

COUNTY OF TUOLUMNE

Single Audit Reports

For the Year Ended June 30, 2006

**COUNTY OF TUOLUMNE
FOR THE YEAR ENDED JUNE 30, 2006**

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COUNTY OF TUOLUMNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor

Pass Through Grantor (if not direct)

Program Title	CFDA No.	Expenditures/ Expenses	Grant #/ Project #
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct:			
U.S. Forest Service Communications	10.xxx	\$ 2,547	N/A
Law Enforcement - New Melones	10.xxx	9,830	N/A
Law Enforcement - Don Pedro	10.xxx	7,322	N/A
Law Enforcement - USFS	10.xxx	9,932	N/A
Law Enforcement - Mother Lode Fair	10.xxx	1,669	N/A
Total Law Enforcement		28,753	
Pass Through State Department of Social Services:			
Food Stamps	10.551	3,078,858	10561 012
State Administrative Matching Grants for Food Stamp Program	10.561	475,187	N/A
Total Food Stamp Cluster		3,554,045	
Pass Through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	278,565	05-45812
Pass Through State Controller's Office:			
Schools and Roads - Grants to States	10.665	2,228,988	N/A
TOTAL U.S. DEPARTMENT OF AGRICULTURE		6,092,898	
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass Through State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228	444,600	04-STBG-1980
Community Development Block Grant/State's Program	14.228	339,464	STBG-1937
Community Development Block Grant/State's Program	14.228	7,375	TA 03-PTAA-0033
Community Development Block Grant/State's Program	14.228	74,010	STBG-1854
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		865,449	
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct:			
Payment in Lieu of Taxes	15.226	739,215	N/A
TOTAL U.S. DEPARTMENT OF INTERIOR		739,215	

(Continued)

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

COUNTY OF TUOLUMNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

<u>Federal Grantor</u>			
<u>Pass Through Grantor (if not direct)</u>			
<u>Program Title</u>	<u>CFDA No.</u>	<u>Expenditures/ Expenses</u>	<u>Grant #/ Project #</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass Through State Department of Justice:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	\$ 97,419	BDC 309-05
State Criminal Alien Assistance Program	16.606	2,091	N/A
Pass Through State Office of Emergency Services:			
Crime Victim Assistance	16.575	53,519	VW05190550
Violence Against Women Formula Grants	16.588	44,950	VV05010550
Edward Byrne Memorial Justice Assistance Grant Program	16.738	186,856	MS05040550
Edward Byrne Memorial Justice Assistance Grant Program	16.738	185,786	DC05160550
Total Edward Byrne Memorial Justice Assistance Grant Program		<u>372,642</u>	
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>570,621</u>	
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct:			
Airport Improvement Program	20.106	63,663	N/A
Federal Transit - Formula Grants	20.507	258,824	N/A
Pass Through State Department of Transportation:			
Highway Planning and Construction	20.205	54,095	BRLO-5932(006)
RSTP Exchange	20.301	407,574	X06-5932-(047)
State and Community Highway Safety	20.600	31,793	STPLER-5932-(033)
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>815,949</u>	
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass Through State Department of Alcohol and Drug Program:			
Safe and Drug-Free Schools and Communities - State Grants	84.186	3,500	N/A
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>3,500</u>	
<u>ELECTION ASSISTANCE COMMISSION</u>			
Direct:			
Help America Vote Act Requirements Payments	90.401	410,727	
TOTAL ELECTION ASSISTANCE COMMISSION		<u>410,727</u>	

(Continued)

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

COUNTY OF TUOLUMNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

Federal Grantor			
Pass Through Grantor (if not direct)	CFDA	Expenditures/	Grant #/
Program Title	No.	Expenses	Project #
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass Through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	\$ 149,280	93556 012
Temporary Assistance for Needy Families	93.558	5,528,083	93558 012
Child Support Enforcement	93.563	1,494,216	N/A
Child Welfare Services - State Grants	93.645	36,253	93645 012
Foster Care - Title IV-E	93.658	960,374	93658 012
Adoption Assistance	93.659	384,876	93659 012
Social Services Block Grant	93.667	118,086	93667 012
Federal Challenge Grant	93.672	31,123	N/A
Chafee Foster Care Independence Program	93.674	26,139	N/A
Pass Through State Department of Health Services:			
Child Health & Disability Prevention (CHDP)	93.xxx	172,316	N/A
California Childrens Services	93.xxx	23,826	N/A
Targeted Case Management	93.xxx	129,948	55-0407
AIDS Programs	93.xxx	56,462	04-35393
Immunization Grants	93.268	20,250	05-45438
Voting Access for Individuals with Disabilities - Grants to States	93.617	7,046	
Maternal and Child Health Services Block Grant to the States	93.994	131,314	200555
Pass Through State Department of Alcohol and Drug Program:			
Perinatal Set Aside	93.xxx	5,339	N/A
Block Grants for Prevention and Treatment of Substance Abuse	93.959	524,182	N/A
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		9,799,113	
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass through State Office of Emergency Services:			
Terrorist/HAZMAT	97.xxx	55,047	2004-GR-0402
Federal Forest Reserve	97.xxx	93,800	N/A
EMS Grants	97.xxx	201,010	N/A
Bioterrorism Preparedness	97.003	171,269	EPO-06-55
Storm Drainage	97.036	82,129	N/A
State Domestic Preparedness Equipment Support Program	97.004	460,536	N/A
Emergency Management Performance Grants	97.042	19,213	2004-GR-0402
Total Homeland Security Cluster		479,749	
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		1,083,004	
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 20,380,476	

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**COUNTY OF TUOLUMNE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

NOTE A – GENERAL

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

NOTE B – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

NOTE C – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the County's basic financial statements as intergovernmental revenues principally in the General and Special Revenue Funds.

NOTE D – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

NOTE E – AMOUNT PROVIDED TO SUBRECIPIENTS

Of the expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Amount</u>
Community Development Block Grant	14.228	\$ 419,900
Block Grant for Prevention and Treatment of Substance Abuse	93.959	456,444



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To the Board of Supervisors
and Grand Jury
County of Tuolumne
Sonora, California

**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**

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 Tuolumne, California (County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 9, 2007. 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's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Supervisors, Grand Jury, management, and state and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California

May 9, 2007



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To the Board of Supervisors
and Grand Jury
County of Tuolumne
Sonora, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the County of Tuolumne, California (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, 2006. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006. However, the results of our audit 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 2006-1 and 2006-2.

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 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.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

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, 2006, and have issued our report thereon dated May 9, 2007. 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.

This report is intended solely for the information and use of the Board of Supervisors, Grand Jury, management, and state and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California
May 9, 2007

**COUNTY OF TUOLUMNE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weaknesses identified	No
• Reportable conditions identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified	No
• Reportable conditions identified that are not considered to be material weaknesses	Yes
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.551/10.561	Food Stamp Cluster
14.228	Community Development Block Grant
93.558	Temporary Assistance for Needy Families
93.658	Foster Care

Dollar threshold used to distinguish between Type A and Type B programs:	\$611,414
Auditee qualified as low-risk auditee	No

COUNTY OF TUOLUMNE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

Item: 2006-1

Criteria:

Under Office of Management and Budget (OMB) Circular A-133, single audit reports are due nine months after the end of the government's year end. For the County's single audit reports for the year ended June 30, 2006, the due date was March 31, 2007.

Condition:

The County's single audit reports for the year ended June 30, 2006 are being issued in June 2007 making it late and therefore not in compliance with OMB Circular A-133.

Effect:

The lateness of the County's single audit reports for the year ended June 30, 2006 has caused some grantors to either withhold or discontinue funding pending the release of the single audit reports. In addition, submitting the reports late precludes the County from being considered a low risk auditee.

Cause:

The County's single audit reports for the year ended June 30, 2006 are being issued late because the County's annual financial report for the year ended June 30, 2006 was issued late. The County was required to implement Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* during the year ended June 30, 2003, which delayed the issuance of the County's annual financial report for the years ended June 30, 2003, 2004, and 2005, which in-turn delayed the issuance of the County's annual financial report for the year ended June 30, 2006. These new standards provided for the most significant changes in financial reporting in over twenty years, and the County did not have adequate resources available to accomplish this task in a timely fashion.

Recommendations:

We recommend that the County take the necessary steps to obtain adequate resources needed to issue the County's annual financial report and single audit reports in a more timely fashion.

Management Response/Corrective Action:

The Auditor's office has hired additional professional staff that will increase the resource level to meet the time requirements.

COUNTY OF TUOLUMNE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

Section III – Federal Award Findings and Questioned Costs (Continued)

Item: 2006-2

Foster Care – Title IV-E

CFDA No. 93.658

U.S Department of Health and Human Services

Eligibility

Criteria:

Per program requirements for Foster Care eligibility, recertifications of eligibility criteria must be performed every twelve months.

Condition:

During our testing of eligibility requirements, it was noted that two of the forty cases tested did not have a recertification of eligibility criteria performed within the twelve month due date.

Effect:

Because recertifications also recalculate the aid payment, there is the potential that a foster care provider will receive payments that are the incorrect amount or are for children that are no longer eligible for funding during the interim time between when recertification is due and when it is actually performed.

Questioned Costs:

There are no questioned costs because, per review of the belated redetermination forms, the amount and eligibility of the children did not change.

Cause:

Per program management, Eligibility Workers base recertification forms on the Social Workers forms. In both of these cases, the Social Worker was late to turn in forms and thus the recertification as delayed.

Recommendations:

Because there is already a system in place to alert Eligibility Workers of recertification due dates, we recommend that the Eligibility Worker work more closely with the Social Worker in order to coordinate schedules to better meet the recertification due dates.

Management Response/Corrective Action:

Program management stated that Eligibility Workers coordinate to the best of their abilities, but because Social Workers are in another department, it is hard to enforce.

**COUNTY OF TUOLUMNE
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Item: 2005-1/2004-1/2003-1

Criteria:

Under Office of Management and Budget (OMB) Circular A-133, single audit reports are due nine months after the end of the government's year end. For the County's single audit reports for the years ended June 30, 2003, 2004, and 2005, the due dates were March 31, 2004, 2005 and 2006, respectively.

Condition:

The County's single audit reports for the years ended June 30, 2003, 2004, and 2005 were issued in June 2006, September 2006 and March 2007, respectively, making them late and therefore not in compliance with OMB Circular A-133.

Effect:

The lateness of the County's single audit reports for the years ended June 30, 2003, 2004, and 2005 has caused some grantors to either withhold or discontinue funding pending the release of the single audit reports. In addition, submitting the reports late precludes the County from being considered a low risk auditee.

Cause:

The County's single audit reports for the years ended June 30, 2003, 2004, and 2005 were issued late because the County's annual financial report for the years ended June 30, 2003, 2004, and 2005 were issued late. The County was required to implement Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* during the year ended June 30, 2003, which delayed the issuance of the County's annual financial report for the year ended June 30, 2003, which in-turn delayed the issuance of the County's annual financial report for the years ended June 30, 2004 and 2005. These new standards provided for the most significant changes in financial reporting in over twenty years, and the County did not have adequate resources available to accomplish this task in a timely fashion.

Recommendations:

We recommend that the County take the necessary steps to obtain adequate resources needed to issue the County's annual financial report and single audit reports in a more timely fashion.

Management Response/Corrective Action:

The Auditor's office has hired additional professional staff that will increase the resource level to meet the time requirements.

Status

See current year finding 2006-1.