

COUNTY OF NAPA
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2010

TRACY A. SCHULZE
AUDITOR-CONTROLLER

COUNTY OF NAPA

Single Audit Report
For the Year Ended June 30, 2010

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

Board of Supervisors and Grand Jury
County of 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, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 17, 2010. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 County'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.

Board of Supervisors and Grand Jury
County of Napa

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 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 County management, the Board of Supervisors, 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.

Gallina LLP

Roseville, California
December 17, 2010



**INDEPENDENT AUDITOR'S 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, California (the County), 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, 2010. 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, regulations, 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, 2010. 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 10-SA-1, 10-SA-2, and 10-SA-3.
Board of Supervisors and Grand Jury
County of Napa

Internal Control Over Compliance

The management of the County 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's internal control over compliance with the 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 10-SA-1 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 10-SA-2 and 10-SA-3 to be significant deficiencies.

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

Board of Supervisors and Grand Jury
County of Napa

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 as of and for the year ended June 30, 2010, and have issued our report thereon dated December 17, 2010. 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.

The attached Supplementary Schedule of the California Emergency Management Agency Grant Expenditures has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

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

Gallina LLP

Roseville, California
December 17, 2010

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Agriculture			
<u>Passed through the State Department of Education</u>			
School Breakfast Program	10.553	02012-SN-28-R	\$ 25,462
National School Lunch Program	10.555	02012-SN-28-R	44,707
Subtotal 10.553 and 10.555 (Child Nutrition Cluster)			70,169
<u>Passed through the State Department of Public Health</u>			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) FY 08/09	10.557	08-85429	221,368
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) FY 09/10	10.557	08-85429	693,916
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Vouchers Redeemed	10.557	08-85429	2,675,241
Subtotal 10.557			3,590,525
WIC Farmers' Market Nutrition Program (FMNP)	10.572	08-85429	750
WIC Farmers' Market Nutrition Program (FMNP) - Vouchers Redeemed	10.572	08-85429	1,032
Subtotal 10.572			1,782
<u>Passed through the State Department of Social Services</u>			
Supplemental Nutrition Assistance Program (Administrative Costs)	10.561	--	1,188,505
ARRA - Supplemental Nutrition Assistance Program (Administrative Costs)	10.561	--	27,166
Subtotal 10.561 (SNAP Cluster)			1,215,671
Total U.S. Department of Agriculture			\$ 4,878,147
U.S. Department of Commerce			
<u>Passed through the State Department of Public Health</u>			
Hospital Preparedness Program - H1N1	11.133L	--	12,566
Centers for Disease Control and Prevention - PHER	11.206	--	493,544
Total U.S. Department of Commerce			\$ 506,110
U.S. Department of Housing and Urban Development			
<u>Direct Federal Programs</u>			
Transitional Residential Alliance and Integrated Network Grant (TRAIN)	14.235	CA0293B9T170801	63,525
Transitional Residential Alliance and Integrated Network Grant (TRAIN)	14.235	CA0293B9T170802	77,576
Housing Management Information Systems Grant (HMIS)	14.235	CA0290B9T170800	6,643
Housing Management Information Systems Grant (HMIS)	14.235	CA0290B9T170801	19,500
Subtotal 14.235			167,244
<u>Passed through the State Department of Public Health - Office of AIDS</u>			
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	07-65533	47,398

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Housing and Urban Development (continued)			
<u>Passed through the State Department of Housing and Community Development</u>			
ARRA - Homelessness Prevention and Rapid Re-Housing	14.257	09-HPRP-6147	\$ 463,716
Total U.S. Department of Housing and Urban Development			\$ 678,358
U.S. Department of the Interior			
<u>Direct Federal Programs</u>			
Payments in Lieu of Taxes	15.226	--	144,229
Federal Grazing Fee	15.227	--	469
Total U.S. Department of the Interior			\$ 144,698
U.S. Department of Justice			
<u>Direct Federal Programs</u>			
Domestic Cannabis Eradication/Suppression Program	16.000	2009-34	11,259
Domestic Cannabis Eradication/Suppression Program	16.000	2010-37	19,924
Subtotal 16.000			31,183
State Criminal Alien Assistance Program	16.606	2009-AP-BX-0041	456,296
Subtotal Direct			487,479
<u>Passed through the California Emergency Management Agency</u>			
ARRA - Violence Against Women Vertical Prosecution	16.588	VP09010280	143,929
Anti-Drug Abuse Enforcement Team Program	16.738	DC09200280	201,779
Subtotal			345,708
ARRA - Anti-Drug Abuse Enforcement Team Program	16.804	ZA09010280	4,293
ARRA - Offender Treatment Program	16.804	ZO0901280	28,933
Subtotal 16.804			33,226
Total U.S. Department of Justice			\$ 866,413
U.S. Department of Labor			
<u>Passed through the State Employment Development Department</u>			
WIA Adult Program:			
WIA - Adult	17.258	K074153-201	6,085
WIA - Adult	17.258	K074153-202	44,810
ARRA WIA - Adult	17.258	R970549-102	78,385
Subtotal 17.258			129,280
WIA Youth Activities:			
WIA - Youth	17.259	K074153-301	77,207
ARRA WIA - Youth	17.259	R970549-103	97,294
Subtotal 17.259			174,501

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Labor (continued)			
<u>Passed through the State Employment Development Department (continued)</u>			
WIA Dislocated Workers:			
WIA - Dislocated Worker	17.260	K074153-501	\$ 96,990
WIA - Dislocated Worker	17.260	K074153-502	234,286
WIA - Dislocated Worker RESPOND	17.260	R970549-528	340,790
ARRA WIA - Dislocated Worker	17.260	R970549-105	270,839
WIA - Rapid Response	17.260	K074153-540	34,227
ARRA WIA - Rapid Response	17.260	R970549-106	179,718
Subtotal 17.260			<u>1,156,850</u>
<u>Passed through the Solano County North Bay Employment Connection</u>			
Disability Project Navigator	17.258	NB-08-12	<u>25,800</u>
<u>Passed through the County of Sonoma</u>			
ARRA - Green Regional Education & Employment in the Northbay (GREEN)	17.258	116-0911-1GN	<u>6,040</u>
Subtotal 17.000, 17.258, 17.259, and 17.260 (WIA Cluster)			<u>1,492,471</u>
Total U.S. Department of Labor			<u>\$ 1,492,471</u>
U.S. Department of Transportation			
<u>Direct Federal Programs</u>			
Airport Improvement Program	20.106	03-06-0162-24	119,106
Airport Improvement Program	20.106	03-06-0162-25	75,606
Airport Improvement Program	20.106	03-06-0162-27	5,700
Subtotal 20.106			<u>200,412</u>
<u>Passed through the State Department of Transportation</u>			
Highway Planning and Construction - Oakville Crossroads	20.205	BRLO-5921 (10)	114,589
ARRA - Highway Planning and Construction - Atlas Peak	20.205	ESPL - 5921 (045)	471,070
ARRA - Highway Planning and Construction - Silverado Trail I	20.205	ESPL - 5921 (046)	585,916
ARRA - Highway Planning and Construction - Silverado Trail II	20.205	ESPL - 5921 (048)	259,659
Subtotal 20.205 (Highway Planning and Construction Cluster)			<u>1,431,234</u>
<u>Passed through the State Office of Traffic Safety</u>			
Traffic Collision Database System	20.600	TR1004	<u>27,000</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Transportation (continued)			
<u>Passed through the Tulare County Office of Education</u>			
Friday Night Live Chapter Expansion Pilot	20.600	7341	\$ 7,585
Subtotal 20.600 (Highway Safety Cluster)			<u>34,585</u>
Total U.S. Department of Transportation			\$ 1,666,231
U.S. Institute of Museum and Library Services			
<u>Passed through the California State Library</u>			
Out of School Time Online Homework Help	45.310	40-7424	<u>8,012</u>
Total U.S. Institute of Museum and Library Services			\$ 8,012
U.S. Environmental Protection Agency			
<u>Passed through the State Water Resources Control Board</u>			
ARRA - Napa River Restoration Rutherford Reaches 1 & 2	66.458	08-348-550	453,463
Nonpoint Source Implementation Grants: 319 Program	66.460	08-609-552-0	<u>267,903</u>
Subtotal			<u>721,366</u>
<u>Passed through the State Department of Public Health</u>			
ARRA - Water Treatment Plant Project	66.468	2800526-003	<u>649,702</u>
Total U.S. Environmental Protection Agency			\$ 1,371,068
U.S. Department of Energy			
<u>Passed through the County of Sonoma</u>			
ARRA - Green Regional Education & Employment in the Northbay (GREEN)	81.041	116-0911-1GN	<u>9,250</u>
Total U.S. Department of Energy			\$ 9,250
U.S. Department of Education			
<u>Passed through the State Department of Alcohol and Drug Programs</u>			
Safe and Drug Free Schools Grant	84.186	SDF 07-16	<u>189,767</u>
Total U.S. Department of Education			\$ 189,767

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Health and Human Services			
<u>Passed through the State Department of Social Services</u>			
Temporary Assistance for Needy Families (TANF):			
CalWORKS - Administrative	93.558	--	\$ 3,401,696
CalWORKS - Assistance	93.558	--	2,743,066
Kin-Gap	93.558	--	45,457
ARRA - Emergency Contingency Fund for TANF	93.714	--	52,549
Subtotal TANF Cluster			<u>6,242,768</u>
Foster Care – Title IV-E:			
Foster Care – Title IV-E - Social Services	93.658	--	1,933,501
Foster Care – Title IV-E - Probation	93.658	--	786,671
ARRA - Foster Care	93.658	--	82,627
Subtotal 93.658			<u>2,802,799</u>
Social Services Block Grant:			
Licensing Title XX	93.667	--	73,005
In-Home Supportive Services (Public Authority)	93.667	--	406,897
ARRA - In-Home Supportive Services (Public Authority)	93.667	--	69,196
Subtotal 93.667			<u>549,098</u>
Promoting Safe & Stable Families			
Community-Based Child Abuse Prevention Grants	93.556	--	90,222
Child Welfare Services – State Grants	93.590	--	22,096
Subtotal	93.645	--	<u>45,907</u>
Adoption Assistance Program			
Adoption Assistance Program	93.659	--	554,635
ARRA - Adoption Assistance Program	93.659	--	62,397
Subtotal 93.659			<u>617,032</u>
Chafee Foster Care Independence Program			
Chafee Foster Care Independence Program	93.674	--	<u>53,144</u>
Medical Assistance Programs:			
Adult Protective Service (APS/CSBG)	93.778	--	83,445
Family Preservation Program (FPP)	93.778	--	7,123
Child Welfare Services (CWS)	93.778	--	20,746
In-Home Supportive Services Administrative (IHSS)	93.778	--	447,452
Subtotal			<u>558,766</u>
Subtotal Passed through the State Department of Social Services			<u>10,981,832</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
<u>Passed through the State Department of Child Support Services</u>			
Child Support Enforcement	93.563	--	\$ 2,144,906
ARRA - Child Support Enforcement	93.563	--	454,942
Subtotal 93.563			<u>2,599,848</u>
<u>Passed through the State Department of Health Care Services</u>			
California Children's Services - Administrative (CHIP)	93.767	--	<u>65,810</u>
Medical Assistance Programs:			
Child Health Disability Program (CHDP)	93.778	--	83,250
Health Care Program for Children in Foster Care (HCPCFC)	93.778	--	97,027
California Children's Services - Administrative	93.778	--	364,020
Medi-Cal Eligibility Determination - Social Services	93.778	--	1,864,344
Medi-Cal Administrative Activities	93.778	--	276,000
Subtotal			<u>2,684,641</u>
Subtotal Passed through the State Department of Health Care Services			<u>2,750,451</u>
<u>Passed through the State Department of Public Health - Office of AIDS</u>			
HIV - Ryan White	93.917	07-65067	<u>53,307</u>
<u>Passed through the State Department of Public Health</u>			
Tuberculosis Grant	93.116	--	14,000
Immunization Subvention	93.268	09-11285	67,279
Subtotal			<u>81,279</u>
Centers For Disease Control and Prevention: Bioterrorism FY 07/08	93.069	EPO CDC 07-28	36,439
Centers For Disease Control and Prevention: Bioterrorism FY 08/09	93.069	EPO CDC 08-28	59,438
Centers For Disease Control and Prevention: Bioterrorism FY 09/10	93.069	EPO CDC 09-28	74,307
Subtotal 93.069			<u>170,184</u>
Hospital Preparedness (HPP) FY 07/08	93.889	EPO HPP 07-28	15,270
Hospital Preparedness (HPP) FY 08/09	93.889	EPO HPP 08-28	29,965
Hospital Preparedness (HPP) FY 09/10	93.889	EPO HPP 09-28	128,460
Subtotal 93.889			<u>173,695</u>
Maternal and Child Health (MCH)	93.994	2009-28	<u>85,000</u>
Subtotal Passed through the State Department of Public Health			<u>510,158</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
<u>Passed through the State Department of Mental Health</u>			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	\$ 46,547
Medi-Cal Administrative Activities	93.778	--	600,000
Subtotal			<u>646,547</u>
Substance Abuse and Mental Health Services Administration Administration Programs:			
SAMHSA: Intensive Case Management (ICM)	93.958	--	179,928
SAMHSA: Dual Diagnosis (Dx)	93.958	--	69,089
Subtotal 93.958			<u>249,017</u>
Subtotal Passed through the State Department of Mental Health			<u>895,564</u>
<u>Passed through State Department of Alcohol and Drug Programs</u>			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	07 NNA 28	931,211
Medi-Cal Administrative Activities	93.778	--	170,377
Subtotal Passed through the State Department of Alcohol and Drugs Programs			<u>1,101,588</u>
Total U.S. Department of Health and Human Services			\$ <u>18,892,748</u>
U.S. Department of Homeland Security			
<u>Passed through the California Emergency Management Agency</u>			
05/06 Disaster Grants	97.036	055-00000	120,984
Disaster Grants - Airport Fuel Storage Area	97.036	PW 2736	15,509
Disaster Grants - Airport Fagan Creek	97.036	PW 2757	15,509
Subtotal 97.036			<u>152,002</u>
Total U.S. Department of Homeland Security			\$ <u>152,002</u>
Total Expenditures of Federal Awards			\$ <u><u>30,855,275</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF NAPA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

Note 1: **General**

The accompanying schedule of expenditures of federal awards presents all federal programs of Napa County, California (County). Federal awards received directly from federal agencies as well as federal awards passed through other nonfederal agencies, primarily the State of California, are included in the schedule. The County's reporting entity is defined in Note 1 to the County's basic financial statements.

Note 2: **Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented on the modified accrual basis of accounting, except for the following programs: Payments in Lieu of Taxes (15.226), Federal Grazing Fee (15.227), and the State Criminal Alien Assistance Program (16.606). For these programs, revenues received during the year are considered earned and are reported as expenditures. 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 County's basic financial statements.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying schedule of expenditures of federal awards agree, in all material respects, to amounts reported within the County's basic 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: **Catalog of Federal Domestic Assistance (CFDA)**

The CFDA numbers included in the accompanying schedule were determined based on the program name, review of the grant contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 5: **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.

COUNTY OF NAPA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note 6: **Non-Cash Assistance**

The accompanying schedule of federal expenditures contains values for the following non-cash assistance, which are not presented in the County's basic financial statements:

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) – Vouchers Redeemed totaling \$2,675,241 are reported at the value of client purchases of authorized food products.

10.572 WIC Farmers' Market Nutrition Program (FMNP) – Vouchers Redeemed totaling \$1,032 are reported at the value of client purchases of authorized food products.

Note 7: **Loans Outstanding**

No program had any federally-funded loans outstanding at June 30, 2010.

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 were not contiguous. When this occurred, this total is not shown in the schedule, but instead provided below:

<u>CFDA No.</u>	<u>Total Federal Expenditures</u>
93.778 (Medicaid Cluster)	\$ 4,013,784

Note 9: **Subrecipients**

Of the total federal expenditures presented in the schedule of expenditures of federal awards, the following amounts were passed through to subrecipients:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Housing Opportunities for Persons with AIDS	14.241	\$ 44,034
Homelessness Prevention & Rapid Re-housing	14.257	458,988
Safe and Drug Free Schools Grant	84.186	189,767
HIV – Ryan White	93.917	45,255
Block Grants for Prevention and Treatment of Substance Abuse	93.959	<u>54,079</u>
		<u>\$ 792,123</u>

COUNTY OF NAPA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note 10: **California Department of Transportation**

The County expended the following State amounts on projects during the year ended June 30, 2010:

<u>Program</u>	<u>Contract</u>	<u>State Expenditures</u>
Federal Apportionment Exchange and State Match Program		
Direct Program:		
RSTP Exchange	X10-5921 (051)	\$ 237,648
State Match	X10-5921 (051)	<u>100,000</u>
Total		<u>\$ 337,648</u>

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

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? | Yes |
| b. Significant deficiencies 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

- | | |
|--------------------|--|
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |
| <i>WIA Cluster</i> | |
| 17.258 | Work Investment Act Adult Program |
| 17.259 | Work Investment Act Youth Activities |
| 17.260 | Work Investment Act Dislocated Workers |
| 20.205 | Highway Planning and Construction |

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section 1 (continued)

Federal Awards (continued)

<u>CFDA Number</u>	<u>Name of Federal Program</u>
<i>TANF Cluster</i>	
93.558	Temporary Assistance for Needy Families
93.714	ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance Program
93.667	In-Home Supportive Services
93.778	Medical Assistance Program

5. Dollar Threshold used to distinguish between Type A and Type B programs? \$ 925,658
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 53 No

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.659	Finding 10-SA-1
CFDA 93.659	Finding 10-SA-2
CFDA 93.778	Finding 10-SA-3

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Finding/Program	Findings/Noncompliance
Finding 10-SA-1 Adoption Assistance Program CFDA 93.659 Award No. n/a Year: 2009/2010	<i>Federal Grantor:</i> U.S. Department of Health and Human Services <i>Pass Through Entity:</i> State Department of Social Services <i>Compliance Requirement:</i> Eligibility <i>Reporting Requirement:</i> Material Weakness; Material Noncompliance in Relation to a Compliance Supplement Audit Objective <u>Criteria</u> Federal Adoption Assistance cannot be paid unless federal eligibility is present. Generally, for federal eligibility, a child must be within specified income categories, be a child with certain “special needs,” be unable to be adopted without Adoption Assistance, and have the adoption assistance agreement in place before the adoption decree is entered. Title 22 California Code of Regulations §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). Previous to the use of the AAP-4, a form FC 9 was used to document a child’s eligibility for Adoption Assistance. <u>Condition</u> We tested eligibility for forty federally-funded Adoption Assistance cases. We noted eight cases in which the AAP-4 was not signed by the authorized official from the County Welfare Department and one case in which it was not signed by the authorized official of the Public Adoption Agency. <u>Questioned Costs</u> No costs are questioned. All of these cases were eligible for federal Adoption Assistance. The problem was that their eligibility was not properly documented, as required, on the AAP-4. <u>Perspective</u> The exception rate for the sample was $9 / 40 = 22.50\%$.

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 10-SA-1 (continued) Adoption Assistance Program CFDA 93.659	<u>Effect of the Condition</u> The effect is Federal Adoption Assistance benefits might be paid on behalf of a child when a child is only eligible for state-funded Adoption Assistance. <u>Recommendation</u> We recommend that the County instruct its eligibility staff to make sure a properly-executed AAP-4 is contained in the case file before approving federal Adoption Assistance. When any case is identified which does not have a properly-executed AAP-4, we recommend that a supervisor review the case file to make sure that the aid code for the case is correct. <u>Corrective Action Plan</u> The Eligibility Worker has been advised in writing to carefully review all AAP4s upon receipt for signature of the state adoption worker. She has also been advised to report any missing signatures immediately to the State Adoptions Worker, her supervisor, and me. We have requested properly filled out and signed documents from state adoptions and have scheduled a meeting with them this month to review the requirements of the AAP4. For questions regarding this corrective action plan, please contact the Deputy Director of Social Services within the Napa County Department of Health and Human Services at (707) 253-4279.

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Finding/Program	Findings/Noncompliance
Finding 10-SA-2 Adoption Assistance Program CFDA 93.659 Award No. n/a Year: 2009/2010	<i>Federal Grantor:</i> U.S. Department of Health and Human Services <i>Pass Through Entity:</i> State Department of Social Services <i>Compliance Requirement:</i> Eligibility <i>Reporting Requirement:</i> Significant Deficiency and Material Noncompliance in Relation to a Compliance Supplement Audit Objective <u>Criteria</u> Federal Adoption Assistance cannot be paid unless federal eligibility is present. Generally, for federal eligibility, a child must be within specified income categories, be a child with certain “special needs,” be unable to be adopted without Adoption Assistance, and have the adoption assistance agreement in place before the adoption decree is entered. Title 22 California Code of Regulations §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). Previous to the use of the AAP-4, a form FC 9 was used to document a child’s eligibility for Adoption Assistance. <u>Condition</u> We tested eligibility for forty federally-funded Adoption Assistance cases. The requirement to perform a search for non-subsidy placement was not properly documented on the AAP-4 for three cases. <u>Questioned Costs</u> No costs are questioned. All of these cases were eligible for federal Adoption Assistance. The problem was that their eligibility was not properly documented, as required, on the AAP-4. <u>Perspective</u> The exception rate for the sample was $3 / 40 = 7.50\%$.

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 10-SA-2 (continued)	<u>Effect of the Condition</u>
Adoption Assistance Program CFDA 93.659	The effect is Federal Adoption Assistance benefits might be paid on behalf of a child when a child is only eligible for state-funded Adoption Assistance.
	<u>Recommendation</u>
	We recommend that the County instruct its eligibility staff to make sure a properly-executed AAP-4 is contained in the case file before approving federal Adoption Assistance. When any case is identified which does not have a properly-executed AAP-4, we recommend that a supervisor review the case file to make sure that the aid code for the case is correct.
	<u>Corrective Action Plan</u>
	We have requested properly filled out and signed documents from state adoptions and have scheduled a meeting with them this month to review the requirements of the AAP4. The Eligibility Worker has been informed in writing to review all AAP4s to ensure they are filled out properly and to report any portion of the form that is missing information to the State Adoptions Worker, her supervisor, and me.
	For questions regarding this corrective action plan, please contact the Deputy Director of Social Services within the Napa County Department of Health and Human Services at (707) 253-4279.

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Finding/Program	Findings/Noncompliance
Finding 10-SA-3	<i>Federal Grantor: U.S. Department of Health and Human Services</i>
Medical Assistance Program CFDA 93.778	<i>Pass-Through Entity: State Departments of Social Services, Health Care Services and Alcohol and Drug Program</i>
Award No. n/a Year: 2009-2010	<i>Compliance Requirement: Eligibility</i> <i>Reporting Requirement: Significant Deficiency; Material non-compliance in Relation to Compliance Supplement Audit Objective</i>

Criteria

As required by 42 United States Code § 1320b-7, information from the Income Eligibility and Verification System (IEVS) database must be requested and used when making eligibility determinations on cases under this program. Further, the County is required to review and compare the information obtained from IEVS against information contained in the case record to determine whether it affects the individual's eligibility or share of cost. Internal controls require that eligibility workers sign the IEVS form after it is reviewed and used in eligibility determination.

Condition

We tested eligibility for forty Medical Assistance cases and noted that three cases did not have current IEVS documents for all active individuals on the cases.

Questioned Costs

No costs are questioned.

Perspective

We noted that the current IEVS were missing for 6 individuals. We tested for a total of 123 IEVS. That means we tested for 123 IEVS with current IEVS missing for six individuals. The error rate for the sample was $6 / 123 = 4.88\%$.

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 10-SA-3 (continued)	<u>Effect of Condition</u>
Medical Assistance Program CFDA 93.778	The effect of the exceptions enumerated above is that clients could receive medical care under this program to which they are not entitled.
	<u>Recommendation</u>
	We recommend that the Department review the facts regarding these exceptions and determine whether procedures might be implemented to prevent recurrence of similar errors. For redeterminations, we suggest that more staff time is needed for performing this task. For IEVS, we understand that the new eligibility software C-IV is expected to improve this exception rate. Nonetheless, we suggest that management stress to eligibility staff that the use the IEVS in eligibility determination is critical.
	<u>Corrective Action Plan</u>
	During our preparation for conversion to C-IV we were informed that the project had an agreement with the State regarding IEVS at RE. The directive received was that only applicant IEVS are required. The C-IV system automatically requests applicant IEVS but does not do so for recipients at RE. There appears to be a difference in directive from the State and what is the interpretation of Federal requirements. We have reinstated the requesting of IEVS at RE since this audit until we get a decision from the State.
	For questions regarding this corrective action plan, please contact the Deputy Director of Social Services within the Napa County Department of Health and Human Services at (707) 253-4279.

COUNTY OF NAPA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010

Audit Reference Number	Status of Prior Year Audit Findings
Finding 09-SA-1	<i>Federal Grantor: U.S. Department of Health and Human Services</i> <i>Pass-Through Entity: State Department of Social Services</i> <i>Compliance Requirement: Eligibility</i> <i>Reporting Requirement: Significant Deficiency; Material non-compliance in Relation to Compliance Supplement Audit Objective</i>
Medical Assistance Program CFDA 93.778	
Award No. n/a Year: 2008-09	

Recommendation

We recommend that the Department review the facts regarding these exceptions and determine whether procedures might be implemented to prevent recurrence of similar errors. For redeterminations, we suggest that more staff time is needed for performing this task. For IEVS, we understand that the new eligibility software C-IV is expected to improve this exception rate. Nonetheless, we suggest that management stress to eligibility staff that the use the IEVS in eligibility determination is critical.

Status

IEVS:

Not Implemented. This finding is renumbered to 10-SA-3 because we had the same finding for the current year as well.

Annual Redeterminations:

Implemented.

COUNTY OF NAPA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010

Audit Reference Number	Status of Prior Year Audit Findings
Finding 09-SA-2	
Temporary Assistance for Needy Families CFDA 93.558	<i>Federal Agency: U.S. Department of Health and Human Services</i> <i>Pass Through Entity: California Department of Social Services</i> <i>Compliance Requirement: Reporting</i> <i>Reporting Requirement: Significant Deficiency; Material Noncompliance in Relation to Compliance Supplement Audit Objective.</i>
Award No. n/a Year: 2008-09	

Recommendation

We recommend that the County review its internal control system of ensuring that accurate data is reported in the E2-Lite report. We suggest that a higher level of supervisory review and/or further staff training is needed. The County might also consider involving the County's Quality Participation Unit in review of the E2-Lite reports prior to submission to the State.

Status

Implemented.

**SUPPLEMENTARY SCHEDULE
OF THE CALIFORNIA EMERGENCY MANAGEMENT AGENCY
GRANT EXPENDITURES**

COUNTY OF NAPA

Supplementary Schedule of the California Emergency Mangement Agency
Grant Expenditures
For the Year Ended June 30, 2010

The following represents expenditures for California Emergency Management Agency, Law Enforcement/Victim Services Division programs for the year ended June 30, 2010. The amount reported in the schedule of expenditures of federal awards is determined by calculating the federal portion of the current year expenditures.

Program	Total Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2009	For the Year Ended June 30, 2010	Cumulative As of June 30, 2010	Federal Share	State Share	County Share
DC09200280 - Anti-Drug Abuse Enforcement Team Program						
Personal services	\$ --	\$ 70,706	\$ 70,706	\$ 70,706	\$ --	\$ --
Operating expenses	--	131,073	131,073	131,073	--	--
Totals	<u>\$ --</u>	<u>\$ 201,779</u>	<u>\$ 201,779</u>	<u>\$ 201,779</u>	<u>\$ --</u>	<u>\$ --</u>
ZA09010280 - ARRA - Anti-Drug Abuse Enforcement Team Program						
Personal services	\$ --	\$ 4,293	\$ 4,293	\$ 4,293	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 4,293</u>	<u>\$ 4,293</u>	<u>\$ 4,293</u>	<u>\$ --</u>	<u>\$ --</u>
VP09010280 - ARRA Violence Against Women Vertical Prosecution						
Personal services	\$ --	\$ 188,462	\$ 188,462	\$ 113,462	\$ --	\$ 75,000
Operating expenses	--	30,467	30,467	30,467	--	--
Totals	<u>\$ --</u>	<u>\$ 218,929</u>	<u>\$ 218,929</u>	<u>\$ 143,929</u>	<u>\$ --</u>	<u>\$ 75,000</u>
VB08060280 - Vertical Prosecution						
Personal services	\$ --	\$ 108,445	\$ 108,445	\$ --	\$ 108,445	\$ --
Totals	<u>\$ --</u>	<u>\$ 108,445</u>	<u>\$ 108,445</u>	<u>\$ --</u>	<u>\$ 108,445</u>	<u>\$ --</u>
HT08080210 - High Tech Theft Apprehension						
Personal services	\$ --	\$ 80,689	\$ 80,689	\$ --	\$ 60,517	\$ 20,172
Operating expenses	--	5,320	5,320	--	3,990	1,330
Totals	<u>\$ --</u>	<u>\$ 86,009</u>	<u>\$ 86,009</u>	<u>\$ --</u>	<u>\$ 64,507</u>	<u>\$ 21,502</u>
GV09050280 - Gang Violence Suppression						
Personal services	\$ --	\$ 93,083	\$ 93,083	\$ --	\$ 84,576	\$ 8,507
Operating expenses	--	209,417	209,417	--	190,424	18,993
Totals	<u>\$ --</u>	<u>\$ 302,500</u>	<u>\$ 302,500</u>	<u>\$ --</u>	<u>\$ 275,000</u>	<u>\$ 27,500</u>

COUNTY OF NAPA

Supplementary Schedule of the California Emergency Mangement Agency
 Grant Expenditures
 For the Year Ended June 30, 2010

Program	Total Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2009	For the Year Ended June 30, 2010	Cumulative As of June 30, 2010	Federal Share	State Share	County Share
ZO0901280 - ARRA - Offender Treatment Program						
Personal services	\$ --	\$ 25,703	\$ 25,703	\$ 25,703	\$ --	\$ --
Operating expenses	--	3,230	3,230	3,230	--	--
Totals	<u>\$ --</u>	<u>\$ 28,933</u>	<u>\$ 28,933</u>	<u>\$ 28,933</u>	<u>\$ --</u>	<u>\$ --</u>
MH-08030280 - CALMMET						
Personal services	\$ --	\$ 141,087	\$ 141,087	\$ --	\$ 141,087	\$ --
Totals	<u>\$ --</u>	<u>\$ 141,087</u>	<u>\$ 141,087</u>	<u>\$ --</u>	<u>\$ 141,087</u>	<u>\$ --</u>