

**COUNTY OF TEHAMA,
CALIFORNIA**



**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2011**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Single Audit Act
For the Year Ended June 30, 2011

Table of Contents

	Page
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.	1-2
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.	3-4
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2011.	5-9
Notes to Schedule of Expenditures of Federal Awards.	10-13
Schedule of Findings and Questioned Costs for the Year Ended June 30, 2011.	14-18
Summary Schedule of Prior Audit Findings.	19
Supplemental Statements of Revenue and Expenditure.	20-24

THIS PAGE INTENTIONALLY LEFT BLANK

**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**

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Tehama, California (County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 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 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.

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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or 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.

We also noted other matters that we reported to management of the County is a separate report dated February 15, 2012.

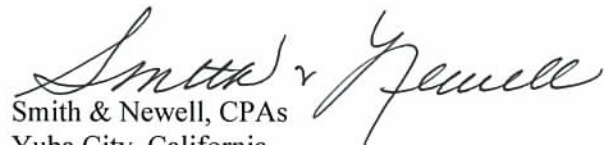
To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Supervisors and Grand Jury, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.


Smith & Newell, CPAs
Yuba City, California
February 15, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

Compliance

We have audited County of Tehama, California's 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 its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County'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'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 of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

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

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

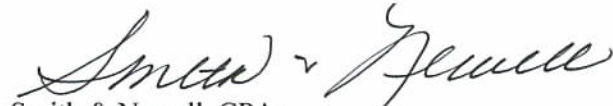
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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, the business-type activities, each major fund, and the aggregate remaining fund information of County of Tehama, California, as of and for the year ended June 30, 2011, and have issued our report thereon dated February 15, 2012. Our audit was performed for the purposes of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Supervisors and Grand Jury, others within the entity, 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.


Smith & Newell, CPAs
Yuba City, California
February 15, 2012

COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Program/Pass Through Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Direct Program:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-8500-0484-CA	\$ 22,343
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-8520-0934-GR	7,578
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-8520-1164-CA	2,913
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-8520-1317-CA	2,814
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-8520-1399-CA	<u>7,301</u>
Subtotal 10.025			<u>42,949</u>
Passed through State Department of Education			
School Breakfast Program	10.553	-	8,750
National School Lunch Program	10.555	-	19,363
Passed through State Department of Social Services:			
Supplemental Nutrition Assistance Program	10.551	-	15,351,754
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	-	905,257
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	-	<u>23,887</u>
Subtotal 10.561			<u>929,144</u>
Passed through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	784,798
Passed through State Controller's Office			
Cooperative Forestry Assistance	10.664	7FG10074	23,355
Cooperative Forestry Assistance	10.664	06-LE-11051360-037	10,000
Cooperative Forestry Assistance	10.664	06-LE-11051360-038	<u>52,617</u>
Subtotal 10.664			<u>85,972</u>
Schools and Roads - Grants to Counties	10.666	-	<u>767,725</u>
Total U.S. Department of Agriculture			<u>17,990,455</u>
U.S. Department of the Interior			
Direct Program:			
Payments in Lieu of Taxes	15.226	-	<u>147,833</u>
Total U.S. Department of the Interior			<u>147,833</u>
U.S. Department of Justice			
Direct Program:			
Drug Court Discretionary Grant Program	16.585	-	9,586

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Program/Pass Through Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice (Continued)			
Passed through State Emergency Management Agency:			
Crime Victim Assistance	16.575	VW 1015 0520	\$ 56,137
Crime Victim Assistance	16.575	UV 0901 0520	<u>20,159</u>
Subtotal 16.575			<u>76,296</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC 1021 0520	146,295
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	ZO 0901 0520	148,039
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	ZP 0901 0520	52,106
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	ZA 0901 0520	<u>141,214</u>
Subtotal 16.804			<u>341,359</u>
Total U.S. Department of Justice			<u>573,536</u>
Department of Labor			
Direct Program:			
ARRA - Employee Benefits Security Administration (EBSA)	17.151	-	<u>33,576</u>
Total Department of Labor			<u>33,576</u>
U.S. Department of Transportation			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BHLS-5908(039)	864,225
Highway Planning and Construction	20.205	BRLKS-5908(029)	2,562
Highway Planning and Construction	20.205	BRLO-5908(055)	993
Highway Planning and Construction	20.205	BRLO-5908(056)	155
Highway Planning and Construction	20.205	BRLO-5908(057)	48
Highway Planning and Construction	20.205	BRLOZB-5908(025)	78,063
Highway Planning and Construction	20.205	BRLS-5908(038)	774,602
Highway Planning and Construction	20.205	BRLS-5908(070)	63,839
Highway Planning and Construction	20.205	BRLS-5908(081)	13,095
Highway Planning and Construction	20.205	BRLSZD-5908(031)	192,899
Highway Planning and Construction	20.205	HP21L-0769(001)	26,377
Highway Planning and Construction	20.205	HRRRL-5908(074)	53,423
Highway Planning and Construction	20.205	HRRRL-5908(075)	4,571
Highway Planning and Construction	20.205	HSIPL-5908(073)	4,329
Highway Planning and Construction	20.205	HSIPL-5908(078)	19,105
Highway Planning and Construction	20.205	HSIPL-5908(079)	13,888
Highway Planning and Construction	20.205	HSIPL-5908(080)	23,407

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Program/Pass Through Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation (Continued)			
Passed through State Department of Transportation (Continued):			
Highway Planning and Construction	20.205	RPSTPLE-5908(067)	\$ 18,615
Highway Planning and Construction	20.205	SPOA-5908(086)	8,991
Highway Planning and Construction	20.205	STPLZ-5908(024)	171,850
ARRA - Highway Planning and Construction	20.205	ESPL-5908(083)	9,176
ARRA - Highway Planning and Construction	20.205	ESPL-5908(084)	<u>1,292,556</u>
Subtotal 20.205			<u>3,636,769</u>
Formula Grants for Other Than Urbanized Areas	20.509	FTA 5311	230,261
State Planning and Research	20.515	-	<u>143,204</u>
Total U.S. Department of Transportation			<u>4,010,234</u>
U.S. Department of Energy			
Passed through California Energy Commission			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	CBG-09-034	<u>52,925</u>
Total U.S. Department of Energy			<u>52,925</u>
U.S. Department of Health and Human Services			
Passed through State Department of Social Services:			
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	90CU0018/01	125,000
ARRA - Guardianship Assistance	93.090	-	1,729
Promoting Safe and Stable Families	93.556	-	65,269
Temporary Assistance for Needy Families	93.558	-	8,354,282
Adoption Incentive Payments	93.603	-	673
Child Welfare Services - State Grants	93.645	-	53,600
Social Services Block Grant	93.667	-	110,917
Chafee Foster Care Independence Program	93.674	-	55,695
ARRA Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	-	371,467
Foster Care - Title IV-E	93.658	-	1,927,478
ARRA - Foster Care - Title IV-E	93.658	-	<u>55,476</u>
Subtotal 93.658			<u>1,982,954</u>
Passed through State Department of Social Services (Continued):			
Adoption Assistance	93.659	-	1,321,877
ARRA - Adoption Assistance	93.659	-	<u>110,678</u>
Subtotal 93.659			<u>1,432,555</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Program/Pass Through Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services (Continued)			
Passed through State Department of Health Services (Continued):			
Passed through State Child Support Department			
Child Support Enforcement	93.563	-	\$ 1,182,884
ARRA - Child Support Enforcement	93.563	-	48,345
			<hr/>
Subtotal 93.563			1,231,229
			<hr/>
Passed through State Department of Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	-	9,264
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	-	146,925
Nutrition Services Incentive Program	93.053	-	27,250
Passed through State Secretary of State			
Voting Access for Individuals with Disabilities - Grants to States	93.617	08G26132	627
Passed through State Department of Health Services:			
Public Health Emergency Preparedness	93.069	-	221,978
National Bioterrorism Hospital Preparedness Program	93.889	-	131,522
Medical Assistance Program	93.778	HCPCFC	21,592
Medical Assistance Program	93.778	IHSS	69,184
			<hr/>
Subtotal 93.778			90,776
			<hr/>
Maternal and Child Health Services Block Grant to the States	93.994	CHDP	91,957
Maternal and Child Health Services Block Grant to the States	93.994	CCS	124,419
Maternal and Child Health Services Block Grant to the States	93.994	MCH	219,583
			<hr/>
Subtotal 93.994			435,959
			<hr/>
Passed through State Department of Mental Health Services:			
Block Grants for Community Mental Health Services	93.958	SAMSHA	190,823
Passed through State Department of Alcohol and Drug Programs:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	CSAT	77,990
Block Grants for Prevention and Treatment of Substance Abuse	93.959	SAPT	793,292

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Program/Pass Through Program Title</u>	<u>CFDA Number</u>	<u>Federal Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services (Continued)			
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	09F-5151	\$ 58,792
Community Services Block Grant	93.569	09F-5178	13,532
ARRA - Community Services Block Grant	93.569	10F-4051	200,166
ARRA - Community Services Block Grant	93.569	10F-4085	32,833
Community Services Block Grant	93.569	11F-4251	<u>38,989</u>
Subtotal 93.569			<u>344,312</u>
Total Department of Health and Human Services			<u>16,256,088</u>
Department of Homeland Security			
Direct Programs:			
Hazard Mitigation Grants	97.039	1628-DR-CA	97,105
Emergency Management Performance Grants	97.042	2010-044	135,852
Homeland Security Grant Program	97.067	2009-019	83,763
Homeland Security Grant Program	97.067	2010-085	<u>34,155</u>
Subtotal 97.067			<u>117,918</u>
Total Department of Homeland Security			<u>350,875</u>
Total			<u><u>\$ 39,415,522</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TEHAMA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Tehama. The County of Tehama 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 on the schedule.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are generally recognized when they occur. In addition, the outstanding balance of prior years' loans that have significant continuing compliance requirements have been included in total federal expenditures.

In accordance with requirements under OMB Circular A-133, expenditures for federal awards under the American Recovery and Reinvestment Act of 2009 (ARRA) are separately identified by inclusion of the prefix "ARRA" on the Schedule of Federal Expenditures of Federal Awards.

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 inter governmental revenue in the General and Special Revenue Funds.

4. PASS -THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received form 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 determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

5. SUBRECIPIENTS

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

Federal CFDA	Subrecipient	Amount
93.044	City of Red Bluff	\$ 9,264
93.045	City of Red Bluff	146,925
93.053	City of Red Bluff	27,250
93.569	North Valley Catholic Social Services	14,000
93.569	Corning Christian Assistance	12,011
93.569	Poor and the Homeless	29,241
93.569	Tehama County Health Service Agency	7,501
93.569	Alternatives to Violence	28,082
93.569	Salvation Army	29,000

COUNTY OF TEHAMA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

5. SUBRECIPIENTS (CONTINUED)

Federal CFDA	Subrecipient	Amount
93.569	Health Lunch Project	13,952
93.569	Job Training Center	7,500
93.569	Cottonwood Creek Watershed	1,000
93.569	VISTA Americorps	9,400
93.959	Tehama Department of Education	6,000
	Total	<u>\$ 341,126</u>

6. PROGRAM CLUSTERS

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

Federal CFDA	Program Title	Federal Expenditures
<u>SNAP Cluster</u>		
10.551	Supplemental Nutrition Assistance Program	\$ 15,351,754
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	905,257
10.561	ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	23,887
	Total	<u>\$ 16,280,898</u>
<u>Child Nutrition Cluster</u>		
10.553	School Breakfast Program	\$ 8,750
10.555	National School Lunch Program	19,363
	Total	<u>\$ 28,113</u>
<u>JAG Program Cluster</u>		
16.738	Edward Byrne Memorial Justice Assistance Grant Program	\$ 146,295
16.804	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments	341,359
	Total	<u>\$ 487,654</u>
<u>Aging Cluster</u>		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	\$ 9,264
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	146,925
93.053	Nutrition Services Incentive Program	27,250
	Total	<u>\$ 183,439</u>
<u>TANF Cluster</u>		
93.558	Temporary Assistance for Needy Families	\$ 8,354,282
93.714	ARRA Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	371,467
	Total	<u>\$ 8,725,749</u>

COUNTY OF TEHAMA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

7. CALIFORNIA DEPARTMENT OF AGING (CDC) REPORTING REQUIREMENTS

A reconciliation of accrual basis expenditures as reported on the Financial Closeout Report to cash basis expenditures confirmed as of June 30, 2011 follows:

Program	Federal CFDA Number	Total Expenditures	Accrual Adjustments	Confirmed Amount
IIB Transportation	93.044	\$ 9,264	\$ -	\$ 9,264
IIIC-1 Congregate	93.045	55,020	-	55,020
IIIC-1 Congregate One Time Only	93.045	5,745	-	5,745
IIIC-1 Congregate Nutrition Services Incentive Program	93.053	10,055	-	10,055
IIIC-2 Home Delivered Meals	92.045	81,545	-	81,545
IIIC-2 Home Delivered Meals One Time Only	93.045	4,615	-	4,615
IIIC-2 Home Delivered Meals, Nutrition Services Incentive	93.053	17,195	-	17,195
Total Expenditures of CDA Federal Awards		<u>\$ 183,439</u>	<u>\$ -</u>	<u>\$ 183,439</u>

8. CALIFORNIA EMERGENCY MANAGEMENT AGENCY GRANT EXPENDITURES

The following schedule represents expenditures for U.S. Department of Justice grants passed through the State of California, Emergency Management Agency (CalEMA), as well as CalEMA funded grant expenditures for the year ended June 30, 2011. This information is included in the County's single audit report at the request of CalEMA.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2010	For the Year Through June 30, 2011	Cumulative As of June 30, 2011	Federal Share	State Share	County Share
<u>VW10150520 - Victim Witness Assistance</u>						
Personal services	\$ -	\$ 118,790	\$ 118,790	\$ 56,137	\$ 62,653	\$ -
Operating expenses	-	3,856	3,856	-	3,856	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 122,646</u>	<u>\$ 122,646</u>	<u>\$ 56,137</u>	<u>\$ 66,509</u>	<u>\$ -</u>
<u>UV09010520 - Undeserved Victim Advocacy and Outreach Program</u>						
Personal services	\$ -	\$ 23,252	\$ 23,252	\$ 18,601	\$ -	\$ 4,651
Operating expenses	-	2,190	2,190	1,558	-	632
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 25,442</u>	<u>\$ 25,442</u>	<u>\$ 20,159</u>	<u>\$ -</u>	<u>\$ 5,283</u>
<u>DC10210520 - Anti-Drug Abuse Enforcement</u>						
Personal services	\$ -	\$ 79,328	\$ 79,382	\$ 79,328	\$ -	\$ -
Operating expenses	-	66,967	66,967	66,967	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 146,295</u>	<u>\$ 146,295</u>	<u>\$ 146,295</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF TEHAMA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

**8. CALIFORNIA EMERGENCY MANAGEMENT AGENCY GRANT EXPENDITURES
(CONTINUED)**

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2010	For the Year Through June 30, 2011	Cumulative As of June 30, 2011	Federal Share	State Share	County Share
<u>ZO09010520 - Substance Abuse Offender Treatment Program</u>						
Personal services	\$ 800	\$ 87,316	\$ 88,116	\$ 87,316	\$ -	\$ -
Operating expenses	6,966	60,723	67,689	60,723	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ 7,766</u>	<u>\$ 148,039</u>	<u>\$ 155,805</u>	<u>\$ 148,039</u>	<u>\$ -</u>	<u>\$ -</u>
<u>ZP09010520 - Probation Offender Supervision and Treatment</u>						
Personal services	\$ -	\$ 30,795	\$ 30,975	\$ 30,795	\$ -	\$ -
Operating expenses	-	21,131	21,131	21,131	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 52,106</u>	<u>\$ 52,106</u>	<u>\$ 52,106</u>	<u>\$ -</u>	<u>\$ -</u>
<u>ZA09010520 - Anti-Drug Abuse Enforcement Team</u>						
Personal services	\$ 2,030	\$ 11,057	\$ 13,087	\$ 11,057	\$ -	\$ -
Operating expenses	25,839	107,537	133,376	107,537	-	-
Equipment	-	22,620	22,620	22,620	-	-
Totals	<u>\$ 27,869</u>	<u>\$ 141,214</u>	<u>\$ 169,083</u>	<u>\$ 141,214</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Status

- | | |
|--|-------------|
| 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? | Yes |
| 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? | No |
| 2. Type of auditor's report issued on compliance for major programs: | |
| All major programs | Unqualified |
| 3. Any audit findings disclosed including those that are required to be reported in accordance with OMB Circular A-133 Section 510(a)? | |
| | No |
| 4. Identification of major programs: | |
| 10.551 | Supplemental Nutrition Assistance Program |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |
| 10.561 | ARRA - State Administrative Matching Grants For the Supplemental Nutrition Assistance Program |
| 20.205 | Highway Planning and Construction |
| 20.205 | ARRA - Highway Planning and Construction |
| 93.558 | Temporary Assistance for Needy Families |
| 93.658 | Foster Care - Title IV-E |
| 93.658 | ARRA - Foster Care - Title IV-E |
| 93.659 | Adoption Assistance |
| 93.659 | ARRA - Adoption Assistance |
| 93.714 | ARRA Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program |

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

I. SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

- | | |
|---|--------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | \$ 1,182,466 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes |

II. FINANCIAL STATEMENT FINDINGS

- | | |
|---|----------|
| Financial Reporting: Significant Deficiency | 11-FS-01 |
| Financial Reporting: Significant Deficiency | 11-FS-02 |
| Financial Reporting: Significant Deficiency | 11-FS-03 |

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Schedule of Significant Deficiencies

11-FS-01 Revenue Recognition

Condition

We noted approximately \$382,500 of revenue offset as unearned although all eligibility requirements had been met. Of the \$382,500, \$153,311 was in the General fund and \$229,189 was in the Public Safety fund. The cash is deposited into a County operating fund but offset as unearned revenue and not recognized as revenue until the cash is actually needed. This is a repeat of a prior year finding.

Cause

The County has a policy of recognizing revenue from various sources only when the cash is actually needed.

Criteria

Governmental Accounting Standards Board Statement No. 33 states that nonexchange transactions should be recognized as revenue when all eligibility requirements have been met.

Effect of Condition

Certain revenues have not been recognized in accordance with GASB Statement No. 33 which results in an understatement of current revenues as well as an understatement of fund balance.

Recommendation

We recommend that the County review its revenue recognition policy and ensure that all revenues are recognized in accordance with GASB Statement No. 33.

Corrective Action Plan

We acknowledge the condition exists. For budgeting purposes, the County has retained certain types of revenue in trust or in deferred revenue accounts. These revenues are usually designated for a certain purpose and are recognized incrementally to backfill designated budget appropriations as the need arises. The remaining balances are retained for future needs.

The County will continue to review its revenue recognition policy.

11-FS-02 Classification of Fund Balance

Condition

At the time of our fieldwork we noted that the County had not reclassified the fund equity accounts on its general ledger to the new fund balance account categories required by Governmental Accounting Standards Board (GASB) Statement No. 54.

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Schedule of Significant Deficiencies

11-FS-02 Classification of Fund Balance (Continued)

Cause

The County did not implement the new reporting requirement.

Criteria

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions. It requires that all governmental funds reclassify the fund balance accounts to new account categories to report constraints imposed upon the use of the resources reported in the governmental funds.

Effect of Condition

The County was not in compliance with the reporting standards required by GASB Statement No. 54.

Recommendation

We recommend that the County reclassify the fund balance accounts on its general ledger to the new fund balance categories required by GASB Statement No. 54.

Corrective Action Plan

We strongly oppose this finding.

The California County Budget Act of 2010, GC 29000, did not foresee GASB-54.

The Act was not been amended as of June 30, 2011.

Some of our Budget documents print from our Fund Accounting program data base, the same source as our general ledger.

The categories Reserved/Unreserved and Designated/Undesignated were still part of the County Budget Act of 2010 schedules.

Our accounting system still needed to retain those account titles until the Budget Act was amended. GASB-54 required classifications for Financial reporting ONLY. In cooperation with the auditors (Smith & Newell), we have provided classification information for financial reporting.

That was the purpose of the cross reference charts included in the Fund Balance Policy, and provided to the auditors (Smith & Newell).

Now that the Budget Act has been amended we will work to reclassify and modify our financial system titles for reserves and designations.

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Schedule of Significant Deficiencies

11-FS-03 Fund Classification and Accounting

Condition

While conducting our audit we noted the County has several governmental fund that are accounted for as trust funds during the year. The activity of these funds is not properly reflected in the County's financial reports and the County has to prepare a spreadsheet at year end for the external auditor's to properly classify the current year activity in the audited financial statements. This process is inefficient and cumbersome and does not reflect proper accounting practices.

Cause

With the implementation of GASB 34, the County reclassified several trust funds to the general fund and special revenue funds for financial statement presentation. However, the recording of the activity in these funds in the County's general ledger has remained the same as when the funds were classified as trust funds.

Criteria

The modified accrual basis of accounting should be used to record the activity for governmental funds.

Effect of Condition

The financial statements as presented for audit were misstated and required adjustment.

Recommendation

We recommend that the County properly record activity in the governmental funds and provide training for staff on proper accounting practices.

Corrective Action Plan

Although the County does have several governmental funds that are currently held in trust, the activity is identified for outside auditors. In addition, the activity is run through governmental revenue and expenditure accounts and is classified properly in the financial statements.

We are working towards reclassification of the trust funds; however the process involves multiple departments and several changes to the way our county is currently doing business. The transition will require time to implement and time to train appropriate staff in various departments.

COUNTY OF TEHAMA
Summary Schedule of Prior Year Audit Recommendations
For the Year Ended June 30, 2011

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
10-FS-01	Revenue Recognition Recommendation We recommend that the County review its revenue recognition policy and ensure that all revenues are recognized in accordance with GASB Statement No. 33. Status Not Implemented
10-FS-02	Due to Other Funds Reported in the Agency Funds Recommendation We recommend that the County review its accounting policies regarding County assets held in Agency funds to ensure compliance with GASB Statement No. 34. Status In Progress

THIS PAGE INTENTIONALLY LEFT BLANK

**Supplemental Statements of Revenue and
Expenditures Passed Through State Department of
Community Services and Development**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF TEHAMA
Supplemental Statement of Revenue and Expenditure
CSD Contract No. 09F-5151 (CSBG-ARRA)
For the Period of July 1, 2009 Through December 31, 2010

	<u>July 1, 2009 through June 30, 2010</u>	<u>July 1 through December 31, 2010</u>	<u>Totals</u>
Revenue			
Grant revenue	\$ 10,356	\$ 140,372	\$ 150,728
Total Revenue	<u>\$ 10,356</u>	<u>\$ 140,372</u>	<u>\$ 150,728</u>
Expenditures			
Administrative Costs:			
Other costs	\$ 5,537	\$ 3,579	\$ 9,116
Total Administrative Costs	<u>5,537</u>	<u>3,579</u>	<u>9,116</u>
Program Costs:			
Salaries and wages	2,999	5,646	8,645
Fringe benefits	973	5,740	6,713
Operating expenses	9,279	1,102	10,381
Subcontractor services	26,931	36,452	63,383
Other costs	46,217	6,273	52,490
Total Program Costs	<u>86,399</u>	<u>55,213</u>	<u>141,612</u>
Total Expenditures	<u>\$ 91,936</u>	<u>\$ 58,792</u>	<u>\$ 150,728</u>

COUNTY OF TEHAMA
Supplemental Statement of Revenue and Expenditure
CSD Contract No. 09F-5178 (CSBG-ARRA)
For the Period of July 1, 2009 Through December 31, 2010

	July 1, 2009 through June 30, 2010	July 1 through December 31, 2010	Totals
Revenue			
Grant revenue	\$ 4,109	\$ 24,648	\$ 28,757
Total Revenue	\$ 4,109	\$ 24,648	\$ 28,757
Expenditures			
Administrative Costs:			
Other costs	\$ 1,029	\$ 2,409	\$ 3,438
Total Administrative Costs	1,029	2,409	3,438
Program Costs:			
Operating expenses	4,488	426	4,914
Equipment	2,969	-	2,969
Subcontractor services	4,000	9,640	13,640
Other costs	2,739	1,057	3,796
Total Program Costs	14,196	11,123	25,319
Total Expenditures	\$ 15,225	\$ 13,532	\$ 28,757

COUNTY OF TEHAMA
Supplemental Statement of Revenue and Expenditure
CSD Contract No. 10F-4051 (CSBG)
For the Period January 1, 2010 through June 30, 2011

	January 1 through June 30, 2010	July 1, 2010 through June 30, 2011	Totals
Revenue			
Grant revenue	\$ -	\$ 254,705	\$ 254,705
Total Revenue	<u>\$ -</u>	<u>\$ 254,705</u>	<u>\$ 254,705</u>
Expenditures			
Administrative Costs:			
Operating expenses	\$ 3,113	\$ 11,122	\$ 14,235
Subcontractor services	5,619	7,856	13,475
Total Administrative Costs	<u>8,732</u>	<u>18,978</u>	<u>27,710</u>
Program Costs:			
Salaries and wages	12,261	11,870	24,131
Fringe benefits	6,019	6,354	12,373
Operating expenses	7,153	17,080	24,233
Subcontractor services	12,365	143,329	155,694
Other costs	8,009	2,555	10,564
Total Program Costs	<u>45,807</u>	<u>181,188</u>	<u>226,995</u>
Total Expenditures	<u>\$ 54,539</u>	<u>\$ 200,166</u>	<u>\$ 254,705</u>

COUNTY OF TEHAMA
Supplemental Statement of Revenue and Expenditure
CSD Contract No. 10F-4085 (CSBG)
For the Period July 1, 2010 Through June 30, 2011

	<u>July 1, 2010 through June 30, 2011</u>	<u>Totals</u>
Revenue		
Grant revenue	\$ 24,433	\$ 24,433
Total Revenue	<u>\$ 24,433</u>	<u>\$ 24,433</u>
Expenditures		
Administrative Costs:		
Salaries and wages	\$ -	\$ -
Total Administrative Costs	<u>-</u>	<u>-</u>
Program Costs:		
Subcontractor services	32,833	32,833
Total Program Costs	<u>32,833</u>	<u>32,833</u>
Total Expenditures	<u>\$ 32,833</u>	<u>\$ 32,833</u>

COUNTY OF TEHAMA
Supplemental Statement of Revenue and Expenditure
CSD Contract No. 11F-4251 (CSBG)
For the Period July 1, 2010 Through June 30, 2011

	<u>July 1, 2010 through June 30, 2011</u>	<u>Totals</u>
Revenue		
Grant revenue	\$ 63,762	\$ 63,762
Total Revenue	<u>\$ 63,762</u>	<u>\$ 63,762</u>
Expenditures		
Administrative Costs:		
Operating expenses	\$ 5,370	\$ 5,370
Subcontractor services	4,450	4,450
Total Administrative Costs	<u>9,820</u>	<u>9,820</u>
Program Costs:		
Operating expenses	3,871	3,871
Subcontractor services	25,298	25,298
Total Program Costs	<u>29,169</u>	<u>29,169</u>
Total Expenditures	<u>\$ 38,989</u>	<u>\$ 38,989</u>

THIS PAGE INTENTIONALLY LEFT BLANK