

**COUNTY OF COLUSA,  
CALIFORNIA**



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

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

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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 the Grand Jury  
County of Colusa  
Colusa, 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 Colusa, 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 March 27, 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 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. (11-FS-01 and 11-FS-02) 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.

We also noted other matters that we reported to management of the County in a separate report dated March 27, 2012.

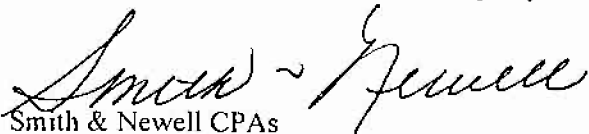
Board of Supervisors and the Grand Jury  
County of Colusa  
Colusa, California

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 responses to the findings identified in our audit are 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 them.

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

A handwritten signature in cursive script, appearing to read "Smith & Newell", is written over the printed name of the firm.

Smith & Newell CPAs  
Yuba City, California  
March 27, 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**

Board of Supervisors and the Grand Jury  
County of Colusa  
Colusa, California

Compliance

We have audited the County of Colusa, 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. 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 are described in the accompanying Schedule of Findings and Questioned Costs as items 11-SA-01 and 11-SA-02.

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.

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.

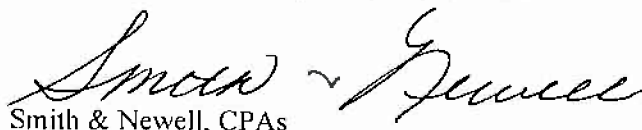
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did 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 Colusa, California, as of and for the year ended June 30, 2011, and have issued our report thereon dated March 27, 2012. Our audit was performed for the purpose 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.

The County's responses to the findings identified in our audit are 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 them.

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  
March 27, 2012



**COUNTY OF COLUSA**  
**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>
<b>U.S. Department of Agriculture</b>			
Passed through State Department of Social Services: Supplemental Nutrition Assistance Program	10.551	-	\$ 2,639,569
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	-	274,025
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	-	<u>536</u>
<b>Subtotal 10.561</b>			<u>274,561</u>
Passed through State Controller's Office Schools and Roads - Grants to States	10.665	-	<u>80,670</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,994,800</u>
<b>Department of Housing and Urban Development</b>			
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 STBG 5163	166,053
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	-	1,500
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	-	<u>1,604,050</u>
<b>Subtotal 14.228</b>			<u>1,771,603</u>
Home Investment Partnerships Program	14.239	-	<u>173,765</u>
<b>Total Department of Housing and Urban Development</b>			<u>1,945,368</u>
<b>U.S. Department of the Interior</b>			
Direct Program: Payments in Lieu of Taxes	15.226	-	163,188
Fish and Wildlife Management Assistance	15.608	-	<u>27,628</u>
<b>Total U.S. Department of the Interior</b>			<u>190,816</u>
<b>U.S. Department of Justice</b>			
Direct Program: Drug Court Discretionary Grant Program	16.585	2010-18	20,000
Drug Court Discretionary Grant Program	16.585	2011-19	<u>4,642</u>
<b>Subtotal 16.585</b>			<u>24,642</u>
Public Safety Partnership and Community Policing Grants	16.710	2010-UM-WX-0026	71,614

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF COLUSA**  
**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>
<b>U.S. Department of Justice (Continued)</b>			
Direct Program:			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-1860	\$ 13,112
Passed through State Emergency Management Agency:			
Crime Victim Assistance	16.575	VW 1015 0060	48,006
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC 1023 0060	129,948
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	ZA 0901 0060	149,229
<b>Total U.S. Department of Justice</b>			<u>436,551</u>
<b>U.S. Department of Transportation</b>			
Passed through Federal Aviation Administration:			
Airport Improvement Program	20.106	AIP 3-06-0048-11	73,027
Airport Improvement Program	20.106	AIP 3-06-0048-12	24,253
Passed through State Department of Housing and Community Development:			
<b>Subtotal 20.106</b>			<u>97,280</u>
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BR-NBIL (509)	37,035
Highway Planning and Construction	20.205	BRLO-5915 (044)	14,481
Highway Planning and Construction	20.205	BRLO-5915 (045)	228,747
Highway Planning and Construction	20.205	BRLO-5915 (048)	35,747
Highway Planning and Construction	20.205	BRLO-5915 (054)	4,597
Highway Planning and Construction	20.205	BRLO-5915 (055)	4,358
Highway Planning and Construction	20.205	BRLO-5915 (056)	7,251
Highway Planning and Construction	20.205	SPOA-5915 (063)	9,560
<b>Subtotal 20.205</b>			<u>341,776</u>
<b>Total U.S. Department of Transportation</b>			<u>439,056</u>
<b>Institute of Museum and Library Services</b>			
Direct Program:			
Grants to States	45.310	40-7363	2,952
<b>Total Institute of Museum and Library Services</b>			<u>2,952</u>
<b>U.S. Department of Health and Human Services</b>			
Direct Program:			
Public Health Emergency Preparedness Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.069	-	105,900
National Bioterrorism Hospital Preparedness Program	93.283	-	142,725
	93.889	-	57,755

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF COLUSA**  
**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>
<b>U.S. Department of Health and Human Services (Continued)</b>			
Passed through State Department of Aging and CSU, Chico			
Research Foundation/Area Agency on Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	IIIB-0212-10	18,005
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	IIIC-025-09	65,063
Nutrition Services Incentive Program	93.053	IIIC-025-09	8,218
Passed through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	-	21,708
Temporary Assistance for Needy Families	93.558	-	1,243,835
Child Welfare Services - State Grants	93.645	-	15,410
Social Services Block Grant	93.667	-	16,382
Chafee Foster Care Independence Program	93.674	-	21,780
ARRA Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	-	95,056
Foster Care - Title IV-E	93.658	-	597,339
ARRA - Foster Care - Title IV-E	93.658	-	16,317
<b>Subtotal 93.658</b>			<b>613,656</b>
Adoption Assistance	93.659	-	199,249
ARRA - Adoption Assistance	93.659	-	16,347
<b>Subtotal 93.659</b>			<b>215,596</b>
Passed through State Department of Child Support Services			
Child Support Enforcement	93.563	-	439,730
ARRA - Child Support Enforcement	93.563	-	17,680
<b>Subtotal 93.563</b>			<b>457,410</b>
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Community Mental Health Services	93.958	SAMSHA	52,939
Block Grants for Prevention and Treatment of Substance Abuse	93.959	SAPT	394,658
Passed through State Department of Health Services:			
Maternal and Child Health Services Block Grant to the States	93.994	MCH	64,866
Medical Assistance Program	93.778	Foster Care Health	2,347
Medical Assistance Program	93.778	CHDP	45,923
Medical Assistance Program	93.778	CCS Adm	78,579
ARRA - Medical Assistance Program	93.778	IHSS	29,292
<b>Subtotal 93.778</b>			<b>156,141</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF COLUSA**  
**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>
<b>U.S. Department of Health and Human Services (Continued)</b>			
Passed through State Department of Community Services and Development:			
ARRA - Community Services Block Grant	93.569	09F-5112	\$ 1,374
Community Services Block Grant	93.569	10F-4012	2,599
Community Services Block Grant	93.569	11F-4212	<u>2,931</u>
<b>Subtotal 93.569</b>			<u>6,904</u>
<b>Total Department of Health and Human Services</b>			<u>3,774,007</u>
<b>Department of Homeland Security</b>			
Passed through State Office of Emergency Services:			
Emergency Management Performance Grants	97.042	2010-0044	37,970
Interoperable Emergency Communications	97.055	2009-015	43,000
Homeland Security Grant Program	97.067	2008-0006	40,322
Homeland Security Grant Program	97.067	2009-0019	<u>17,865</u>
<b>Subtotal 97.067</b>			<u>58,187</u>
State Homeland Security Program (SHSP)	97.073	2007-08	<u>2,104</u>
<b>Total Department of Homeland Security</b>			<u>141,261</u>
<b>Total</b>			<u>\$ 9,924,811</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF COLUSA**  
**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 Colusa. The County of Colusa 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 intergovernmental 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. PROGRAM CLUSTERS**

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>SNAP Cluster</u>		
10.551	Supplemental Nutrition Assistance Program (SNAP)	\$ 2,639,569
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program	274,025
10.561	ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	<u>536</u>
Total		<u>\$ 2,914,130</u>

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

**5. PROGRAM CLUSTERS (CONTINUED)**

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>JAG Program Cluster</u>		
16.738	Edward Byrne Memorial Justice Assistance Grant Program	\$ 129,948
16.804	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government (Direct Program)	13,112
16.804	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government (Passed through State Emergency Management Agency)	149,229
Total		<u>\$ 292,289</u>
<u>Aging Cluster</u>		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	\$ 18,005
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	65,063
93.053	Nutrition Services Incentive Program	8,218
Total		<u>\$ 91,286</u>
<u>TANF Cluster</u>		
93.558	Temporary Assistance for Needy Families	\$ 1,243,835
93.714	ARRA Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	95,056
Total		<u>\$ 1,338,891</u>

**6. 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.

<u>Program</u>	<u>Expenditures Claimed</u>			<u>Share of Expenditures Current Year</u>		
	<u>For the Period Through June 30, 2010</u>	<u>For the Year Through June 30, 2011</u>	<u>Cumulative As of June 30, 2011</u>	<u>Federal Share</u>	<u>State Share</u>	<u>County Share</u>
<u>VW10150060 - Violence Against Women</u>						
Personal services	\$ -	\$ 70,680	\$ 70,680	\$ 48,006	\$ 22,674	\$ -
Operating expenses	-	21,101	21,101	-	21,101	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 91,781</u>	<u>\$ 91,781</u>	<u>\$ 48,006</u>	<u>\$ 43,775</u>	<u>\$ -</u>

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

**6. 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
<b>DC10230060 - Anti-Drug Enforcement</b>						
Personal services	\$ -	\$ 124,301	\$ 124,301	\$ 124,301	\$ -	\$ -
Operating expenses	-	5,647	5,647	5,647	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 129,948</u>	<u>\$ 129,948</u>	<u>\$ 129,948</u>	<u>\$ -</u>	<u>\$ -</u>
<b>ZA09010060 - ADA - Enforcement Team</b>						
Personal services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	-	149,229	149,229	149,229	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 149,229</u>	<u>\$ 149,229</u>	<u>\$ 149,229</u>	<u>\$ -</u>	<u>\$ -</u>

**7. CALIFORNIA DEPARTMENT OF AGING (CDA) REPORTING REQUIREMENTS**

The terms and conditions of contracts with CDA require agencies to display state-funded expenditures discretely along with the related federal expenditures. For the fiscal year ended June 30, 2011, the County did not receive any CDA state funded grants. The following schedule is presented to comply with these requirements.

Program	Federal CFDA Number	Total Expenditures	Accrual Adjustments	Confirmed Amount
IIIB Transportation	93.044	\$ 7,499	\$ -	\$ 7,499
IIIB Transportation One Time Only	93.044	10,506	-	10,506
IIIC-1 Congregate	93.045	12,674	-	12,674
IIIC-1 Congregate One Time Only	93.045	18,520	-	18,520
IIIC-1 Congregate Nutrition Services Incentive Program	93.053	1,445	-	1,445
IIIC-2 Home Delivered Meals	92.045	25,349	3,606	28,955
IIIC-2 Home Delivered Meals One Time Only	93.045	8,520	-	8,520
IIIC-2 Home Delivered Meals, Nutrition Services Incentive	93.053	6,773	-	6,773
Total Expenditures of CDA Federal Awards		<u>\$ 91,286</u>	<u>\$ 3,606</u>	<u>\$ 94,892</u>

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

**8. LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS**

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs require servicing arrangements with the County. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Subpart B, Section 205 of the U.S. Office of Management and Budget Circular A-133, the County has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2011, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2011:

Federal CFDA	Program Title	Amount Outstanding	
		July 1, 2010	June 30, 2011
14.228	Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii	\$ 1,604,050	\$ 1,586,709
14.239	Home Investment Partnerships Program	<u>173,765</u>	<u>154,005</u>
	Total	<u>\$ 1,777,815</u>	<u>\$ 1,740,714</u>



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

**I. SUMMARY OF AUDITOR'S RESULTS**

<b>Financial Statements</b>	<b><u>Status</u></b>
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
 <b>Federal Awards</b>	
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 that are required to be reported in accordance with OMB Circular A-133 Section 510(a)?	Yes
4. Identification of major programs:	
10.551 Supplemental Nutrition Assistance Program	
10.561 State Administrative Matching Grants for Supplemental Nutrition Assistance Program	
10.561 ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	
14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	
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	
93.959 Block Grants for Prevention and Treatment of Substance Abuse	

**COUNTY OF COLUSA**  
**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?       | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No        |

**II. FINANCIAL STATEMENT FINDINGS**

- |                |          |
|----------------|----------|
| Capital Assets | 11-FS-01 |
| Solid Waste    | 11-FS-02 |

**III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

- |  |          |
|--|----------|
| 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | 11-SA-01 |
| 93.659 Adoption Assistance   | 11-SA-02 |

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

**Schedule of Significant Deficiencies**

**11-FS-01 Capital Assets**

**Condition**

During our audit we noted that the County's schedule of land contained unidentified costs incurred prior to fiscal year 1989/90 of \$311,830 and an unidentified adjustment of \$47,544 in fiscal year 1994/95. This is a repeat of a prior year finding.

**Cause**

The County has not completed a review of the historical cost or estimated historical cost of all land owned by the County.

**Criteria**

Good internal control over capital assets requires that all capital assets be properly identified and recorded.

**Effect of Condition**

Errors in the capital assets listing can result in material misstatements of the financial statements.

**Recommendation**

We recommend that the County verify that all properties owned are properly recorded at actual historical cost or estimated historical costs.

**Corrective Action Plan**

The County Auditor-Controller has developed a complete listing of all land owned by the County, which includes the Assessor parcel numbers. However, much of the land was purchased in the 1800's and in subsequent years. Detailed records regarding land purchases (date of purchase and cost of each item) were not maintained until the last twenty or thirty years. We will strive to develop a system to identify, date and value the land with the resources that we have available. We will work diligently to complete this project as time permits. This is a long-term project and will require assistance from the County Assessor and County Clerk-Recorder.

**11-FS-02 Solid Waste**

**Condition**

Although the Solid Waste enterprise fund had an increase in net assets for the year ended June 30, 2011 of \$105,681, the fund had deficit net assets of \$1,793,167 after adjusting the closure/post-closure liability. We noted that the County had adopted a pledge of revenue as a mechanism to demonstrate financial responsibility to fund the Evans Road post-closure costs, however we noted no pledge of revenue for the Stoneyford landfill. This is a repeat of a prior year finding.

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

**Schedule of Significant Deficiencies**

**11-FS-02 Solid Waste (Continued)**

**Cause**

The County Solid Waste enterprise fund has not adequately funded the closure/post-closure liability.

**Criteria**

The County is required by State and Federal laws and regulations to adequately fund or demonstrate financial responsibility for the closure/post-closure liability.

**Effect of Condition**

The Solid Waste enterprise fund has an unfunded closure/post-closure liability.

**Recommendation**

We recommend that the County continue to monitor the funding provisions for this liability to ensure that appropriate steps are taken to ultimately fund this liability. We also recommend that the County ensure that an acceptable mechanism is in place to demonstrate financial responsibility for the closure/post-closure costs for the Stonyford landfill.

**Corrective Action Plan**

We will continue to work with the Road Department, who oversees the Solid Waste Enterprise fund, to monitor the funding provisions for both the Evans Road Landfill and the Stonyford Landfill to ensure that the closure/post-closure liabilities will be covered. We will also work together on adopting a pledge of revenue mechanism for the Stonyford Landfill.

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

**11-SA-01**

**Name:** Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii  
**CFDA #:** 14.228  
**Federal Grantor:** U.S. Department of Housing and Urban Development  
**Pass Through Entity:** N/A  
**Award No.:** Various  
**Year:** 2010/2011

**Condition**

During our test of eight loan recipients, we noted for one loan recipient that the County had not verified that the loan recipient was still the owner of the home and had not vacated the home for purposes of renting the home. We also noted for four loan recipients that the County had not verified that the loan recipient had maintained fire insurance with the County named as a loss payee.

**Perspective**

The County has not monitored CDBG loans for compliance with the loan provisions.

**Criteria**

The County does not have policies and procedures for monitoring compliance with the loan provisions.

**Effect of Condition**

The County is not monitoring the CDBG loans for compliance with the loan provisions regarding default.

**Questioned Costs**

No costs are questioned.

**Recommendation**

We recommend that the County establish policies and procedures for monitoring compliance with loan provisions and develop a program to monitor compliance with loan provisions.

**Corrective Action Plan**

Beginning in FY 11/12, we have implemented internal procedures with regards to monitoring the CDBG loans on file with the County. On an annual basis, the following items are completed: 1) Check on title of outstanding loans with Clerk/Recorder for any change in ownership; 2) Verify insurance certificate with County of Colusa as loss payee in first position or additional insured if the loan is a junior lien; 3) Borrower must submit utility bills and/or other documentation to prove occupancy during term of their loan; and 4) Check with Tax Collector for past due property taxes as well as name and address changes on properties.

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

**11-SA-02**

**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:** 2010/2011

**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). The County does document eligibility on the AAP-4 by the completion of the form, which is signed by the "Authorized Official of Public Adoption Agency". However, a second signature is required on the AAP-4. The "Authorized Official of County Welfare Department" must sign the AAP-4 and check the appropriate box, which indicates FFP eligibility or non-eligibility.

On three of twenty-three cases tested, the AAP-4s were completed and signed by the "Authorized Official of Public Adoption Agency", but the AAP-4s were not signed by the "Authorized Official of County Welfare Department" (County eligibility staff).

**Perspective**

Appropriate training or review procedures concerning required forms completion was inadequate.

**Criteria**

The County is not in compliance with Title 22 California Code of Regulations Section 35331(a).

**Effect of Condition**

When the AAP-4 is not available for review or signed by the "Authorized Official of County Welfare Department" and/or the federal eligibility or non-eligibility box is not marked, the likelihood of errors in eligibility determination increase.

**Questioned Costs**

No costs are questioned. All three cases were eligible for federal Adoption Assistance. The problem was that their eligibility was not properly documented, as required, on the AAP-4.

**Recommendation**

We recommend that the County require that the AAP-4s be signed by the "Authorized Official of County Welfare Department" (County eligibility staff) and that this person check the appropriate box showing determination of FFP eligibility on the bottom of this form. We also recommend that the County incorporate into their review process procedures to ensure that the AAP-4s are properly completed and executed.

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

**11-SA-02 (Continued)**

**Corrective Action Plan**

The County held training for both of the Aid to Adoption Eligibility Workers on the correct completion of the AAP-4 (signature of the County eligibility staff and the completion of the “fed/non-eligibility” box). The correct completion of the AAP-4 has been incorporated into the review process for our Aid to Adoptions cases.

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

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
<b>10-FS-01</b>	<p><b>Statement on Auditing Standards No. 112 and 115</b></p> <p><b>Recommendation</b></p> <p>We recommend that the County provide training opportunities for its accounting staff that would enable them to become more familiar with the general disclosure requirements. This training should include, but is not limited to, the use of a disclosure checklist, which provides guidance to the financial statement's content and whether a necessary disclosure has been overlooked. The County may find that the costs outweigh the benefits to adhere to this standard. No action will continue to result in a significant deficiency in the County's internal controls over the preparation of the financial statements.</p> <p><b>Status</b></p> <p>Implemented</p>
<b>10-FS-02</b>	<p><b>Capital Assets</b></p> <p><b>Recommendation</b></p> <p>We recommend that the County identify all properties owned, the date of purchase and cost of each item.</p> <p><b>Status</b></p> <p>Not Implemented</p>
<b>10-FS-03</b>	<p><b>Solid Waste</b></p> <p><b>Recommendation</b></p> <p>We recommend that the County review the funding provisions for this liability and determine what action is necessary to adequately fund the closure/post-closure liability and whether a pledge of revenue has been adopted to fund the post-closure liability for both landfill sites.</p> <p><b>Status</b></p> <p>In Progress</p>



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

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
<b>10-FS-04</b>	<b>Recording Internal Service Fund - Insurance</b>  <b>Recommendation</b>  We recommend that the activity in the Trindel JPA be recorded in the County general ledger  <b>Status</b>  Implemented

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