Chafee Foster Care Independence Program	93.674	--	\$ 89,184
Medical Assistance Program Administration	93.778	--	3,868,309
IHSS Public Authority	93.778	--	173,145
In-Home Supportive Services Admin (Health-related)	93.778	--	1,346,611
Subtotal Pass-Through			<u>33,418,677</u>
Passed through State Department of Child Support Services:			
Child Support Enforcement	93.563	--	<u>4,573,223</u>
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	14F-3044	124,753
Community Services Block Grant	93.569	13F-3044	146,570
Subtotal CFDA Number 93.569			<u>271,323</u>
Total U.S. Department of Health and Human Services			<u>\$ 45,921,620</u>
<u>Executive Office of the President</u>			
Pass-Through Central Valley California HIDTA			
High Intensity Drug Trafficking Areas Program	95.001	--	<u>93,891</u>
Total Executive Office of the President			<u>\$ 93,891</u>
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Emergency Food and Shelter National Board Program	97.024	Phase 31	2,103
Staffing for Adequate Fire and Emergency Response	97.083	--	228,378
Subtotal Direct Programs			<u>230,481</u>
Passed through the Governor's Office of Emergency Services:			
Fire Management Assistance Grant	97.046	--	65,313
Emergency Management Performance Grants	97.042	--	257,729
Homeland Security Grant Program	97.067	--	227,291
Subtotal Pass-Through			<u>550,333</u>
Passed through the State Department of Homeland Security:			
State Homeland Security Program - SHSP (FY 2011)	97.073	--	49,489
State Homeland Security Program - SHSP (FY 2010)	97.073	--	64,982
State Homeland Security - SHSP (FY 2009)	97.073	--	10,060
Subtotal CFDA Number 97.073			<u>124,531</u>
Passed through the State Department of Homeland Security:			
Homeland Security Grant 2011	97.044	--	14,122
Homeland Security Grant 2013	97.044	--	2,348
Subtotal CFDA Number 97.044			<u>16,470</u>
Total U.S. Department of Homeland Security			<u>\$ 921,815</u>
Total Expenditures of Federal Awards			<u><u>\$ 77,654,088</u></u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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 No.</u>	<u>Program Title</u>	<u>Amount Provided to Subrecipients</u>
16.738	Edward Byrne Memorial JAG Program - Anti-Drug Abuse Program	\$ 61,460
16.738	Edward Byrne Memorial JAG Program - Marijuana Suppression Grant II	155,804
16.922	Equitable Sharing Program - Asset Forfeiture	460,976
93.150	Projects for Assistance in Transition from Homelessness (PATH)	7,337
93.959	Block Grants for Prevention & Treatment of Substance Abuse	299,136
97.067	Homeland Security Grant Program	196,546

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

NOTE 5: PROGRAM CLUSTERS

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

<u>Federal CFDA No.</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>Child Nutrition Cluster</u>		
10.553	School Breakfast Program	\$ 15,224
10.555	National School Lunch Program	<u>29,072</u>
	Total	<u><u>\$ 44,296</u></u>
<u>Highway Safety Cluster</u>		
20.600	State and Community Highway Safety	\$ 34,662
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	<u>135,602</u>
	Total	<u><u>\$ 170,264</u></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	\$ 4,874,861
16.738	549,256
93.778	9,112,378

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, 2014

NOTE 8: LOANS WITH CONTINUING COMPLIANCE REQUIREMENT

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2014 as follows:

Federal CFDA No.	Program Title	Amount Outstanding	
		July 1, 2013	June 30, 2014
14.228	Community Development Block Grants/State's Program	\$ 4,230,907	\$ 4,208,166
14.239	HOME Investment Partnerships Program	5,497,807	5,297,497

NOTE 9: OTHER LOANS

Outstanding federally-funded program loans, carried balances as of June 30, 2014 as follows:

Federal CFDA No.	Program Title	Amount Outstanding	
		July 1, 2013	June 30, 2014
10.760	Water and Waste Disposal Systems for Rural Counties	\$ 744,200	\$ 729,900
66.468	Capitalization Grants for Drinking Water State Revolving Funds	4,295,879	3,673,593
81.041	State Energy Program	500,450	463,405

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COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

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

14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.239	HOME Investment Partnerships Program
14.871	Section 8 Housing Choice Vouchers
93.558	Temporary Assistance for Needy Families

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 2,329,623 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes |

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

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, 2014

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, 2014

There were no prior audit findings.

**SUPPLEMENTARY SCHEDULE OF
THE GOVERNOR'S OFFICE OF EMERGENCY SERVICES
GRANT EXPENDITURES**

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COUNTY OF SHASTA

Schedule of the Governor's Office of Emergency Services
For the Year Ended June 30, 2014

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2013	For the Year Ended June 30, 2014	Cumulative As of June 30, 2014	Federal Share	State Share	County Share
	<hr/>					
Victim Witness Assistance Program (VOCA) - VW13320450						
Personal services	\$ 165,038	\$ 167,450	\$ 332,488	\$ 76,747	\$ 90,703	\$ --
Operating expenses	16,710	14,298	31,008	--	14,298	--
Totals	<u>\$ 181,748</u>	<u>\$ 181,748</u>	<u>\$ 363,496</u>	<u>\$ 76,747</u>	<u>\$ 105,001</u>	<u>\$ --</u>
Edward Byrne Memorial Justice Assistance Grant Program - Anti-Drug Abuse Program - DC10230450						
Personal services	\$ --	\$ 72,853	\$ 72,853	\$ 72,853	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 72,853</u>	<u>\$ 72,853</u>	<u>\$ 72,853</u>	<u>\$ --</u>	<u>\$ --</u>
Edward Byrne Memorial Justice Assistance Grant Program - Marijuana Suppression Grant II - MS10010450						
Personal services	\$ --	\$ 250,071	\$ 250,071	\$ 250,071	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 250,071</u>	<u>\$ 250,071</u>	<u>\$ 250,071</u>	<u>\$ --</u>	<u>\$ --</u>

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**SUPPLEMENTARY SCHEDULES
OF THE DEPARTMENT
OF
COMMUNITY SERVICES
AND DEVELOPMENT
GRANT REVENUES AND EXPENDITURES**

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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	\$ 146,570	\$ 274,859
Total Revenue	<u>\$ 128,289</u>	<u>\$ 146,570</u>	<u>\$ 274,859</u>
Expenditures			
Administrative Costs:			
Salaries and wages	\$ 23,476	\$ 30,688	\$ 54,164
Fringe benefits	9,085	11,957	21,042
Operating Expenses & Equipment	26,618	21,993	48,611
Subtotal Administrative Costs	<u>59,179</u>	<u>64,638</u>	<u>123,817</u>
Program Costs:			
Salaries and wages	\$ 41,954	\$ 46,449	\$ 88,403
Fringe benefits	19,273	23,020	42,293
Operating Expenses & Equipment	7,883	12,463	20,346
Subtotal Program Costs	<u>69,110</u>	<u>81,932</u>	<u>151,042</u>
Total Expenditures	<u>\$ 128,289</u>	<u>\$ 146,570</u>	<u>\$ 274,859</u>

COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 14F-3044 (CSBG - \$278,386)
 For The Period January 1, 2014 through December 31, 2014

	January 1, 2014 through <u>June 30, 2014</u>	July 1, 2014 through <u>December 31, 2014</u>	<u>Totals</u>
Revenue			
Grant revenue	\$ 124,753	\$ --	\$ 124,753
Total Revenue	<u>\$ 124,753</u>	<u>\$ --</u>	<u>\$ 124,753</u>
Expenditures			
Administrative Costs:			
Salaries and wages	\$ 20,435	\$ --	\$ 20,435
Fringe benefits	9,394	--	9,394
Operating Expenses & Equipment	<u>27,346</u>	<u>--</u>	<u>27,346</u>
Subtotal Administrative Costs	<u>57,175</u>	<u>--</u>	<u>57,175</u>
Program Costs:			
Salaries and wages	\$ 40,364	\$ --	\$ 40,364
Fringe benefits	20,017	--	20,017
Operating Expenses & Equipment	<u>7,197</u>	<u>--</u>	<u>7,197</u>
Subtotal Program Costs	<u>67,578</u>	<u>--</u>	<u>67,578</u>
Total Expenditures	<u>\$ 124,753</u>	<u>\$ --</u>	<u>\$ 124,753</u>