

COUNTY OF NAPA
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2006

PAMELA A. KINDIG
AUDITOR-CONTROLLER

COUNTY OF NAPA

Single Audit Report
For the Year Ended June 30, 2006

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

Board of Supervisors and Grand Jury
County of Napa
Napa, 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 Napa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 14, 2006. 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

In planning and performing our audit, we considered the County of Napa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the County of Napa in a separate letter dated September 14, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Napa'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

Board of Supervisors and Grand Jury
County of Napa
Napa, California

Compliance and Other Matters (continued)

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*.

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, and 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.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

Bartig Basler & Ray, LLP

Roseville, California
September 14, 2006



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Supervisors and Grand Jury
County of Napa
Napa, California

Compliance

We have audited the compliance of the County of Napa, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The County of Napa'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, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Napa's management. Our responsibility is to express an opinion on the County of Napa'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 of Napa'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 on the County of Napa's compliance with those requirements.

In our opinion, the County of Napa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Board of Supervisors and Grand Jury
County of Napa
Napa, California

Internal Control Over Compliance

The management of the County of Napa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Napa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County of Napa's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 06-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs which we have reported to management in a separate letter dated September 14, 2006.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and business-type activities, each major fund, and the aggregate remaining fund information of the County of Napa as of and for the year ended June 30, 2006, and have issued our report thereon dated September 14, 2006. Our audit was performed for the purpose of forming 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.

Board of Supervisors and Grand Jury
County of Napa
Napa, California

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, and 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.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

A handwritten signature in black ink that reads "Bartig Basler & Ray, LLP". The signature is written in a cursive, flowing style.

Roseville, California
September 14, 2006

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Disbursements/ Expenditures |
|---|---------------------------|-------------------------------------|--------------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| Direct Programs: | | | |
| Wildland Urban Interface Plan | 10.664 | -- | \$ 115,618 |
| Passed through State Department of Social Services: | | | |
| State Administrative Matching Grants for Food Stamp Program | 10.561 * | -- | 570,516 |
| Food Stamps | 10.551 * | -- | 3,167,934 |
| Subtotal Pass-Through | | | <u>3,738,450</u> |
| Passed through State Department of Education: | | | |
| School Breakfast Program | 10.553 | -- | 17,646 |
| National School Lunch Program | 10.555 | -- | 29,451 |
| Subtotal Pass-Through | | | <u>47,097</u> |
| Passed through State Department of Health Services: | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | -- | <u>538,547</u> |
| Total U.S. Department of Agriculture | | | <u>\$ 4,439,712</u> |
| <u>U.S. Department of Commerce</u> | | | |
| Direct Program: | | | |
| National Oceanic & Atmospheric Administration | 11.419 | NA170Z2067 | \$ 6,022 |
| Total U.S. Department of Commerce | | | <u>\$ 6,022</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Passed through State Department of Health Services: | | | |
| Housing Opportunities for Persons with AIDS (HOPWA) | 14.241 | -- | \$ 31,125 |
| Passed through State Department of Housing and Community Development: | | | |
| Community Development Block Grant/State's Program: | | | |
| Train Grant | 14.228 | CA01B417220 | <u>101,524</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>\$ 132,649</u> |

* Major Program

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Disbursements/ Expenditures |
|---|---------------------------|-------------------------------------|--------------------------------|
| <u>U.S. Department of Interior</u> | | | |
| Passed through State Department of Forestry and Fire Protection: | | | |
| Wildland Urban Interface Plan | 15.228 | -- | \$ 135,605 |
| Total U.S. Department of Interior | | | \$ 135,605 |
| <u>U.S. Department of Justice</u> | | | |
| Direct Programs: | | | |
| Drug Enforcement Administration | 16.000 | 2005-2006 SF6A 4106028 | \$ 15,000 |
| State Criminal Alien Assistance Program | 16.606 | -- | 184,611 |
| Bulletproof Vest Partnership Program | 16.607 | -- | 4,012 |
| COPS Grant | 16.710 | -- | 174,980 |
| Subtotal Direct | | | <u>378,603</u> |
| Passed through State Office of Emergency Services: | | | |
| Violence against Women Vertical Prosecution Program | 16.588 | VV04060280 | 50,645 |
| Anti-Drug Abuse Grant | 16.579 | DC05167400 | 196,575 |
| Subtotal Pass-Through | | | <u>247,220</u> |
| Passed through State Department of Corrections and Rehabilitation: | | | |
| Juvenile Accountability Block Grant - Set Aside | 16.523 | CSA#194-05 | 3,329 |
| Juvenile Accountability Block Grant - Napa Community Youth Diversion Program | 16.523 | CSA#184-05 | 11,157 |
| Subtotal Pass-Through | | | <u>14,486</u> |
| Total U.S. Department of Justice | | | \$ 640,309 |
| <u>U.S. Department of Labor</u> | | | |
| Direct Programs: | | | |
| Project INCLUSION (Year 4) | 17.000 | E-9-4-3-0077 | \$ 253,135 |
| Project INCLUSION (Year 5) | 17.000 | E-9-4-3-0077 | 266,447 |
| Subtotal Direct | | | <u>519,582</u> |

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Disbursements/ Expenditures |
|---|---------------------------|-------------------------------------|--------------------------------|
| <u>U.S. Department of Labor (continued)</u> | | | |
| Passed through State Employment Development Department: | | | |
| WIA Adult Program: | | | |
| WIA - Adult | 17.258 | -- | \$ 219,968 |
| WIA - Health Care Initiative Wagner Peyser | 17.258 | -- | 25,696 |
| WIA - Health Care Initiative Non-Wagner Peyser | 17.258 | -- | 78,550 |
| WIA - Adult | 17.258 | R692487 | 12,346 |
| WIA - Incentive | 17.258 | R588736 | 2,691 |
| WIA - Compass/Choice | 17.258 | R692487 | 196,517 |
| WIA Youth Activities: | | | |
| WIA - Youth | 17.259 | -- | 133,689 |
| WIA - Youth | 17.259 | R692487 | 12,915 |
| WIA Dislocated Workers: | | | |
| WIA - Dislocated Worker | 17.260 | -- | 123,045 |
| WIA - Rapid Response | 17.260 | R692487 | 21,849 |
| WIA - Rapid Response | 17.260 | -- | 201,724 |
| WIA - Other Programs: | | | |
| Regional Incentive Funding | 17.000 | -- | 14,000 |
| Subtotal Pass-Through | | | <u>1,042,990</u> |
| Total U.S. Department of Labor | | | <u>\$ 1,562,572</u> |
| <u>U.S. Department of Transportation</u> | | | |
| Direct Program: | | | |
| Airport Improvement Program | 20.106 | -- | <u>\$ 2,832,866</u> |
| Passed through State Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 * | CML 5921 (023) | \$ 40,584 |
| Highway Planning and Construction | 20.205 * | BRLO 05921 (010) | 82,439 |
| Highway Planning and Construction | 20.205 * | STPLR 5921 (034) | 346,169 |
| Highway Planning and Construction | 20.205 * | STPL 5921 (035) | 649,058 |
| Highway Planning and Construction (Silverado Trail Rehab II) | 20.205 * | -- | 10,501 |

* Major Program

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Disbursements/ Expenditures |
|--|---------------------------|-------------------------------------|--------------------------------|
| <u>U.S. Department of Transportation (continued)</u> | | | |
| Passed through State Department of Transportation (continued): | | | |
| Highway Planning and Construction | 20.205 * | STPL 5921 (019) | \$ 67,363 |
| Highway Planning and Construction (Wooden Valley Rehab) | 20.205 * | -- | 16,354 |
| Subtotal Pass-Through | | | <u>1,212,468</u> |
| Total U.S. Department of Transportation | | | <u>\$ 4,045,334</u> |
| <u>U.S. National Foundation on the Arts and the Humanities</u> | | | |
| Passed through California State Library: | | | |
| Public Library Staff Education Program | 45.310 | 40-6492 | \$ 10,623 |
| Reach Out and Read | 45.310 | 40-6544 | 7,600 |
| Total U.S. National Foundation on the Arts and the Humanities | | | <u>\$ 18,223</u> |
| <u>U.S. Environmental Protection Agency</u> | | | |
| Passed through State Water Resources Control Board: | | | |
| Local Oversight Program for Leaking USTs | 66.804 | -- | \$ 87,909 |
| Local Oversight Program for Leaking USTs | 66.804 | -- | 63,454 |
| Total U.S. Environmental Protection Agency | | | <u>\$ 151,363</u> |
| <u>U.S. Department of Education</u> | | | |
| Passed through State Department of Alcohol and Drug Programs: | | | |
| Safe Schools - Healthy Start | 84.184 | -- | \$ 78,484 |
| Safe and Drug Free Schools Grant | 84.186 | SDF03-37 | 91,044 |
| Total U.S. Department of Education | | | <u>\$ 169,528</u> |
| <u>U.S. Election Assistance Commission</u> | | | |
| Passed through Secretary of State: | | | |
| Help America Vote Act Requirements Payments | 90.401 | 05GR301028 | \$ 516,425 |
| Total U.S. Election Assistance Commission | | | <u>\$ 516,425</u> |

* Major Program

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Disbursements/ Expenditures |
|---|---------------------------|-------------------------------------|--------------------------------|
| <u>U.S. Department of Health and Human Services</u> | | | |
| Passed through State Department of Social Services: | | | |
| Temporary Assistance for Needy Families: | | | |
| Temporary Assistance for Needy Families - Social Services | 93.558 | -- | \$ 4,017,023 |
| Foster Care – Title IV-E: | | | |
| Foster Care – Title IV-E - Social Services | 93.658 * | -- | 1,630,062 |
| Foster Care – Title IV-E - Probation | 93.658 * | -- | 569,863 |
| Subtotal CFDA 93.658 | | | <u>2,199,925</u> |
| Social Services Block Grant: | | | |
| CWS Title XX | 93.667 | -- | 555,380 |
| Licensing Title XX | 93.667 | -- | 15,108 |
| Subtotal CFDA 93.667 | | | <u>570,488</u> |
| Promoting Safe & Stable Families | 93.556 | -- | 135,233 |
| Refugee and Entrant Assistance - State Programs | 93.566 | -- | 4,122 |
| Community Based Family Resource and Support Grants | 93.590 | -- | 13,813 |
| Child Welfare Services – State Grants | 93.645 | -- | 37,495 |
| Adoption Assistance Program | 93.659 | -- | 464,170 |
| Independent Living Program | 93.674 | -- | 67,229 |
| Subtotal | | | <u>722,062</u> |
| Subtotal Pass-Through | | | <u>7,509,498</u> |
| Passed through California Department of Child Support Services: | | | |
| Child Support Enforcement | 93.563 | -- | <u>2,675,775</u> |
| Passed through State Department of Health Services: | | | |
| Medical Assistance Programs: | | | |
| Medical Assistance Program - Social Services | 93.778 * | -- | 1,778,530 |
| Medi-Cal Administrative Activities | 93.778 * | -- | 529,730 |
| Subtotal CFDA 93.778 | | | <u>2,308,260</u> |

* Major Program

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Disbursements/ Expenditures |
|---|---------------------------|-------------------------------------|--------------------------------|
| <u>U.S. Department of Health and Human Services (continued)</u> | | | |
| Passed through State Department of Health Services (continued): | | | |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | -- | \$ 83,277 |
| Health Resource Service Administration | 93.889 | -- | 188,780 |
| Ryan White CARE | 93.917 | -- | 31,321 |
| Preventive Health And Health Services Block Grant | 93.991 | -- | 5,564 |
| HIV: Education and Prevention | 93.145 | -- | 122,880 |
| Centers For Disease Control: Bioterrorism | 93.283 | -- | 348,161 |
| Subtotal Pass-Through | | | <u>3,088,243</u> |
| Passed through State Department of Mental Health: | | | |
| Substance Abuse and Mental Health Services Administration | | | |
| Administration Programs: | | | |
| SAMHSA: Block Grant | 93.958 | -- | 181,907 |
| SAMHSA: Dual Diagnosis | 93.958 | -- | 69,089 |
| Subtotal CFDA 93.958 | | | <u>250,996</u> |
| Medi-Cal Administrative Activities | 93.778 * | -- | 152,003 |
| Projects for Assistance in Transition from | | | |
| Homelessness (PATH) | 93.150 | -- | 40,761 |
| Subtotal Pass-Through | | | <u>443,760</u> |
| Passed through State Department of Alcohol and Drug | | | |
| Programs: | | | |
| Block Grants for Prevention and Treatment of Substance | | | |
| Abuse (SAPT) | 93.959 | -- | <u>1,049,388</u> |
| Total U.S. Department of Health and Human Services | | | <u>\$ 14,766,664</u> |
| <u>U.S. Department of Homeland Security</u> | | | |
| Direct Program: | | | |
| Assistance to Firefighters Grant | 97.044 | W2005FG 08516 | <u>\$ 720,000</u> |
| Passed through Office of Emergency Services: | | | |
| Homeland Security Grant Program | 97.067 | 2004-45 | 224,187 |
| Homeland Security Grant Program | 97.067 | 2005-15 | 330,775 |
| Subtotal CFDA 97.067 | | | <u>554,962</u> |

* Major Program

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

| <u>Federal Grantor/Pass-Through Grantor/ Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Disbursements/ Expenditures</u> |
|--|------------------------------------|--|--|
| <u>U.S. Department of Homeland Security (continued)</u> | | | |
| Passed through Office of Emergency Services: | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 * | -- | \$ 2,165,595 |
| FY05 Emergency Management Preparedness Grant | 97.042 | EMF-2005-GR-0402 | 54,147 |
| Subtotal Pass-Through | | | <u>2,774,704</u> |
| Total U.S. Department of Homeland Security | | | <u>\$ 3,494,704</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 30,079,110</u> |

* Major Program

COUNTY OF NAPA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2006

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Napa. The County of Napa's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is sometimes prepared on a basis other than that used to record transactions in the accounting records and as reported in the basic financial statements (such as cash basis). The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

Note 4: **Subrecipients**

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

| <u>Federal</u> <u>CFDA</u> | <u>Subrecipient</u> | <u>Amount</u> |
|-------------------------------|--------------------------------|---------------|
| 17.000 (WIA Cluster) | Training and Employment Center | \$ 730,626 |

Note 5: **Loans Outstanding**

No program had any federally-funded loans outstanding at June 30, 2006.

COUNTY OF NAPA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 6: **Program Clusters**

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

| <u>Federal</u> | <u>Program Title</u> | <u>Federal</u> |
|-------------------------------------|---|---------------------|
| <u>CFDA</u> | | <u>Expenditures</u> |
| <u>Food Stamp Cluster:</u> | | |
| 10.551 | Food Stamps | \$ 3,167,934 |
| 10.561 | State Administrative Matching Grants for Food Stamp Program | <u>570,516</u> |
| | Total | <u>\$ 3,738,450</u> |
| <u>Child Nutrition Network:</u> | | |
| 10.553 | School Breakfast Program | \$ 17,646 |
| 10.555 | National School Lunch Program | <u>29,451</u> |
| | Total | <u>\$ 47,097</u> |
| <u>WIA Cluster</u> | | |
| 17.258 | WIA – Adult | \$ 219,968 |
| 17.258 | WIA - Health Care Initiative Wagner Peyser | 25,696 |
| 17.258 | WIA - Health Care Initiative Non-Wagner Peyser | 78,550 |
| 17.258 | WIA - Adult | 12,346 |
| 17.258 | WIA - Incentive | 2,691 |
| 17.258 | WIA - Compass/Choice | 196,517 |
| 17.259 | WIA - Youth | 133,689 |
| 17.259 | WIA - Youth | 12,915 |
| 17.260 | WIA - Dislocated Worker | 123,045 |
| 17.260 | WIA - Rapid Response | 21,849 |
| 17.260 | WIA - Rapid Response | 201,724 |
| 17.000 | Regional Incentive Funding | 14,000 |
| 17.000 | Project INCLUSION (Year 4) | 253,135 |
| 17.000 | Project INCLUSION (Year 5) | <u>266,447</u> |
| | Total | <u>\$ 1,562,572</u> |

COUNTY OF NAPA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 7: **Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County 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.

Note 8: **Total Federal Awards Expended by CFDA Number**

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards presents totals of all programs under the one CFDA number. Occasionally, however, this total could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the Schedule, but instead is provided below:

| <u>CFDA No.</u> | <u>Total Federal Expenditures</u> |
|-----------------|-----------------------------------|
| 93.778 | \$ 2,460,263 |

COUNTY OF NAPA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 9: **Office of Emergency Services**

The following represents expenditures for Office of Emergency Services (OES) programs for the year ended June 30, 2006. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

| Program | Expenditures Claimed | | | Share of Expenditures Current Year | | |
|---|--------------------------------------|----------------------------------|--------------------------------|------------------------------------|-------------------|------------------|
| | For the Period Through June 30, 2005 | For the Year Ended June 30, 2006 | Cumulative As of June 30, 2006 | Federal Share | State Share | County Share |
| <u>VV04060280 - Violence Against Women Vertical Prosecution</u> | | | | | | |
| Personal services | \$ 101,291 | \$ 67,526 | \$ 168,817 | \$ 50,645 | \$ -- | \$ 16,881 |
| Operating expenses | -- | -- | -- | -- | -- | -- |
| Equipment | -- | -- | -- | -- | -- | -- |
| Totals | <u>\$ 101,291</u> | <u>\$ 67,526</u> | <u>\$ 168,817</u> | <u>\$ 50,645</u> | <u>\$ --</u> | <u>\$ 16,881</u> |
| <u>DC05167400 - Anti-Drug Abuse</u> | | | | | | |
| Personal services | \$ -- | \$ 121,492 | \$ 121,492 | \$ 121,492 | \$ -- | \$ -- |
| Operating expenses | -- | 75,083 | 75,083 | 75,083 | -- | -- |
| Equipment | -- | -- | -- | -- | -- | -- |
| Totals | <u>\$ --</u> | <u>\$ 196,575</u> | <u>\$ 196,575</u> | <u>\$ 196,575</u> | <u>\$ --</u> | <u>\$ --</u> |
| <u>VB05030280 - Vertical Prosecution</u> | | | | | | |
| Personal services | \$ -- | \$ 101,972 | \$ 101,972 | \$ -- | \$ 101,972 | \$ -- |
| Operating expenses | -- | -- | -- | -- | -- | -- |
| Equipment | -- | -- | -- | -- | -- | -- |
| Totals | <u>\$ --</u> | <u>\$ 101,972</u> | <u>\$ 101,972</u> | <u>\$ --</u> | <u>\$ 101,972</u> | <u>\$ --</u> |
| <u>HT03030210 - High Tech Theft Apprehension (HITAP) and HD03030210 - ID Theft</u> | | | | | | |
| Personal services | \$ 1,081 | \$ 107,741 | \$ 108,822 | \$ -- | \$ 84,493 | \$ 23,248 |
| Operating expenses | -- | 10,758 | 10,758 | -- | 8,059 | 2,699 |
| Equipment | -- | -- | -- | -- | -- | -- |
| Totals | <u>\$ 1,081</u> | <u>\$ 118,499</u> | <u>\$ 119,580</u> | <u>\$ --</u> | <u>\$ 92,552</u> | <u>\$ 25,947</u> |
| <u>GV05010280 - Gang Violence Suppression</u> | | | | | | |
| Personal services | \$ -- | \$ 125,887 | \$ 125,887 | \$ -- | \$ 112,774 | \$ 13,113 |
| Operating expenses | -- | -- | -- | -- | -- | -- |
| Equipment | -- | 17,920 | 17,920 | -- | 17,920 | -- |
| Totals | <u>\$ --</u> | <u>\$ 143,807</u> | <u>\$ 143,807</u> | <u>\$ --</u> | <u>\$ 130,694</u> | <u>\$ 13,113</u> |

COUNTY OF NAPA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 10: **Department of Corrections and Rehabilitation**

The following represents expenditures for Department of Corrections and Rehabilitation programs for the year ended June 30, 2006. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

| Program | Expenditures Claimed | | | Share of Expenditures Current Year | | |
|---|---|--|--------------------------------------|---------------------------------------|----------------|-----------------|
| | For the Period Through June 30, 2005 | For the Year Ended June 30, 2006 | Cumulative As of June 30, 2006 | Federal Share | State Share | County Share |
| | Juvenile Accountability Block Grant - CSA#194-05 | | | | | |
| Personal services | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |
| Operating expenses | -- | 3,329 | 3,329 | 3,329 | - | - |
| Equipment | -- | -- | -- | -- | -- | -- |
| Totals | <u>\$ --</u> | <u>\$ 3,329</u> | <u>\$ 3,329</u> | <u>\$ 3,329</u> | <u>\$ --</u> | <u>\$ --</u> |
| Juvenile Accountability Block Grant - CSA#184-05 | | | | | | |
| Personal services | \$ -- | \$ 11,157 | \$ 11,157 | \$ 11,157 | \$ -- | \$ -- |
| Operating expenses | -- | -- | -- | - | - | - |
| Equipment | -- | -- | -- | -- | -- | -- |
| Totals | <u>\$ --</u> | <u>\$ 11,157</u> | <u>\$ 11,157</u> | <u>\$ 11,157</u> | <u>\$ --</u> | <u>\$ --</u> |

COUNTY OF NAPA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

Note 11: **California Department of Justice Grants**

The following represents expenditures for California Department of Justice grant for the year ended June 30, 2006.

| Program | Budget | Expenditures Claimed | | | Share of Expenditures Current Year | | |
|--|--------------|--|--|--------------------------------------|---------------------------------------|------------------|-----------------|
| | | For the Period Through June 30, 2005 | For the Year Ended June 30, 2006 | Cumulative As of June 30, 2006 | Federal Share | State Share | County Share |
| <u>05SA12D016 - Spousal Abuser Prosecution</u> | | | | | | | |
| Personal services | \$ -- | \$ -- | \$ 39,295 | \$ 39,295 | \$ -- | \$ 33,261 | \$ 6,034 |
| Operating expenses | -- | -- | -- | -- | -- | -- | -- |
| Equipment | -- | -- | -- | -- | -- | -- | -- |
| Totals | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 39,295</u> | <u>\$ 39,295</u> | <u>\$ --</u> | <u>\$ 33,261</u> | <u>\$ 6,034</u> |

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes |
| 4. Identification of major programs: | |

CFDA Number

Name of Federal Program

Food Stamp Cluster:

| | |
|--------|--|
| 10.551 | Food Stamps |
| 10.561 | State Administrative Matching Grants for Food Stamp Program |
| 20.205 | Highway Planning and Construction |
| 93.658 | Foster Care – Title IV-E |
| 93.778 | Medical Assistance Program |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) |

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

Section 1 (continued)

Federal Awards (continued)

- | | |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 902,373 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes |

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

| | |
|----------------------|--------------|
| CFDA 10.551 & 10.561 | Finding 06-1 |
|----------------------|--------------|

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

| <u>Finding/Program</u> | <u>Findings/Noncompliance</u> |
|------------------------------|---|
| Finding 06-1 | <i>Compliance Requirement: Special Tests</i> <i>Reporting Requirement: Reportable Condition.</i> |
| CFDA 10.551 & 10.561 | <u>Criteria</u> California Department of Social Services Manual (California–DSS- Manual-EBT), §16-410.1 “Food Stamp and Cash Reconciliation Process” provides that for the Food Stamp Program, “the county shall on a daily basis reconcile benefits entering into the EBT system with the county’s eligibility system.” As well, §16-410.1.14 provides that: “within an EBT system the county shall reconcile between the three interrelated but independent accounting systems: .141 the County’s eligibility system that is issuing benefits electronically and creating obligations; .142 The EBT Contractor’s EBT system that is managing the recipient benefits accounts and outstanding obligations; .142 The funding system that is managing the funds required for settling the outstanding obligations. |
| Award No. n/a Year: 05/06 | Further, 7 CFR § 274.12 (j)(1) requires that reconciliations be conducted and records kept documenting the various reconciliation procedures including, but not limited to, the following: “(v) reconciliation of total funds entered into . . . the system each day.” The County eligibility system controls funds entering into the Food Stamp EBT system. |
| | <u>Condition</u> We inquired about the daily reconciliations between the EBT system and the county’s eligibility system (ISAWS) and were informed that the daily reconciliations were being done but there was no documentation available to show this procedure was performed. The County believes that the required reconciliations are performed within the SARs system. We understand that those items that make up the difference between SARs and ISAWs must be reconciled by the County on a daily basis. |
| | <u>Questioned Costs</u> No costs are questioned. |

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

| <u>Finding/Program</u> | <u>Findings/Noncompliance</u> |
|--|--|
| Finding 06-1 (continued) CFDA 10.551 & 10.561 | <p><u>Perspective</u></p> <p>Our review of monthly DFA 885 reports and supporting documentation did confirm that reconciliations were being performed on a monthly basis in the process of completing the required reports.</p> <p><u>Effect of Condition</u></p> <p><i>Daily</i> reconciliations are federally mandated. Good internal controls require that the Food Stamp EBT daily reconciliation be documented. If documentation is not kept, cumulative reconciliations could become difficult to perform and errors could more easily go undetected.</p> <p><u>Recommendation</u></p> <p>We recommend that the county document its daily EBT Food Stamp reconciliations. The county might consider using a spreadsheet which cumulatively shows the reconciliations, along with maintaining the backup on reconciling items for at least one year.</p> <p><u>Corrective Action Plan</u></p> <p>The County will implement a process that documents its daily EBT Food Stamp reconciliations effective immediately. The county will maintain a spreadsheet which documents the transactions daily. Monthly, at final reconciliation, any variances noted will be resolved prior to being signed, dated and reviewed by a supervisor. The spreadsheet and all supporting documentation will be maintained for a minimum of one year. The corrective action plan will be implemented retroactively December 1, 2006.</p> <p>Lenee Connelly will be the supervisor signing the monthly reconciliation. Her phone number is (707) 253-4644.</p> |

COUNTY OF NAPA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

| Audit Reference Number | Status of Prior Year Audit Findings |
|---------------------------------------|--|
| Finding 05-1 | <u>Recommendation</u> |
| Foster Care Title IV-E CFDA 93.658 | <p>We recommend that the County review the annual requirement of the obtaining “reasonable efforts to finalize the permanency plan” orders with County personnel who initiate Foster Care proceedings and request Permanency Plan Orders from the Court.</p> <p>We further recommend that the County review its internal controls for tracking “reasonable efforts to finalize the permanency plan” orders. The County should determine why the current internal control system did not detect the fact that the Permanency Plan Orders were not timely obtained in these two exception cases.</p> <p style="text-align: center;"><u>Status Finding</u></p> <p>Implemented.</p> |
| Finding 05-2 | <u>Recommendation</u> |
| Foster Care Title IV-E CFDA 93.658 | <p>We recommend that the County review the requirement of obtaining orders which contain the three Initial IV-E Findings for Federal Foster Care eligibility with County personnel who initiate Foster Care proceedings and request these IV-E findings from the Court.</p> <p>We further recommend that the County review its internal controls for tracking the three Initial IV-E Findings which are required for Federally-funded Foster Care assistance.</p> <p style="text-align: center;"><u>Status of Finding</u></p> <p>The Single Audit Report for the year ended June 30, 2005, was amended, deleting Finding 05-2, when a transcript of the court hearing was obtained and it revealed that the Initial IV-E Findings were orally announced by the Court but not correctly recorded in the Order by the Court Clerk.</p> <p>Finding 05-2 is, therefore, no longer valid and was, thus, removed from the report by amendment.</p> |