

**COUNTY OF YUBA**  
**SINGLE AUDIT REPORT**  
**JUNE 30, 2013**

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**COUNTY OF YUBA**

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**

To the Honorable Members of the Board of Supervisors  
of County of Yuba  
Marysville, 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 the County of Yuba (County), 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 March 26, 2014. Other auditors audited the financial statements of the Yuba County Water Agency and the Yuba First Five Commission, discretely presented component units, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2013-001, 2013-002, 2013-003).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2013-004).

To the Honorable Members of the Board of Supervisors  
of County of Yuba  
Marysville, California

### **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*.

### **County's Response to Findings**

The County's response to the findings 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 the financial statements and, accordingly, we express no opinion on it.

### **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 entity'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.



Roseville, California  
March 26, 2014



**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**

To the Honorable Members of the Board of Supervisors  
of County of Yuba  
Marysville, California

**Report on Compliance for Each Major Federal Program**

We have audited the County of Yuba'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.

The County's basic financial statements include the operations of the Yuba County Housing Authority, a blended component unit of the County, which received \$2,280,242 in federal awards which is not included in the schedule during the year ended June 30, 2013. Our audit, described below, did not include the operations of the blended component unit because the entity engaged for the performance of a separate audit in accordance with OMB Circular A-133.

**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.

To the Honorable Members of the Board of Supervisors  
of County of Yuba

### **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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

### **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 March 26, 2014, which contained an unmodified opinion on those financial statements. Other auditors audited the financial statements of the Yuba County Water Agency and the Yuba First Five Commission, discretely presented component units, as described in our report on the County's 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.



To the Honorable Members of the Board of Supervisors  
of County of Yuba

**Other Matters**

The supplementary schedules, as listed in the table of contents, have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

Roseville, California  
March 26, 2014

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**COUNTY OF YUBA**

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 Grantor's Number	Expenditures
<u>U. S. Department of Agriculture</u>			
Care - GWSS	10.025	12-8506-0484-CA	\$ 8,583
Subtotal CFDA Number 10.025			<u>8,583</u>
Passed through State Department of Social Services:			
Food & Nutrition Service Dept of Ag SNAP	10.561		165,764
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program C-IV	10.561	--	5,206
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program- NAFS	10.561	--	2,093,620
Subtotal CFDA Number 10.561			<u>2,264,590</u>
Total U.S. Department of Agriculture			\$ <u>2,273,173</u>
<u>U. S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228	10-EDEF-7271	57,540
Community Development Block Grant/State's Program	14.228	10-STBG-6748	307,815
Subtotal CFDA Number 14.228			<u>365,355</u>
Total U.S. Department of Housing and Urban Development			\$ <u>365,355</u>
<u>U. S. Department of Justice</u>			
Direct Programs:			
State Criminal Alien Assistance Program (SCAAP)	16.606	2012-H3897-CA-AP	147,696
Bulletproof Vest Partnership Program	16.922	--	5,818
Edward Byrne Memorial Justice Assistance Grant Program - Yuba County Drug Impact Program	16.738	BSCC 617-12	73,047
Edward Byrne Memorial Justice Assistance Grant Program	16.738		15,060
Subtotal Direct Programs			<u>241,621</u>
Passed through California Emergency Management Agency:			
Child Abuse Treatment and Advocacy	16.575	AT 12090580	148,189
Victim Witness Assistance Program	16.575	VW112260580	53,779
Unserved/Underserved Victim Advocacy and Outreach	16.575	UV12030580	124,782
Subtotal CFDA Number 16.575			<u>326,750</u>
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - Yuba County Drug Impact Program Revitalization	16.804	ZP09010580	20,977
Subtotal Pass-Through			<u>347,727</u>
Passed through Department of Corrections and Rehabilitation:			
Juvenile Accountability Block Grants	16.523	178-05	89,594
Total U.S. Department of Justice			\$ <u>678,942</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

**COUNTY OF YUBA**

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 Grantor's Number	Expenditures
<u>U. S. Department of Transportation</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	STPLH-5916 (046)	\$ 510,584
Highway Planning and Construction	20.205	HRRRL-5919 (078)	44,280
Highway Planning and Construction	20.205	HSIPL-5919 (085)	26,499
Highway Planning and Construction	20.205	HSIPL-5916 (086)	726,583
Highway Planning and Construction	20.205	HSIPL-5916 (100)	4,684
Highway Planning and Construction	20.205	CML-5916 (091)	31,341
Highway Planning and Construction	20.205	STPL-5916 (094)	490,503
Highway Planning and Construction	20.205	STPCML-5916 (097)	1,004,756
Highway Planning and Construction	20.205	BRLO-5916 (014)	61
Highway Planning and Construction	20.205	BRLS-5916 (029)	825,123
Highway Planning and Construction	20.205	BRLO-5916 (074)	39,379
Highway Planning and Construction	20.205	BRLO-5916 (071)	8,454
Highway Planning and Construction	20.205	BRLS-5916 (065)	705,078
Highway Planning and Construction	20.205	BRLO-5916 (087)	29,471
Highway Planning and Construction	20.205	BRLO-5916 (092)	84,787
Highway Planning and Construction	20.205	BRLO-5916 (093)	71,018
ARRA - Highway Planning and Construction	20.205	ESPL-5916 (084)	51,615
Subtotal CFDA Number 20.205			4,654,216
Total U.S. Department of Transportation			\$ 4,654,216
<u>U. S. Department of Health and Human Services</u>			
Passed through State Department of Public Health:			
Center for Disease Control & Prevention	93.069	--	118,791
Maternal & Child Health MCH Title XIX	93.110	--	46,401
Maternal & Child Health MCH TITLE V	93.994	--	86,146
KinGap IV-E Admin	93.090		4,895
Subtotal Pass-Through			256,233
Passed through State Department of Health Care Services:			
Children's Health Insurance Program SMSB TITLE XXI	93.767	--	41,385
Targeted Case Management HHS DHHS/SSA TITLE XIX	93.778		235,093
Targeted Case Management P/G	93.778	58-0712	58,592
California Children's Services DHHS/SSA TITLE XIX	93.778	--	191,440
Medical Assistance Program - Administration TITLE XIX	93.778	--	2,060,816
Medicare Medicaid Serv C-IV Title XIX Asst Program	93.778		2,353
Medical Assistance Program - CMIPS	93.778	--	77,208
Child Health and Disability Program DHHS/SSA TITLE XIX	93.778	--	130,142
Medical Assistance Program - Foster Care DHHS/SSA TITLE XIX	93.778	--	25,205
Medical Assistance Program - Adult Protective Services	93.778	--	119,636
Child Welfare Services Title XIX Medical Assistance Program	93.778	--	181,813
Medical Assistance Program - In Home Supportive Services	93.778	--	582,733
Medical Assistance Program - IHSS - Public Authority	93.778	--	224,501
Medical Asst Prog IHSS CFCO	93.778		26,940
Medi-Cal Admin DHHS/SSA XIX-Medical Asst	93.778		18,325
Subtotal Pass-Through			3,976,182

See accompanying notes to Schedule of Expenditures of Federal Awards

**COUNTY OF YUBA**

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 Grantor's Number	Expenditures
<u>U. S. Department of Health and Human Services (continued)</u>			
Passed through State Department of Aging:			
Multi-Senior Services Program (MSSP)	93.778	--	\$ 104,724
Subtotal Pass-Through			<u>104,724</u>
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families - Assistance	93.558	--	5,419,962
Child Welfare Services (TANF)	93.558	--	344,910
Calworks Asst Timed Out Safety Net	93.558		3,031,469
Temporary Assistance for Needy Families - Adm C-IV	93.558	--	3,550
Subtotal CFDA Number 93.558			<u>8,799,891</u>
Passed through State Department of Social Services:			
Foster Care - Title IV-E - Child Welfare Services	93.658	--	1,224,954
Foster Care - Title IV-E	93.658	--	76,438
Foster Family Home Licensing	93.658	--	16,116
Foster Care Assistance EA Foster Care	93.658	--	1,211,071
Non CWS Allocation	93.658		13,325
KINGAP	93.658	--	2,753
Monthly Visit Group Home Admin Child & Families	93.658		2,056
Statewide Auto Welfare Informaiton Systems IV-E DHHS/SSA	93.658		29,947
Subtotal CFDA Number 93.658			<u>2,576,660</u>
Adoption Assistance - Assistance	93.659	--	2,075,013
Adoption Assistance - IV-E Admin	93.659	--	24,045
Adoption Assistance - Nonrecurring Expense	93.659	--	695
Subtotal CFDA Number 93.659			<u>2,099,753</u>
Promoting Safe and Stable Families	93.556	--	67,814
Child Welfare Services - State Grants	93.645	--	74,034
CWS Title XX Ledger Shift/Augment	93.667	--	95,484
Independent Living Program	93.674		72,303
CalWorks-Single Allocation	93.667		88,689
CWS Title XX	93.667		111,369
Subtotal			<u>509,693</u>
Subtotal Pass-Through			<u>13,985,997</u>
Passed through the State Department of Child Support Services:			
Child Support Enforcement	93.563	--	2,190,125
Subtotal CFDA Number 93.563			<u>2,190,125</u>
Community Services Block Grant	93.569	12F-4448	190,629
Community Services Block Grant	93.569	12F-4453	178,420
Community Services Block Grant	93.569	13F-3053	88,405
Community Services Block Grant	93.569	13F-3048	108,165
Subtotal CFDA Number 93.563			<u>565,619</u>
Total U.S. Department of Health & Human Services			<u>\$ 21,078,880</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

**COUNTY OF YUBA**

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 Grantor's Number	Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed through California Emergency Management Agency:			
FY 10 Emergency Management Performance Grant	97.042	2012 - 0027	\$ 139,679
FY 10 Homeland Security Grant Program	97.073	2010-85	58,859
FY 11 Homeland Security Grant Program	97.073	2011 - SS0077	63,395
Subtotal CFDA Number 97.073			<u>122,254</u>
Subtotal Pass-Through			<u>261,933</u>
Total U.S. Department of Homeland Security			\$ 261,933
Total Expenditures of Federal Awards			<u><u>\$ 29,312,499</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF YUBA

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

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal awards programs of the County of Yuba (County), with the exception of Yuba County Housing Authority, which expended \$2,280,242 of federal awards, and was subject to a separate single audit by independent auditors. The County’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 governmental agencies, are included in the Schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is prepared using the modified accrual method of accounting when federal expenditures are incurred in the governmental funds and the accrual method of accounting when the federal expenditures are incurred in the proprietary funds. 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*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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, Special Revenue and Enterprise funds.

Note 4: **Subrecipients**

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

Federal CFDA#	Program	Amount
14.228	Community Development Block Grants/State’s Program	\$ 57,540
93.569	Community Services Block Grant	497,819
97.073	Homeland Security Grant Program 11	52,498

**COUNTY OF YUBA**

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

Note 5: **Loans with Continuing Compliance Requirement**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of July 1, 2012 and June 30, 2013 as follows:

<u>Federal CFDA #</u>	<u>Program Title</u>	<u>Outstanding Loans</u>	<u>Prior Year Loans with Continuing Compliance Requirements</u>	<u>New Loans</u>
14.228	Community Development Block Grant/State's Program	\$ 5,309,243	\$ 5,309,243	\$ -
14.228	Community Development Block Grant/State's Program (Economic Development Initiative)	289,862	263,106	26,756
14.239	HOME Investment Partnerships Program	<u>900,267</u>	<u>836,367</u>	<u>63,900</u>
	Total	<u>\$ 6,499,372</u>	<u>\$ 6,408,716</u>	<u>\$ 90,656</u>

Note 6: **Program Clusters**

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

JAG Program Cluster:

16.738	Edward Byrne Memorial Justice Assistance Grant Program	\$ 73,047
16.738	Edward Byrne Memorial Justice Assistance Grant Program	15,060
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government – Yuba County Drug Impact Program Revitalization	<u>20,977</u>
	Total	<u>\$ 109,084</u>

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.



**COUNTY OF YUBA**

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

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 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>
16.738	\$ 88,107
93.667	\$ 295,542
93.778	\$ 4,039,521

Note 9: **Department of Aging Federal/State Share**

During the fiscal year ended June 30, 2013, the County expended the following amounts under grants which pass through the California Department of Aging:

<u>CFDA</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
93.778	\$ 104,724	\$ 104,724

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**COUNTY OF YUBA**

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?   | Yes        |
| b. Significant deficiency identified not considered to be material weaknesses? | Yes        |
| 3. Noncompliance material to financial statements noted?                       | Yes        |

Federal Awards

- |   |               |
|---|---------------|
| 1. Internal control over major programs:  |               |
| a. Material weaknesses identified?  | No            |
| b. Significant deficiency identified not considered to be material weaknesses?  | None Reported |
| 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)? | No            |
| 4. Identification of major programs:  |               |

CFDA Number

Name of Federal Program

14.228  
20.205  
93.558  
93.563

Community Development Block Grant  
Highway Planning and Construction  
Temporary Assistance for Needy Families  
Child Support Enforcement

- |   |              |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$ 1,074,356 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No           |

**COUNTY OF YUBA**

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

**Section 2**

Financial Statement Findings

Governmental Trust Funds	Finding 2013-001
Recording Audit Adjustments	Finding 2013-002
Use of Miscellaneous Revenue Account	Finding 2013-003
Accounting for Transfers Between Funds	Finding 2013-004

**Section 3**

Federal Award Findings and Questioned Costs

None Reported.

## COUNTY OF YUBA

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

#### **Finding 2013-001 GOVERNMENTAL TRUST FUNDS**

##### Criteria

Under Governmental Accounting Standards Board (GASB) Statement No. 34, amounts formally held in trust but used to support the County's own programs should be reported as funds within the County's reporting entity so as to ensure all economic resources that can be used by the County are reported in the basic financial statements. Use of the agency fund type is limited to resources the County holds purely in a custodial capacity for individuals or other organizations, such as school districts and special districts not governed by the County Board of Supervisors.

The general ledger accounting system should produce accurate financial information in a format facilitating decision making. Department heads should review financial information relevant to their departments for accuracy and completeness. A chart of accounts providing users with sufficient detail is essential in strengthening internal controls that identify and correct misstatements.

##### Condition

During the audit, we identified 61 funds having cash balances of \$41 million that were incorrectly accounted for as agency funds in the County's accounting system. These funds hold resources acquired to support the County's functions and activities. Nearly all of the transactions in these 61 funds for the fiscal year ended June 30, 2013, were recorded as miscellaneous revenues. Inflows of revenues and transfers from other funds were netted against outflows of expenditures and transfers to other funds.

##### Cause

The County's general ledger fund structure and chart of accounts is designed to satisfy older State budgetary and legal requirements. The County's general ledger structure does not readily translate to the newer financial reporting model required by current standards.

##### Effect of Condition

Current financial reporting standards require the County's reporting entity to include transactions and balances in these 61 funds in a format substantially different than currently used on the County's general ledger accounting system. By not including these funds, assets, liabilities, revenues and expenses are materially misstated. In order to include these funds, additional work is necessary to manually account for their transactions using a different model.

There is the potential for double reporting of revenues when resources are transferred into operating funds. Not using the accounting system to control the flow of revenues increases the potential for reporting revenues twice.

The commingling of transactions in one account, miscellaneous revenues, prevents department heads and others from the important function of reviewing and monitoring financial activity of the County. As a result, there is an increased likelihood of misstatements going undetected and uncorrected.

##### Recommendation

We recommend the Auditor-Controller's Office create new funds in its accounting system to account for these 61 funds either as County funds having the full chart of accounts used by County operating funds capable of reporting revenues and expenditures or by including the balances and activities in existing County funds.

**COUNTY OF YUBA**

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

**Finding 2013-001**  
**GOVERNMENTAL TRUST FUNDS** (continued)

Management Response

Management agrees with the determination of the Auditors. As our current financial system was configured to satisfy older requirements we are working to address the issue on a structural level. We are currently working to first ensure all funds are properly identified and second to adjust the configuration of the accounting system to reflect newer reporting requirements.

## COUNTY OF YUBA

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

#### **Finding 2013-002 RECORDING AUDIT ADJUSTMENTS**

##### Criteria

The County's general ledger should contain balances and transactions that are complete, current, and as accurate as reasonably possible. A general ledger which meets these criteria can be used in effective financial analysis, including budget to actual reviews, and will contribute to management's efforts to meet operational and financial goals.

##### Condition

During the audit, we noted that not all prior year's audit adjustments had been recorded in the County's general ledger though the County's currently working with us to record all audit adjustments from the current audit. We also noted instances where other adjustments made for financial reporting were not posted. This resulted in beginning equity not reconciling to the prior year's audited amounts without significant adjustments.

##### Cause

The County has not had a process to record audit adjustments or other adjustments for the financial statements in the general ledger.

##### Effect of Condition

By not recording audit adjustments and other adjustments made for the financial statements, the County's general ledger will not agree to the financial statements and will make reconciling beginning equity more difficult. In addition, management will not have ready access to current, updated financial information for financial analysis and review.

##### Recommendation

We recommend that audit adjustments and other post-closing adjustments be posted in the general ledger. The County may choose to record them in the fiscal year under audit or in the subsequent fiscal year, depending on their policy as well as system limitations that may be in place.

##### Management Response

Management agrees with the auditor's recommendations. Management has recorded all the audit adjustments to reconcile prior periods as of the beginning of the fiscal year and has supplied the auditors with most of the adjusting entries for the current year. Management will continue to ensure all necessary audit adjustments are posted.

## COUNTY OF YUBA

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

#### **Finding 2013-003**

#### **USE OF MISCELLANEOUS REVENUE ACCOUNTS**

##### Criteria

Revenues should be presented by source in sufficient detail to be meaningful.

##### Condition

The County's use of the miscellaneous revenue account includes revenues generated from other sources such as charges for services and intergovernmental revenues. During the performance of nonattest services to prepare the County's financial statements, we proposed several reclassifications of miscellaneous revenues so that revenues in the County's financial statements would be presented in sufficient detail so as to be meaningful as required by accounting standards. While the County has made very good progress in addressing the use of miscellaneous accounts, it is still cleaning up several of its generic revenue accounts to be more meaningful.

##### Cause

For some funds, the County's chart of accounts is not sufficiently detailed or does not include all of the accounts necessary to adequately classify all revenues by type as with some trust funds that are that include accounts for interest and miscellaneous revenues only. For the County's operating funds, revenues are posted to an all-inclusive miscellaneous revenue account because:

- There is no account in the chart of accounts within the appropriate type of revenue source which matches the revenue transaction being posted.
- There is a lack of information at the time of the transaction to accurately determine the type of revenue source.
- There is a lack of guidance from which to accurately determine the proper revenue account.

##### Effect of Condition

The level of detail for classifying transactions should be sufficiently categorized so as to be meaningful to management in making decisions. When charges for services or intergovernmental revenues, both significant revenue sources, are combined with miscellaneous revenues, the resulting balance becomes meaningless.

##### Recommendation

We recommend the following courses of action:

- Modify each fund's chart of accounts pertaining to revenues so as to capture a majority of its revenue sources within the appropriate type of revenue source for financial reporting purposes.
- Adopt and publish written guidance that ensures the accurate classification of revenues by type of revenue source.
- Periodically review transactions posted to miscellaneous revenue sources to ensure that revenues for other types of revenues such as charges for services or intergovernmental revenues are reclassified to the appropriate revenue accounts.

##### Management Response

Management agrees with auditor's recommendations. While management has reduced the improper use of miscellaneous revenue account in the current fiscal year management recognizes additional steps need to be made to completely address this issue. Management has started an internal project specifically dealing with this issue and expects full implementation in the 2014-2015 fiscal year.



## COUNTY OF YUBA

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

#### **Finding 2013-004** **ACCOUNTING FOR TRANSFERS BETWEEN FUNDS**

##### Criteria

GAAP define an interfund transfer as a flow of cash or other assets from one fund to another when there is no reciprocating flow of any item of value back to the fund originating the transfer and no liability is created for the receiving fund to repay the originating fund. In essence, a transfer constitutes a gift or subsidy from one fund to another. When such a transfer is recorded, the incoming transfer recorded in the receiving fund must be identical in amount to the outgoing transfer recorded in the paying fund.

Transactions that involve an exchange between funds where each fund is contributing assets or services to the other fund are accounted for as reimbursements or simply as interfund charges, depending on the fund types involved in the transaction.

##### Condition

During our audit, we noted that the total amount recorded as incoming transfers from all funds did not equal the total amount recorded as outgoing transfers for all funds on the final trial balance provided by the County and also on the worksheet provided in connection with the audit. Some transactions are recorded as transfers by one fund but recorded as revenue or expenditures by the other fund. We also noted that charges by the internal service funds to other funds were recorded as transfers in rather than charges for services as required by GAAP.

##### Cause

The County does not have written policies or guidelines which adequately define transfers or provide guidance on the proper recording of transactions between funds.

##### Effect of Condition

If true transfers of resources between funds are not simultaneously recorded as incoming transfers in receiving funds and outgoing transfers in paying funds, then by definition the transaction has been recorded incorrectly and revenues and expenditures in the affected funds will likely be misstated. Although such misstatements are likely to be identified before the financial statements are finalized, the process of evaluating and correcting the transactions after they have already been recorded can be time-consuming. In addition, if the transaction in question constitutes a reimbursement or charge for goods or services and not a true transfer, recognizing either a transfer in or a transfer out would result in a misstatement both of transfers and of the affected funds' revenues and expenditures.

##### Recommendation

We recommend that the Auditor-Controller's office adopt a policy that entries to the incoming transfer account may only be made if a corresponding entry is also made to an outgoing transfer account. Further, we recommend that an appropriate staff member balance the incoming and outgoing transfer accounts on a periodic basis so that any discrepancies can be quickly identified and corrected.

##### Management Response

Management agrees with the determination of the auditors. We are developing procedures and policies to address this issue. Management has implemented a plan to address this issue and expect full implementation of the project in the 2014-2015 fiscal year.

**COUNTY OF YUBA**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2013

None Reported.

**SUPPLEMENTARY SCHEDULES  
OF  
THE CALIFORNIA EMERGENCY  
MANAGEMENT AGENCY  
AND  
THE BOARD OF STATE AND COMMUNITY CORRECTIONS  
PROGRAMS GRANTS EXPENDITURES**

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**COUNTY OF YUBA**

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

**California Emergency Management Agency Grants**

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2013. 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, 2012	For the Year Ended June 30, 2013	Cumulative As of June 30, 2013	Federal Share	State Share	County Share
<b>AT12090580 - Child Abuse Treatment and Advocacy</b>						
Personal services	\$ 133,712	\$ 143,728	\$ 277,440	\$ 143,728	\$ --	\$ --
Operating expenses	2,836	2,226	5,062	2,226	--	--
Equipment	--	2,235	2,235	2,235	--	--
<b>Totals</b>	<b>\$ 136,548</b>	<b>\$ 148,189</b>	<b>\$ 284,737</b>	<b>\$ 148,189</b>	<b>\$ --</b>	<b>\$ --</b>
<b>VW12260580 - Victim Witness Assistance Program</b>						
Personal services	\$ 61,322	\$ 127,236	\$ 188,558	\$ 53,779	\$ 73,457	\$ --
Operating expenses	--	1,285	1,285	--	1,285	--
<b>Totals</b>	<b>\$ 61,322</b>	<b>\$ 128,521</b>	<b>\$ 189,843</b>	<b>\$ 53,779</b>	<b>\$ 74,742</b>	<b>\$ --</b>
<b>UV12030580 - Unserved/Underserved Victim Advocacy and Outreach</b>						
Personal services	\$ 89,877	\$ 121,879	\$ 211,756	\$ 121,879	\$ --	\$ --
Operating expenses	2,043	2,903	4,946	2,903	--	--
<b>Totals</b>	<b>\$ 91,920</b>	<b>\$ 124,782</b>	<b>\$ 216,702</b>	<b>\$ 124,782</b>	<b>\$ --</b>	<b>\$ --</b>

**COUNTY OF YUBA**

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

**California Emergency Management Agency Grants** (continued)

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 617-12 - Edward Byrne Memorial Justice Assistance Grant Program - Yuba County Drug Impact Program						
Personal services	\$ 26,194	\$ 24,011	\$ 50,205	\$ 24,011	\$ --	\$ --
Operating expenses	84,995	49,036	134,031	49,036	--	--
Totals	<u>\$ 111,189</u>	<u>\$ 73,047</u>	<u>\$ 184,236</u>	<u>\$ 73,047</u>	<u>\$ --</u>	<u>\$ --</u>
ZP09010580 - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government -Yuba County Evidenced-based Probation Super Recovery						
Personal services	\$ 65,312	\$ 14,241	79,553	\$ 14,241	\$ --	\$ --
Operating expenses	1,594	6,736	8,330	6,736	--	--
Totals	<u>\$ 66,906</u>	<u>\$ 20,977</u>	<u>\$ 87,883</u>	<u>\$ 20,977</u>	<u>\$ --</u>	<u>\$ --</u>

**COUNTY OF YUBA**

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

**Board of State and Community Corrections Grants**

The following represents expenditures for the Board of State and Community Corrections grants for the year ended June 30, 2013. 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, 2012	For the Year Ended June 30, 2013	Cumulative As of June 30, 2013	Federal Share	State Share	County Share
<b>178-05 - Juvenile Justice Crime Prevention Act</b>						
Personal services	\$ 101,896	\$ 87,356	189,252	\$ 87,356	\$ --	\$ --
Operating expenses	5,809	2,239	8,048	2,239	--	--
<b>Totals</b>	<b>\$ 107,705</b>	<b>\$ 89,595</b>	<b>\$ 197,300</b>	<b>\$ 89,595</b>	<b>\$ --</b>	<b>\$ --</b>
<b>FY 12 EMPG - 97.042</b>						
Personal services	\$ 104,411	\$ 111,055	215,466	\$ 111,055	\$ --	\$ --
Operating expenses	32,996	20,044	53,040	20,044	--	--
Equipment	--	8,580	8,580	8,580	--	--
<b>Totals</b>	<b>\$ 137,407</b>	<b>\$ 139,679</b>	<b>\$ 277,086</b>	<b>\$ 139,679</b>	<b>\$ --</b>	<b>\$ --</b>
<b>FY 10 SHSG - 97.073</b>						
Personal services	\$ 16,999	\$ --	16,999	\$ --	\$ --	\$ --
Operating expenses	--	2,805	2,805	2,805	--	--
Equipment	222,216	56,054	278,270	56,054	--	--
<b>Totals</b>	<b>\$ 239,215</b>	<b>\$ 58,859</b>	<b>\$ 298,074</b>	<b>\$ 58,859</b>	<b>\$ --</b>	<b>\$ --</b>
<b>FY 11 SHSG - 97.073</b>						
Personal services	\$ 13,531	\$ 6,002	19,533	\$ 6,002	\$ --	\$ --
Operating expenses	3,973	4,775	8,748	4,775	--	--
Equipment	--	52,618	52,618	52,618	--	--
<b>Totals</b>	<b>\$ 17,504</b>	<b>\$ 63,395</b>	<b>\$ 80,899</b>	<b>\$ 63,395</b>	<b>\$ --</b>	<b>\$ --</b>

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**SUPPLEMENTARY SCHEDULES  
OF THE DEPARTMENT  
OF  
COMMUNITY SERVICES  
AND DEVELOPMENT  
GRANT REVENUES AND EXPENDITURES**

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**COUNTY OF YUBA**

Supplemental Statement of Revenue and Expenditures  
 CSD Contract No. 13F-3053 (CSBG - \$246,394)  
 For The Period January 1, 2013 through December 31, 2013

	January 1, 2013 through June 30, 2013	July 1, 2012 through December 31, 2012	Totals
<u>Revenue</u>			
Grant revenue	\$ 164,249	\$ --	\$ 164,249
Interest income	626	--	626
	<hr/>	<hr/>	<hr/>
Total Revenue	<u>\$ 164,875</u>	<u>\$ --</u>	<u>\$ 164,875</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 12,540	\$ --	\$ 12,540
Fringe benefits	3,483	--	3,483
Travel	225	--	225
Membership	871	--	871
Communication	54	--	54
Equipment Lease/purchase	198	--	198
A-87 Charges	4,000	--	4,000
Office supplies	896	--	896
Subtotal Administrative Costs	<hr/> 22,267	<hr/> --	<hr/> 22,267
Program Costs:			
Sub-contractors	66,138	--	66,138
Subtotal Program Costs	<hr/> 66,138	<hr/> --	<hr/> 66,138
Total Expenditures	<u>\$ 88,405</u>	<u>\$ --</u>	<u>\$ 88,405</u>

**COUNTY OF YUBA**

Supplemental Statement of Revenue and Expenditures  
 CSD Contract No. 12F-4458 (CSBG - \$248,875)  
 For The Period January 1, 2012 through December 31, 2012

	January 1, 2013 through June 30, 2013	July 1, 2012 through December 31, 2012	Totals
<u>Revenue</u>			
Grant revenue	\$ 57,674	\$ 83,016	\$ 140,690
Interest income	412	--	412
	<hr/>	<hr/>	<hr/>
Total Revenue	<u>\$ 58,086</u>	<u>\$ 83,016</u>	<u>\$ 141,102</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 556	\$ 3,302	\$ 3,858
Fringe benefits	128	933	1,061
Communication	--	140	140
Insurance	--	2,787	2,787
A-87 Charges	--	3,000	3,000
Office supplies	--	925	925
	<hr/>	<hr/>	<hr/>
Subtotal Administrative Costs	684	11,087	11,771
Program Costs:			
Sub-contractors	64,952	113,906	178,858
	<hr/>	<hr/>	<hr/>
Subtotal Program Costs	64,952	113,906	178,858
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 65,636</u>	<u>\$ 124,993</u>	<u>\$ 190,629</u>

**COUNTY OF YUBA**

Supplemental Statement of Revenue and Expenditures  
 CSD Contract No. 13F-3048 (CSBG - \$247,015)  
 For The Period January 1, 2013 through December 31, 2013

	January 1, 2013 through June 30, 2013	July 1, 2012 through December 31, 2012	Totals
<u>Revenue</u>			
Grant revenue	\$ 92,203	\$ --	\$ 92,203
Total Revenue	<u>\$ 92,203</u>	<u>\$ --</u>	<u>\$ 92,203</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 6,449	\$ --	\$ 6,449
Fringe benefits	1,662	--	1,662
Travel	200	--	200
Communication	139	--	139
Equipment Lease/purchase	198	--	198
A-87 Charges	3,000	--	3,000
Other costs	923	--	923
Subtotal Administrative Costs	<u>12,571</u>	<u>--</u>	<u>12,571</u>
Program Costs:			
Sub-Contractors	95,594	--	95,594
Subtotal Program Costs	<u>95,594</u>	<u>--</u>	<u>95,594</u>
Total Expenditures	<u>\$ 108,165</u>	<u>\$ --</u>	<u>\$ 108,165</u>

**COUNTY OF YUBA**

Supplemental Statement of Revenue and Expenditures  
 CSD Contract No. 12F-4453 (CSBG - \$248,944)  
 For The Period January 1, 2012 through December 31, 2012

	January 1, 2013 through <u>June 30, 2013</u>	July 1, 2012 through <u>December 31, 2012</u>	<u>Totals</u>
<u>Revenue</u>			
Grant revenue	\$ 39,160	\$ 88,705	\$ 127,865
Interest income	--	433	433
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenue	<u>\$ 39,160</u>	<u>\$ 89,138</u>	<u>\$ 128,298</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 1,716	\$ 18,599	\$ 20,315
Fringe benefits	508	5,636	6,144
Travel	--	22	22
Membership	--	495	495
Communication	--	59	59
A-87 Charges	--	4,000	4,000
Office supplies	93	785	878
Subtotal Administrative Costs	<u>2,317</u>	<u>29,596</u>	<u>31,913</u>
Program Costs:			
Subcontractor Reimbursement	<u>76,960</u>	<u>69,547</u>	<u>146,507</u>
Subtotal Program Costs	<u>76,960</u>	<u>69,547</u>	<u>146,507</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenditures	<u>\$ 79,277</u>	<u>\$ 99,143</u>	<u>\$ 178,420</u>