

**COUNTY OF TEHAMA,
CALIFORNIA**



**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2012**

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COUNTY OF TEHAMA
Single Audit Act
For the Year Ended June 30, 2012

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 21, 2013. 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. (12-FS-01, 12-FS-02 and 12-FS-03) 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.

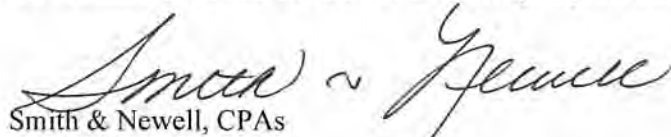
To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 21, 2013

**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, 2012. 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 12-SA-01.

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.

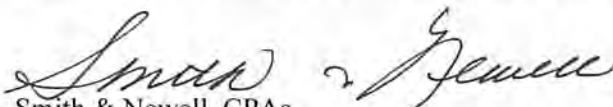
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did 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 the County of Tehama, California, as of and for the year ended June 30, 2012, and have issued our report thereon dated February 21, 2013 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's 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 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 Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

The County's responses 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 responses and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the County's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the County's compliance but not to provide an opinion on the effectiveness of the County's internal control over compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.


Smith & Newell, CPAs
Yuba City, California
February 21, 2013

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

<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	11-8500-0484-CA	\$ 15,685
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-8520-0934-GR	27,744
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-8520-1317-CA	<u>2,114</u>
Subtotal 10.025			<u>45,543</u>
Passed through State Department of Education:			
School Breakfast Program	10.553	02951-SN-52-R	9,836
National School Lunch Program	10.555	02951-SN-52-R	21,525
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CEC-52-2012	1,015,021
Passed through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	08-85479	203,320
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10501	<u>509,446</u>
Subtotal 10.557			<u>712,766</u>
Passed through State Controller's Office:			
Cooperative Forestry Assistance	10.664	7FG11149	27,082
Cooperative Forestry Assistance	10.664	11-LE-11051360-203	10,000
Cooperative Forestry Assistance	10.664	11-LE-11051360-211	<u>67,500</u>
Subtotal 10.664			<u>104,582</u>
Schools and Roads - Grants to Counties	10.666	N/A	<u>609,482</u>
Total U.S. Department of Agriculture			<u>2,518,755</u>
U.S. Department of Housing and Urban Development			
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-EDEF-5893	105,656
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	10-STBG-6740	<u>197,103</u>
Subtotal 14.228			<u>302,759</u>
Home Investment Partnerships Program	14.239	08-HOME-4709	<u>10,518</u>
Total U.S. Department of Housing and Urban Development			<u>313,277</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, 2012

<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 the Interior			
Direct Program:			
Payments in Lieu of Taxes	15.226	-	\$ 147,800
Total U.S. Department of the Interior			<u>147,800</u>
U.S. Department of Justice			
Direct Program:			
Drug Court Discretionary Grant Program	16.585	-	66,100
Drug Court Discretionary Grant Program	16.585	2010-DC-BX-0062	<u>81,597</u>
Subtotal 16.585			<u>147,697</u>
Passed through State Emergency Management Agency:			
Crime Victim Assistance	16.575	VW 1116 0520	56,005
Crime Victim Assistance	16.575	UV 1001 0520	39,579
Crime Victim Assistance	16.575	UV 1102 0520	<u>40,381</u>
Subtotal 16.575			<u>135,965</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC 1122 0520	118,191
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	ZP 0901 0520	40,738
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	ZA 0901 0520	<u>80,776</u>
Subtotal 16.804			<u>121,514</u>
Total U.S. Department of Justice			<u>523,367</u>
U.S. Department of Transportation			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BRLKS-5908(029)	33,450
Highway Planning and Construction	20.205	BRLO-5908(055)	12,408
Highway Planning and Construction	20.205	BRLO-5908(056)	3,631
Highway Planning and Construction	20.205	BRLO-5908(057)	7,027
Highway Planning and Construction	20.205	BRLOZB-5908(025)	36,948
Highway Planning and Construction	20.205	BRLS-5908(038)	31,111
Highway Planning and Construction	20.205	BRLS-5908(070)	52,727
Highway Planning and Construction	20.205	BRLS-5908(081)	54,000
Highway Planning and Construction	20.205	BRLSZD-5908(031)	317,406
Highway Planning and Construction	20.205	HP21L-0769(001)	7,573
Highway Planning and Construction	20.205	HRRRL-5908(075)	20,425
Highway Planning and Construction	20.205	HSIPL-5908(073)	92,004
Highway Planning and Construction	20.205	HSIPL-5908(078)	61,365
Highway Planning and Construction	20.205	HSIPL-5908(079)	46,852

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, 2012

<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	HSIPL-5908(080)	\$ 25,235
Highway Planning and Construction	20.205	HSIPL-5908(089)	13,975
Highway Planning and Construction	20.205	RPSTPL-5908(090)	42,990
Highway Planning and Construction	20.205	RPSTPL-5908(067)	65,051
Highway Planning and Construction	20.205	SPOA-5908(086)	148
Highway Planning and Construction	20.205	STPLZ-5908(024)	<u>346,092</u>
Subtotal 20.205			<u>1,270,418</u>
Formula Grants for Other Than Urbanized Areas	20.509	FTA 5311	230,261
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	117973037	<u>156,193</u>
Subtotal 20.509			<u>386,454</u>
State Planning and Research	20.515	N/A	<u>94,266</u>
Total U.S. Department of Transportation			<u>1,751,138</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>66,892</u>
Total U.S. Department of Energy			<u>66,892</u>
U.S. Department of Health and Human Services			
Passed through State Department of Social Services:			
Guardianship Assistance	93.090	800-52-2012	26,271
Promoting Safe and Stable Families	93.556	CEC-52-2012	82,975
Stephanie Tubbs Jones Child Welfare Services - State Grants	93.645	CEC-52-2012	54,422
Social Services Block Grant	93.667	CEC-52-2012	222,074
Chafee Foster Care Independence Program	93.674	CEC-52-2012	54,602
Temporary Assistance for Needy Families	93.558	CEC-52-2012	3,892,795
Temporary Assistance for Needy Families	93.558	800-52-2012	<u>3,885,900</u>
Subtotal 93.558			<u>7,778,695</u>
Foster Care - Title IV-E	93.658	CEC-52-2012	1,039,180
Foster Care - Title IV-E	93.658	800-52-2012	<u>864,719</u>
Subtotal 93.658			<u>1,903,899</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, 2012

<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 Social Services (Continued):			
Adoption Assistance	93.659	CEC-52-2012	\$ 14,609
Adoption Assistance	93.659	800-52-2012	1,463,386
Subtotal 93.659			<u>1,477,995</u>
Passed through State Child Support Department:			
Child Support Enforcement	93.563	Tehama	1,090,034
Passed through State Department of Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	IIIB-0712-12	7,135
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	IIIC-080-12	139,571
Nutrition Services Incentive Program	93.053	IIIC-080-12	25,421
Passed through State Secretary of State:			
Voting Access for Individuals with Disabilities - Grants to States	93.617	11G26149	4,474
Passed through State Department of Health Services:			
Public Health Emergency Preparedness	93.069	EPO 11-52	155,144
National Bioterrorism Hospital Preparedness Program	93.889	EPO 11-52	119,100
Medical Assistance Program	93.778	HCPCFC	29,128
Medical Assistance Program	93.778	IHSS	63,801
Subtotal 93.778			<u>92,929</u>
Maternal and Child Health Services Block Grant to the States	93.994	CHDP	106,618
Maternal and Child Health Services Block Grant to the States	93.994	CCS	137,298
Maternal and Child Health Services Block Grant to the States	93.994	MCH	246,111
Subtotal 93.994			<u>490,027</u>
Passed through State Department of Mental Health Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	PATH	10,650
Block Grants for Community Mental Health Services	93.958	MHBG	189,361
Passed through State Department of Alcohol and Drug Programs:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	CSAT	278,934
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, 2012

<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:			
ARRA - Community Services Block Grant	93.569	10F-4085	\$ 2,167
Community Services Block Grant	93.569	11F-4251	215,717
Community Services Block Grant	93.569	11F-4293	40,000
Community Services Block Grant	93.569	12F-4449	<u>62,051</u>
Subtotal 93.569			<u>319,935</u>
Total Department of Health and Human Services			<u>15,316,940</u>
Department of Homeland Security			
Direct Programs:			
Hazard Mitigation Grants	97.039	1628-DR-CA	36,574
Emergency Management Performance Grants	97.042	2011-EP-00048	60,328
Homeland Security Grant Program	97.067	2009-019	85,225
Homeland Security Grant Program	97.067	2010-085	174,894
Homeland Security Grant Program	97.067	2011-077	<u>81,336</u>
Subtotal 97.067			<u>341,455</u>
Total Department of Homeland Security			<u>438,357</u>
Total			<u><u>\$ 21,076,526</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, 2012

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 in the Schedule of Expenditures of Federal Awards.

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. The accompanying Schedule of Expenditures of Federal Awards, is generally presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the County financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in , or used in the preparation of the financial statements. In addition, the outstanding balance of prior years' loans that have significant continuing compliance requirements have been included in total federal expenditures.

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 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 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. AMERICAN RECOVERY AND REINVESTMENT ACT 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 Expenditures of Federal Awards.

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

6. 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	\$ 7,135
93.045	City of Red Bluff	139,571
93.053	City of Red Bluff	25,421
93.569	North Valley Catholic Social Services	12,800
93.569	Corning Christian Assistance	5,595
93.569	Poor and the Homeless	5,500
93.569	Alternatives to Violence	27,145
93.569	Salvation Army	7,500
93.569	Head Start	12,216
93.569	Gleaners	150
93.569	Zion Christian Ministries	1,000
93.959	Tehama Department of Education	6,000
Total		<u>\$ 250,033</u>

7. PROGRAM CLUSTERS

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

Federal CFDA	Program Title	Federal Expenditures
<u>Child Nutrition Cluster</u>		
10.553	School Breakfast Program	\$ 9,836
10.555	National School Lunch Program	21,525
Total		<u>\$ 31,361</u>
<u>JAG Program Cluster</u>		
16.738	Edward Byrne Memorial Justice Assistance Grant Program	\$ 118,191
16.804	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments	121,514
Total		<u>\$ 239,705</u>
<u>Aging Cluster</u>		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	\$ 7,135
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	139,571
93.053	Nutrition Services Incentive Program	25,421
Total		<u>\$ 172,127</u>

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

8. 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, 2012 follows:

Program	Federal CFDA Number	Total Expenditures	Accrual Adjustments	Confirmed Amount
IIIB Transportation	93.044	\$ 7,135	\$ -	\$ 7,135
IIIC-1 Congregate	93.045	55,020	-	55,020
IIIC-1 Congregate One Time Only	93.045	1,213	-	1,213
IIIC-1 Congregate Nutrition Services Incentive Program	93.053	9,915	-	9,915
IIIC-2 Home Delivered Meals	92.045	82,582	473	83,055
IIIC-2 Home Delivered Meals One Time Only	93.045	756	-	756
IIIC-2 Home Delivered Meals, Nutrition Services Incentive	93.053	15,506	-	15,506
Total Expenditures of CDA Federal Awards		<u>\$ 172,127</u>	<u>\$ 473</u>	<u>\$ 172,600</u>

9. 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, 2012. 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, 2011	For the Year Through June 30, 2012	Cumulative As of June 30, 2012	Federal Share	State Share	County Share
<u>VW11160520 - Victim Witness Assistance</u>						
Personal services	\$ -	\$ 112,399	\$ 112,399	\$ 56,005	\$ 56,394	\$ -
Operating expenses	-	12,357	12,357	-	12,357	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 124,756</u>	<u>\$ 124,756</u>	<u>\$ 56,005</u>	<u>\$ 68,751</u>	<u>\$ -</u>
<u>UV10010520 - Underserved Victim Advocacy and Outreach Program</u>						
Personal services	\$ 23,252	\$ 15,647	\$ 38,899	\$ 12,519	\$ -	\$ 3,128
Operating expenses	2,190	34,112	36,302	27,060	-	7,052
Equipment	-	-	-	-	-	-
Totals	<u>\$ 25,442</u>	<u>\$ 49,759</u>	<u>\$ 75,201</u>	<u>\$ 39,579</u>	<u>\$ -</u>	<u>\$ 10,180</u>
<u>UV11020520 - Underserved Victim Advocacy and Outreach Program</u>						
Personal services	\$ -	\$ 47,030	\$ 47,030	\$ 37,625	\$ -	\$ 9,405
Operating expenses	-	3,567	3,567	2,756	-	811
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 50,597</u>	<u>\$ 50,597</u>	<u>\$ 40,381</u>	<u>\$ -</u>	<u>\$ 10,216</u>

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

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

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2011	For the Year Through June 30, 2012	Cumulative As of June 30, 2012	Federal Share	State Share	County Share
<u>DC11220520 - Anti-Drug Abuse Enforcement</u>						
Personal services	\$ -	\$ 74,807	\$ 74,807	\$ 74,807	\$ -	\$ -
Operating expenses	-	43,384	43,384	43,384	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 118,191</u>	<u>\$ 118,191</u>	<u>\$ 118,191</u>	<u>\$ -</u>	<u>\$ -</u>
<u>ZP09010520 - Probation Offender Supervision and Treatment</u>						
Personal services	\$ 30,795	\$ 35,534	\$ 66,329	\$ 35,534	\$ -	\$ -
Operating expenses	21,131	5,204	26,335	5,204	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ 51,926</u>	<u>\$ 40,738</u>	<u>\$ 92,664</u>	<u>\$ 40,738</u>	<u>\$ -</u>	<u>\$ -</u>
<u>ZA09010520 - Anti-Drug Abuse Enforcement Team</u>						
Personal services	\$ 13,087	\$ 10,731	\$ 23,818	\$ 10,731	\$ -	\$ -
Operating expenses	133,376	70,045	203,421	70,045	-	-
Equipment	22,620	-	22,620	-	-	-
Totals	<u>\$ 169,083</u>	<u>\$ 80,776</u>	<u>\$ 249,859</u>	<u>\$ 80,776</u>	<u>\$ -</u>	<u>\$ -</u>

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

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)? | |
| | Yes |
| 4. Identification of major programs: | |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children |
| 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 |
| 93.659 | Adoption Assistance |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse |

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

I. SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

- | | |
|---|------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | \$ 632,296 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

II. FINANCIAL STATEMENT FINDINGS

Revenue Recognition	12-FS-01
Fund Classification and Accounting	12-FS-02
Trust Reconciliations	12-FS-03

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

93.659 Adoption Assistance	12-SA-01
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COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

12-FS-01 Revenue Recognition (Significant Deficiency)

Condition

We noted approximately \$1,001,761 of revenue offset as unearned although all eligibility requirements had been met. Of the \$1,001,761, \$327,088 was in the General fund and \$674,673 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 deferred revenues are reported on the financial statements within the Combining Balance Sheet. These revenues are usually designated for a certain purpose and are recognized incrementally to backfill designated budget appropriations as the need arises. Once the need arises and the revenue is recognized it is removed from the Combined Balance Sheet and appears on Combined Statement of Revenues, Expenditures, and Changes to Fund Balance. The remaining balance is then retained for future needs.

The County is working towards recognizing all of these deferred revenues in fiscal year 12/13.

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

12-FS-02 Fund Classification and Accounting (Significant Deficiency)

Condition

While conducting our audit we noted the County has several governmental funds 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 auditors 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. This is a repeat of a prior year finding.

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

The County does have several governmental funds being held in trust and the activity is being identified to assist the outside auditors. The changes in fund balance in these funds is recognized as both an increase to cash balance on the Combined Balance Sheet and as an increase to revenue on the Combined Statement of Revenues, Expenditures, and Changes to Fund Balances. We have already changed classifications of the some of the funds from trust to Special Revenue and are in the process of making that same transition with the remaining trusts. We hope to make a full transition from Trust to Special Revenue classification in the 12/13 fiscal year.

12-FS-03 Trust Reconciliations (Significant Deficiency)

Condition

At the time of our fieldwork we noted that there was approximately \$104,794 in excess proceeds held in the Property Tax Trust fund that has not been distributed in accordance with the County Tax Sale Procedural Manual.

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

12-FS-03 Trust Reconciliations (Significant Deficiency) (Continued)

Cause

The County has not distributed excess proceeds from the Property Tax Trust fund in accordance with the County Tax Sale Procedural Manual.

Criteria

Excess monies from the sale of tax defaulted property should be distributed in accordance with the County Tax Sale Procedural Manual.

Effect of Condition

Excess proceeds were held in the Property Tax Trust that were not distributed in accordance with the County Tax Sale Procedural Manual.

Recommendation

We recommend that excess proceeds held in the Property Tax Trust be distributed in accordance with the county Tax Sale Procedural Manual.

Corrective Action Plan

By directions of the County Tax Collector, the excess proceeds held in the Property Tax Trust from the tax sales in 2005, 2007 and 2009 were distributed to the County Auditor-Controller in fiscal year 2011/12. It is the intention of the Tax Collector that in the future the excess proceeds will be distributed in a more timely manner.

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

12-SA-01

Name: ADOPTION ASSISTANCE
CFDA #: 93.659
Federal Grantor: U.S. Department of Health and Human Services
Pass Through Entity: State Department of Social Services
Award No.: Various
Year: 2011/2012

Condition

Title 22 California Code of Regulations Section 35331(a) requires that the determination of the child's eligibility for adoption assistance be documented in the case record on the Eligibility Certification - Adoption Assistance Program form (the AAP-4).

On one of forty cases tested, the AAP-4 was completed and although the individual was determined to be ineligible for Adoption Assistance, Federal aid was provided to that individual.

Perspective

Appropriate training or review procedures concerning eligibility were inadequate.

Criteria

The County should only provide Federal aid to individuals who have been determined to be eligible for Federal benefits.

Effect of Condition

The County provided benefits to an ineligible individual.

Questioned Costs

Federal aid in the amount of \$8,496 was paid to an ineligible individual in the 2011/2012 fiscal year.

Recommendation

We recommend that the County incorporate into their review process procedures to ensure that only eligible individuals are provided Federal Adoption Assistance.

Corrective Action Plan

These findings were discussed with the FC Eligibility Worker and the Accounting Technician. A plan to pull a report that will indicate any changes to the FED/NON-FED aid codes will be done once a month to ensure that the proper funds are distributed.

COUNTY OF TEHAMA
Status of Prior Year Audit Recommendations
For the Year Ended June 30, 2012

Audit Reference

Status of Prior Year Audit Recommendations

11-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

11-FS-02

Classification of Fund Balance

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.

Status

In Progress

11-FS-03

Fund Classification and Accounting

Recommendation

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

Status

Not Implemented

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

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COUNTY OF TEHAMA
Supplemental Statement of Revenue and Expenditure
CSD Contract No. 10F-4085 (CSBG)
For the Period July 1, 2010 Through December 31, 2011

	<u>July 1, 2010 through June 30, 2011</u>	<u>July 1 through December 31, 2011</u>	<u>Totals</u>
Revenue			
Grant revenue	\$ 24,433	\$ 10,567	\$ 35,000
Total Revenue	<u>\$ 24,433</u>	<u>\$ 10,567</u>	<u>\$ 35,000</u>
Expenditures			
Administrative Costs:			
Salaries and wages	\$ -	\$ -	\$ -
Total Administrative Costs	<u>-</u>	<u>-</u>	<u>-</u>
Program Costs:			
Subcontractor services	32,833	2,167	35,000
Total Program Costs	<u>32,833</u>	<u>2,167</u>	<u>35,000</u>
Total Expenditures	<u>\$ 32,833</u>	<u>\$ 2,167</u>	<u>\$ 35,000</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, 2012

	<u>July 1, 2010 through June 30, 2011</u>	<u>July 1, 2011 through June 30, 2012</u>	<u>Totals</u>
Revenue			
Grant revenue	\$ 38,989	\$ 215,717	\$ 254,706
Total Revenue	<u>\$ 38,989</u>	<u>\$ 215,717</u>	<u>\$ 254,706</u>
Expenditures			
Administrative Costs:			
Operating expenses	\$ 5,370	\$ 8,746	\$ 14,116
Subcontractor services	4,450	10,163	14,613
Total Administrative Costs	<u>9,820</u>	<u>18,909</u>	<u>28,729</u>
Program Costs:			
Salaries and wages	-	16,081	16,081
Fringe benefits	-	3,767	3,767
Operating expenses	3,871	58,962	62,833
Subcontractor services	25,298	117,998	143,296
Total Program Costs	<u>29,169</u>	<u>196,808</u>	<u>225,977</u>
Total Expenditures	<u>\$ 38,989</u>	<u>\$ 215,717</u>	<u>\$ 254,706</u>

COUNTY OF TEHAMA
Supplemental Statement of Revenue and Expenditure
CSD Contract No. 11F-4293 (CSBG)
For the Period July 1, 2011 Through June 30, 2012

	<u>July 1, 2011 through June 30, 2012</u>	<u>Totals</u>
Revenue		
Grant revenue	\$ 1,793	\$ 1,793
Total Revenue	<u>\$ 1,793</u>	<u>\$ 1,793</u>
Expenditures		
Administrative Costs:		
Operating expenses	\$ 2,000	\$ 2,000
Total Administrative Costs	<u>2,000</u>	<u>2,000</u>
Program Costs:		
Salaries and wages	2,000	2,000
Operating expenses	16,000	16,000
Subcontractor services	<u>20,000</u>	<u>20,000</u>
Total Program Costs	<u>38,000</u>	<u>38,000</u>
Total Expenditures	<u>\$ 40,000</u>	<u>\$ 40,000</u>

COUNTY OF TEHAMA
Supplemental Statement of Revenue and Expenditure
CSD Contract No. 12F-4449 (CSBG)
For the Period of January 1 Through June 30, 2012

	<u>January 1 through June 30, 2012</u>	<u>Totals</u>
Revenue		
Grant revenue	\$ 79,782	\$ 79,782
Total Revenue	<u>\$ 79,782</u>	<u>\$ 79,782</u>
Expenditures		
Administrative Costs:		
Operating expenses	\$ 2,918	\$ 2,918
Subcontractor services	<u>3,518</u>	<u>3,518</u>
Total Administrative Costs	<u>6,436</u>	<u>6,436</u>
Program Costs:		
Salaries and wages	12,162	12,162
Fringe benefits	2,723	2,723
Operating expenses	13,164	13,164
Subcontractor services	<u>27,566</u>	<u>27,566</u>
Total Program Costs	<u>55,615</u>	<u>55,615</u>
Total Expenditures	<u>\$ 62,051</u>	<u>\$ 62,051</u>