

**COUNTY OF NAPA
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2013**

**TRACY A. SCHULZE
AUDITOR-CONTROLLER**

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COUNTY OF NAPA

Single Audit Report
For the Year Ended June 30, 2013

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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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Napa (County), California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

Board of Supervisors and Grand Jury
County of Napa

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
December 13, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Napa's (County) 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 the County's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-1 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding is identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Board of Supervisors and Grand Jury
County of Napa

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the accompanying 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, 2013, and have issued our report thereon dated December 13, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The Schedule of the California Emergency Management Agency and the Department of Corrections and Rehabilitation Grant Expenditures have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Roseville, California
December 27, 2013 except for the Schedule
of Expenditures of Federal Awards, which is
dated December 13, 2013

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COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the State Department of Education			
School Breakfast Program	10.553	02012-SN-28-R	\$ 16,533
National School Lunch Program	10.555	02012-SN-28-R	29,655
Subtotal 10.553 and 10.555 (Child Nutrition Cluster)			<u>46,188</u>
Passed through the State Department of Public Health			
Special Supplemental Program for Women, Infants, and Children FY 11/12	10.557	11-10451	244,773
Special Supplemental Program for Women, Infants, and Children FY 12/13	10.557	11-10451	629,292
Subtotal 10.557			<u>874,065</u>
Supplemental Nutrition Assistance Program (SNAP-Ed)	10.561	11-10749	41,153
WIC Farmers' Market Nutrition Program (FMNP)	10.572	11-10451	350
Subtotal Passed through the State Department of Public Health			<u>915,568</u>
Passed through the State Department of Social Services			
Supplemental Nutrition Assistance Program (Administrative Costs)	10.561	--	1,506,138
CalFresh Nutritional Education	10.561	--	79,120
Subtotal 10.561			<u>1,585,258</u>
Total U.S. Department of Agriculture			<u>\$ 2,547,014</u>
U.S. Department of Housing and Urban Development			
Direct Federal Programs			
Transitional Residential Alliance and Integrated Network (TRAIN)	14.235	CA0293B9T171104	59,423
Transitional Residential Alliance and Integrated Network (TRAIN)	14.235	CA0293L9T171025	70,384
Homeless Management Information System (HMIS)	14.235	CA0289B9T171002	13,015
Homeless Management Information System (HMIS)	14.235	CA0289B9T171103	7,812
Homeless Management Information System (HMIS)	14.235	CA0290B9T171104	19,950
Subtotal 14.235			<u>170,584</u>
Passed through the State Department of Housing and Community Development			
ARRA - Homelessness Prevention and Rapid Re-Housing	14.257	09-HPRP-6147	106,765
Total U.S. Department of Housing and Urban Development			<u>\$ 277,349</u>
U.S. Department of the Interior			
Direct Federal Programs			
Payments in Lieu of Taxes	15.226	--	144,893
Federal Grazing Fee	15.227	--	344
Total U.S. Department of the Interior			<u>\$ 145,237</u>
U.S. Department of Justice			
Direct Federal Programs			
Domestic Cannabis Eradication/Suppression Program	16.000	2012-33	36,357
Domestic Cannabis Eradication/Suppression Program	16.000	2013-36	26,236
Subtotal 16.000			<u>62,593</u>
State Criminal Alien Assistance Program	16.606	2012-H5109-CA-AP	50,463
Bulletproof Vest Partnership Program	16.607	2011BOBX11059883	737
Subtotal Direct			<u>113,793</u>
Passed through the Board of State and Community Corrections			
Juvenile Accountability Block Grant - Evidence Based Practices Project	16.523	CSA 206-11	55,019
Anti-Drug Abuse Enforcement Team Program	16.738	BSCC 628-12	107,078
Subtotal Passed through the Board of State and Community Corrections			<u>162,097</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, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Justice (continued)			
Passed through the California Emergency Management Agency			
Victim/Witness Assistance Program	16.575	VW12030280	\$ 66,299
Unserved/Underserved Victim Advocacy & Outreach	16.575	UV11020280	33,558
Unserved/Underserved Victim Advocacy & Outreach	16.575	UV12030280	73,906
Subtotal 16.575			<u>173,763</u>
2010 Comprehensive Drug Courts Implementation	16.738	DI10010280	46,136
ARRA - Anti-Drug Abuse Enforcement Team Program	16.804	ZA09010280	13,241
Subtotal Passed through the California Emergency Management Agency			<u>233,140</u>
Total U.S. Department of Justice			<u>\$ 509,030</u>
U.S. Department of Labor			
Passed through the State Employment Development Department			
WIA Adult Program:			
WIA - Adult	17.258	--	<u>442,290</u>
WIA Youth Activities:			
WIA - Youth	17.259	--	<u>472,204</u>
WIA Dislocated Workers:			
WIA - Dislocated Worker	17.278	--	458,563
WIA - Rapid Response	17.278	--	177,660
WIA - Project React	17.278		194,115
Subtotal 17.278			<u>830,338</u>
Subtotal 17.258, 17.259, and 17.278 (WIA Cluster)			<u>1,744,832</u>
Total U.S. Department of Labor			<u>\$ 1,744,832</u>
U.S. Department of Transportation			
Direct Federal Programs			
Airport Improvement Program	20.106	03-06-0162-030-2013	13,633
Airport Improvement Program	20.106	03-06-0162-28	346
Subtotal 20.106			<u>13,979</u>
Passed through the State Department of Transportation			
Highway Planning and Construction - Oakville Crossroads	20.205	BRLO-5921 (10)	96,632
Highway Planning and Construction - Silverado Trail Pavement Rehab	20.205	STPL-5921 (053)	813,235
Highway Planning and Construction - Old Sonoma, South Kelly, Oak Knoll	20.205	STPL-5921 (054)	1,093,038
High Risk Rural Road Program - North Kelly Road	20.205	HRRRL-5921 (056)	2,348
High Risk Rural Road Program - Wooden Valley Road	20.205	HRRRL-5921 (055)	557
Highway Safety Improvement Program - Deer Park Road	20.205	HSIPL-5921 (057)	2,266
Subtotal 20.205			<u>2,008,076</u>
Passed through the State Office of Traffic Safety			
Alcohol and Drug Impaired Driver Vertical Prosecution Program	20.601	AL1370	<u>207,513</u>
Total U.S. Department of Transportation			<u>\$ 2,229,568</u>
U.S. Institute of Museum and Library Services			
Passed through the California State Library			
CLLS Emergency Funding	45.310	40-8069	<u>12,622</u>
Total U.S. Institute of Museum and Library Services			<u>\$ 12,622</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, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Environmental Protection Agency			
Direct Federal Programs			
SF Bay Water Quality Improvement Fund - Napa River	66.126	W9-00T60801	\$ 364,959
Passed through the State Water Resources Control Board			
Napa River Restoration: Phase III Implementation	66.460	11-093-552	685,308
Napa River Restoration: Phase 4C Reach 8 Implementation	66.460	12-403-252	71,753
Subtotal Passed through the State Water Resources Control Board			<u>757,061</u>
Total U.S. Environmental Protection Agency			\$ 1,122,020
U.S. Election Assistance Commission			
Passed through the Secretary of State			
Post-Election Audit Program	90.403	11G27120	5,000
Total U.S. Election Assistance Commission			\$ 5,000
U.S. Department of Health and Human Services			
Passed through the State Department of Public Health			
Centers For Disease Control and Prevention: Bioterrorism FY 11/12	93.069	EPO CDC 11-28	61,828
Centers For Disease Control and Prevention: Bioterrorism FY 12/13	93.069	EPO CDC 12-28	102,596
Subtotal 93.069			<u>164,424</u>
Tuberculosis Grant	93.116	--	20,401
Immunization Subvention	93.268	11-10594	48,209
Subtotal			<u>68,610</u>
Hospital Preparedness (HPP) FY 10/11	93.889	EPO HPP 10-28	26,387
Hospital Preparedness (HPP) FY 11/12	93.889	EPO HPP 11-28	131,045
Hospital Preparedness (HPP) FY 12/13	93.889	EPO HPP 12-28	30,751
Subtotal 93.889			<u>188,183</u>
HIV Care	93.917	10-95275	69,513
Maternal, Child and Adolescent Health (MCAH)	93.994	2012-28	85,366
Subtotal			<u>154,879</u>
Subtotal Passed through the State Department of Public Health			<u>576,096</u>
Passed through the State Department of Health Care Services			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	49,088
Meaningful Use	93.719	--	63,750
California Children's Services - Administrative (CHIP)	93.767	--	88,249
Subtotal			<u>201,087</u>
Medical Assistance Programs:			
Child Health Disability Program (CHDP)	93.778	--	141,109
Health Care Program for Children in Foster Care (HCPCFC)	93.778	--	89,801
California Children's Services - Administrative	93.778	--	363,655
Medi-Cal Administrative Activities - Public Health	93.778	08-85125	277,393
Medi-Cal Administrative Activities/Billing Admin - Mental Health	93.778	--	819,959
Medi-Cal Utilization Review	93.778	--	621,791
Medi-Cal Eligibility Determination - Social Services	93.778	--	1,773,623
Subtotal Medical Assistance Programs			<u>4,087,331</u>
Substance Abuse and Mental Health Services Administration Programs:			
Block Grants for Community Mental Health Services	93.958	--	278,931
Subtotal Passed through the State Department of Health Care Services			<u>4,567,349</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, 2013

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)			
Passed through the State Department of Social Services			
Promoting Safe & Stable Families (PSSF)	93.556	--	\$ <u>76,859</u>
Temporary Assistance for Needy Families (TANF):			
CalWORKS - Administrative	93.558	--	3,427,166
Kin-Gap	93.558	--	<u>34,904</u>
Subtotal 93.558 (TANF Cluster)			<u>3,462,070</u>
Community-Based Child Abuse Prevention Grants (CBCAP)			
Child Welfare Services – IV-B	93.590	--	14,455
Subtotal	93.645	--	<u>38,084</u>
			52,539
Foster Care – Title IV-E:			
Foster Care – Title IV-E - Social Services	93.658	--	2,184,706
Foster Care – Title IV-E - Probation	93.658	--	529,288
Subtotal 93.658			<u>2,713,994</u>
Adoption Assistance Program			
	93.659	--	<u>869,752</u>
Licensing Title XX			
In-Home Supportive Services (Public Authority)	93.667	--	78,717
Subtotal 93.667			<u>578,600</u>
			657,317
Chafee Foster Care Independence Program			
	93.674	--	<u>48,917</u>
Medical Assistance Programs:			
Adult Protective Service (APS/CSBG)	93.778	--	195,656
Child Welfare Services (CWS)	93.778	--	72,443
In-Home Supportive Services Administrative (IHSS)	93.778	--	396,933
Subtotal Medical Assistance Programs			<u>665,032</u>
Subtotal Passed through the State Department of Social Services			<u>8,546,480</u>
Passed through the State Department of Child Support Services			
Child Support Enforcement	93.563	--	<u>2,546,484</u>
Passed through the State Department of Veterans Affairs			
Veteran's Subvention Program	93.778	--	<u>31,579</u>
Passed through State Department of Alcohol and Drug Programs			
Medi-Cal Administrative Activities	93.778	--	56,838
Block Grants for the Prevention and Treatment of Substance Abuse (SAPT)	93.959	11 NNA 28	947,528
Subtotal Passed through the State Department of Alcohol and Drug Programs			<u>1,004,366</u>
			\$ 17,272,354
U.S. Department of Homeland Security			
Passed through the California Emergency Management Agency			
05/06 Disaster Grants	97.036	055-00000	<u>504,301</u>
			\$ 504,301
			\$ 26,369,327

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, 2013

NOTE 1: **GENERAL**

The accompanying schedule of expenditures of federal awards presents all federal programs of the County of Napa (County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. 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. Expenditures funded by the American Recovery and Reinvestment Act of 2009 are denoted by the prefix "ARRA" in the federal program title.

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, 2013

NOTE 6: NON-CASH ASSISTANCE

The following CFDA numbers also pertain to non-cash assistance, which has not been included in the schedule of federal expenditures and 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 \$2,623,543 are reported at the value of client purchases of authorized food products.

10.572 WIC Farmers’ Market Nutrition Program (FMNP) – Vouchers Redeemed totaling \$4,004 are reported at the value of client purchases of authorized food products.

NOTE 7: LOANS OUTSTANDING

In fiscal year 2012-13, the Napa Berryessa Resort Improvement District was obligated funding from the United States Department of Agriculture to fund water and wastewater improvements. The funding is provided by the Rural Utilities Service and is a Rural Development Loan repayable under the terms of the agreement. The following schedule presents the amount of loans outstanding by CFDA No. and program at June 30, 2013.

CFDA No.	Program Title	Obligated Funding	Loan Balance Outstanding
10.760	Water and Wastewater Disposal Program - Water	\$ 2,975,000	\$ 787,655
10.760	Water and Wastewater Disposal Program - Sewer	8,120,000	3,920,403

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:

CFDA No.	Total Federal Expenditures
10.561	\$ 1,626,411
16.738 & 16.804 (JAG Cluster)	166,455
93.778 (Medicaid Cluster)	4,840,780

COUNTY OF NAPA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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>CFDA</u>	<u>Amount</u>
Homelessness Prevention & Rapid Re-housing	14.257	\$ 100,019
Comprehensive Drug Courts Implementation	16.738	21,681
WIA - Adult	17.258	215,982
WIA - Youth	17.259	411,016
WIA - Project React	17.278	72,480
WIA - Dislocated Worker	17.278	180,893
WIA - Rapid Response	17.278	48,195
SF Bay Water Quality Improvement Fund	66.126	142,743
HIV Care	93.917	48,522
SAPT	93.959	71,732
		<u>\$ 1,313,263</u>

NOTE 10: CALIFORNIA DEPARTMENT OF TRANSPORTATION

The County expended the following State amounts on projects during the year ended June 30, 2013:

<u>Program</u>	<u>Contract</u>	<u>State Expenditures</u>
<u>Federal Apportionment Exchange and State Match Program</u>		
Direct Program:		
RSTP Exchange	X13-5921 (059)	\$ 237,648
State Match	X13-5921 (059)	<u>100,000</u>
		<u>\$ 337,648</u>

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COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 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. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 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

10.760	Water and Waste Disposal Systems for Rural Communities
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care Title IV-E
93.778	Medical Assistance Program

- | | |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 932,322 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 53 | No |

Section 2

Financial Statement Findings

None Reported

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section 3

Federal Award Findings and Questioned Costs

Water and Waste Disposal System for Rural Communities

2013-1

COUNTY OF NAPA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

Reference Number	2013-1
Federal Program Title	Water and Waste Disposal System for Rural Communities
CFDA Number	10.760
Federal Agency	U.S. Department of Agriculture
Pass Through Entity	Direct
Compliance Requirement	Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Criteria

Loan and grant funds may be expended on eligible project costs, as approved by Rural Utilities Service (RUS). These expenditures include items such as land acquisition, water rights, legal fees, engineering fees, construction costs, and the purchase of equipment (7 CFR section 1780.9).

Condition

During our review we noted that individual invoices supporting costs charged for this program were not being requested and reviewed by a member of management having knowledge of this project and its related costs. Instead, management was authorizing payment of invoices to the primary contractor based on a review of spreadsheets provided by the contractor summarizing costs and invoices in a batch format.

Questioned Costs

No costs are questioned.

Cause

The Department has not implemented any procedures to request and review supporting documentation, such as third party invoices, supporting amounts summarized in spreadsheets obtained from its primary contractor for payment of project costs.

Effect of the Condition

By not effectively monitoring the batches of project costs submitted by the primary contractor for payment, the County could potentially use federal funds for unallowable costs and activities.

Recommendation

We recommend the Department implement procedures to better monitor the batches of costs submitted by the primary contractor for payment, such as requesting appropriate backup for all charges over a specified dollar threshold to ensure transactions are properly classified and allowable.

Corrective Action Plan

The County concurs with this finding. This particular contract is unique to Napa County in that the arrangement between the County and the Contractor is a Design-Build-Finance agreement, which is not typically used for Federal funding. As such, staff from Public Works and the Auditor-Controller's Office worked closely with USDA from the beginning of the project. Although the flow of project oversight and review has been approved by USDA in obtaining the loan, the County acknowledges tighter controls regarding the payment process should be in place. The Department has worked with the Auditor-Controller's Office to develop a multi-layer review prior to payment, effective immediately for all future invoices.

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Reference Number 2013-1 (continued)

Corrective Action Plan (continued)

This review includes examination by both the Engineering Manager responsible for the project and the Department's Accounting Staff, with additional compliance review from the Auditor-Controller's staff, to ensure that all project costs are sufficiently documented and allowable under the program guidelines.

Furthermore, the Engineering Manager is currently working with the contractor to provide full backup and reconciliation of all previous invoices paid under the contract. Final release of any contract retention will be contingent on the County's satisfaction of the information provided.

For questions regarding this corrective action plan, please contact Phil Miller, the Deputy Director of Public Works-Flood Control and Water, at (707) 259-8620.

COUNTY OF NAPA

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2012

Reference Number	12-SA-1
Federal Program Title	Medical Assistance Program
CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Pass Through Entity	State Department of Social Services
Compliance Requirement	Eligibility

Recommendation

We recommend that a review process be implemented to ensure that the required eligibility determinations for the Medi-Cal Assistance Program are conducted.

Status

Implemented

Reference Number	12-SA-2
Federal Program Title	Special Supplemental Program for Women, Infants, and Children
CFDA Number	10.557
Federal Agency	U.S. Department of Agriculture
Pass Through Entity	State Department of Public Health
Compliance Requirement	Eligibility

Recommendation

We recommend that controls be implemented to ensure that cases receive adequate review to ensure that errors are identified in a timely manner. We also recommend that training be conducted to ensure that all personnel determining eligibility are aware of the program requirements.

Status

Implemented

Reference Number	12-SA-3
Federal Program Title	Special Supplemental Program for Women, Infants, and Children
CFDA Number	10.557
Federal Agency	U.S. Department of Agriculture
Pass Through Entity	State Department of Public Health
Compliance Requirement	Eligibility

Recommendation

We recommend that controls be implemented to ensure that cases receive adequate review to ensure that errors are identified in a timely manner.

Status

Implemented

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**SUPPLEMENTARY SCHEDULE
OF THE CALIFORNIA EMERGENCY MANAGEMENT AGENCY
AND THE DEPARTMENT OF CORRECTIONS
AND REHABILITATION GRANT EXPENDITURES**

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COUNTY OF NAPA

Schedule of the California Emergency Management Agency
and the Board of State and Community Corrections Grant Expenditures
For the Year Ended June 30, 2013

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2012	For the Year Ended June 30, 2013	Cumulative As of June 30, 2013	Federal Share	State Share	County Share
BSCC 628-12 Anti-Drug Abuse Enforcement Team Program						
Personal services	\$ --	\$ 32,590	\$ 32,590	\$ 32,590	\$ --	\$ --
Operating expenses	--	74,488	74,488	74,488	--	--
Totals	\$ --	\$ 107,078	\$ 107,078	\$ 107,078	\$ --	\$ --
ZA09010280 - ARRA Anti-Drug Abuse Enforcement Team Program						
Personal services	\$ 138,730	\$ 13,241	\$ 151,971	\$ 13,241	\$ --	\$ --
Operating expenses	184,152	--	184,152	--	--	--
Totals	\$ 322,882	\$ 13,241	\$ 336,123	\$ 13,241	\$ --	\$ --
D110010280 - Comprehensive Drug Courts Implementation						
Personal services	\$ --	\$ 23,404	\$ 23,404	\$ 23,404	\$ --	\$ --
Operating expenses	43,240	22,732	65,972	22,732	--	--
Totals	\$ 43,240	\$ 46,136	\$ 89,376	\$ 46,136	\$ --	\$ --
GV09050280 - Gang Violence Suppression						
Personal services	\$ 148,589	\$ 2,787	\$ 151,376	\$ --	\$ 2,534	\$ 253
Operating expenses	341,117	--	341,117	--	--	--
Totals	\$ 489,706	\$ 2,787	\$ 492,493	\$ --	\$ 2,534	\$ 253
CSA #206-11 - Juvenile Accountability Block Grant Program						
Personal services	\$ 3,588	\$ 2,343	\$ 5,931	\$ --	\$ --	\$ 2,343
Operating expenses	28,785	55,019	83,804	55,019	--	--
Totals	\$ 32,373	\$ 57,362	\$ 89,735	\$ 55,019	\$ --	\$ 2,343
Standards and Training for Corrections Program 2012-13						
Replacement	\$ --	\$ 7,510	\$ 7,510	\$ --	\$ 7,510	\$ --
Travel	--	2,355	2,355	--	2,355	--
Per Diem	--	17,636	17,636	--	17,636	--
Tuition	--	25,574	25,574	--	25,574	--
Totals	\$ --	\$ 53,075	\$ 53,075	\$ --	\$ 53,075	\$ --
UV11020280 - Unserved/Underserved Victim Advocacy & Outreach						
Personal services	\$ 111,926	\$ 37,649	\$ 149,575	\$ 33,558	\$ --	\$ 4,091
Operating expenses	6,675	--	6,675	--	--	--
Totals	\$ 118,601	\$ 37,649	\$ 156,250	\$ 33,558	\$ --	\$ 4,091
UV12030280 - Unserved/Underserved Victim Advocacy & Outreach						
Personal services	\$ --	\$ 88,250	\$ 88,250	\$ 73,906	\$ --	\$ 14,344
Operating expenses	--	13,233	13,233	--	--	13,233
Totals	\$ --	\$ 101,483	\$ 101,483	\$ 73,906	\$ --	\$ 27,577
VW12030280 - Victim/Witness Assistance						
Personal services	\$ --	\$ 150,883	\$ 150,883	\$ 66,299	\$ 84,584	\$ --
Operating expenses	--	6,650	6,650	--	6,650	--
Totals	\$ --	\$ 157,533	\$ 157,533	\$ 66,299	\$ 91,234	\$ --