

COUNTY OF TUOLUMNE, CALIFORNIA

Single Audit Reports

For the Year Ended June 30, 2008

**COUNTY OF TUOLUMNE, CALIFORNIA
FOR THE YEAR ENDED JUNE 30, 2008**

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COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor

Pass Through Grantor (if not direct)

Program Title	CFDA No.	Expenditures/ Expenses	Grant #/ Project ID
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct:			
Grazing Fees	10.unknown	\$ 724	N/A
U.S. Forest Service Communications	10.unknown	2,531	N/A
Law Enforcement - New Melones	10.unknown	4,493	N/A
Law Enforcement - Don Pedro	10.unknown	2,615	N/A
Law Enforcement - USFS	10.unknown	21,886	N/A
Total Law Enforcement		28,994	
Pass Through State Department of Social Services:			
Food Stamps	10.551	3,936,500	N/A
State Administrative Matching Grants for Food Stamp Program	10.561	523,913	141-16-75
Total Food Stamp Cluster		4,460,413	
Pass Through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	308,177	05-45812
Child & Adult Care Food Program (CACFP)	10.558	16,188	5017-1-N
Pass Through State Controller's Office:			
Schools and Roads Title I - Grants to States	10.665	2,246,658	US Forest Reserve FY2007
TOTAL U.S. DEPARTMENT OF AGRICULTURE		7,063,685	
<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	338,720	04-STBG-1980
Community Development Block Grant/State's Program	14.228	95,237	06-STBG-2591
Community Development Block Grant/State's Program	14.228	35,000	PTAA-1474
Total Community Development Block Grant/State's Program		468,957	
Home Investment Partnerships Program	14.239	624,823	00-HOME-0493
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		1,093,780	
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Direct:			
Payment in Lieu of Taxes	15.226	1,270,536	N/A
TOTAL U.S. DEPARTMENT OF INTERIOR		1,270,536	

(Continued)

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

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor

Pass Through Grantor (if not direct)

Program Title	CFDA No.	Expenditures/ Expenses	Grant #/ Project ID
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct:			
DEA-marijuana eradication	16.unknown	\$ 52,353	N/A
Justice Assistance Grant-Tuolumne Narcotics Team Buy Program	16.unknown	4,533	N/A
Justice Assistance Grant Schools (School Resource/Safety Products)	16.unknown	4,840	N/A
Local Law Enforcement Block Grant	16.unknown	18,964	N/A
State Criminal Alien Assistance Program	16.606	16,672	N/A
Bulletproof Vest Partnership Program	16.607	6,044	N/A
Pass Through State Office of Emergency Services:			
Crime Victim Assistance	16.575	53,519	VW07210550
Violence Against Women Formula Grants	16.588	88,656	VV07030550
Edward Byrne Memorial Justice Assistance Grant Program	16.738	127,401	DC07180550
Edward Byrne Memorial Justice Assistance Grant Program	16.738	159,225	MS07060550
Total Edward Byrne Memorial Justice Assistance Grant Program		<u>286,626</u>	
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>532,207</u>	
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct:			
Airport Improvement Program	20.106	650,000	N/A
Federal Transit - Formula Grants	20.507	454,430	N/A
Pass Through State Department of Transportation:			
Highway Planning and Construction	20.205	126,429	BRL 05932
Railroad Safety	20.301	307,574	X08-5932-(051)
State and Community Highway Safety	20.600	42,885	STPLER-5932
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>1,581,318</u>	
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct:			
Individual with Disabilities Education Act (IDEA)	84.unknown	<u>64,340</u>	N/A
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>64,340</u>	

(Continued)

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

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

<u>Federal Grantor</u>			
Pass Through Grantor (if not direct)	CFDA	Expenditures/	Grant #/
Program Title	No.	Expenses	Project ID
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass Through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	\$ 37,903	151-25-30
Temporary Assistance for Needy Families	93.558	5,066,332	151-25-30
Child Support Enforcement	93.563	1,560,525	CS 356 AEC
Foster Care - Title IV-E	93.658	1,846,531	141-16-75
Adoption Assistance	93.659	609,974	151-25-30
Child Abuse and Neglect State Grants	93.669	21,818	CBCAP
Chafee Foster Care Independence Program	93.674	23,775	151-25-30
Pass Through State Department of Health Services:			
Child Health & Disability Prevention	93.unknown	147,455	CHDP
Child Health & Disability Prevention	93.unknown	16,273	HCPC
Total Child Health & Disability Prevention		163,728	
California Children Services	93.unknown	8,063	05-4181 LEAD
California Children Services	93.unknown	5,474	04-35727-CAPP
California Children Services	93.unknown	6,760	none
Total California Children Services		20,297	
Targeted Case Management	93.unknown	34,548	55-0712
AIDS Programs	93.unknown	56,712	07-65094
Public Health Emergency Preparedness	93.069	16,581	EPO-CDC 07-55
Immunization Grants	93.268	15,903	07-65260
Medi-Cal Administrative Activities (MAA)	93.778	79,238	04-35114
Maternal and Child Health Services Block Grant to the States	93.994	126,503	200755
Pass Through State Department of Alcohol and Drug Program:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	445,206	07-NNA55
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		10,125,574	
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass through State Office of Emergency Services:			
Federal Forest Reserve-Title III	97.unknown	108,386	US Forest Reserve FY07
Emergency Medical Services Grants	97.unknown	117,961	EPO 06-55 and EPO 07-55
Bioterrorism Preparedness	97.003	129,176	EPO CDC 07-55
State Domestic Preparedness Equipment Support Program	97.004	287,278	2006-0071 & 2007-0008
Emergency Management Performance Grants	97.042	18,007	7FG70102
Total Homeland Security Cluster		305,285	
Buffer Zone Protection Program	97.078	20,000	2006-Z-T6-0045
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		680,808	
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 22,412,248	

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

COUNTY OF TUOLUMNE, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE A – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the County of Tuolumne (the County). The County reporting entity is defined in Note 1 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 is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements, except for programs recorded in the County's enterprise funds. The enterprise funds are presented using the accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

NOTE C – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal expenditures/expenses materially agree to or can be reconciled with the amounts reported in the County's basic financial statements.

NOTE D – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the Schedule agree to or can be reconciled 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	\$ 108,542
Block Grant for Prevention and Treatment of Substance Abuse	93.959	445,206

COUNTY OF TUOLUMNE, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

NOTE F – LOAN PROGRAMS

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs maintain servicing and trust arrangements with the County to collect loan repayments. The funds are returned to the programs upon repayment of the principal and interest and programs funded by these repayments are reported as expenditures in the Schedule. The federal government has imposed certain continuing compliance requirements with respect to the loans rendered under the programs. In accordance with Subpart B, Section 205 of the Office of Management and Budget Circular A-133, the County has reported the value of total outstanding and new loans made during the current year.

The following is a summary of the loan program balances and activities that have continuing compliance requirements at June 30, 2008:

<u>Program Title</u>	<u>CFDA Number</u>	<u>June 30, 2008 Loans Outstanding</u>	<u>Prior Year Loans With Continuing Compliance Requirements</u>	<u>Fiscal Year 2008 Loan Disbursements</u>
Community Development Block Grant / State's Program	14.228	\$ 951,966	\$ 1,016,606	\$ 47,023
HOME Investment Partnerships Program	14.239	1,811,483	1,461,483	450,000
		<u>\$ 2,763,449</u>	<u>\$ 2,478,089</u>	<u>\$ 497,023</u>



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WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

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, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 4, 2009. Our report contained an explanatory paragraph discussing the County's adoption of the provisions of Governmental Accounting Standards Board Statement No. 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and 27)* during the year ended June 30, 2008. 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 as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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
February 4, 2009



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NEWPORT BEACH

SAN MARCOS

SAN DIEGO

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, 2008. 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, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2008, and have issued our report thereon dated February 4, 2009. Our report contained an explanatory paragraph discussing the County's adoption of the provisions of Governmental Accounting Standards Board Statement No. 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and 27)* during the year ended June 30, 2008. 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.

Macías Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California

March 13, 2009, except for the schedule
of expenditures of federal awards, as to
which the date is February 4, 2009

**COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

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
• Significant deficiencies 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
• Significant deficiencies identified that are not considered to be material weaknesses	None reported
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?	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.551 / 10.561	Food Stamp Cluster
14.239	Home Investment Partnership Program
15.226	Payment in Lieu of Taxes
20.106	Airport Improvement Program
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs:	\$672,367
Auditee qualified as low-risk auditee	No

**COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

**COUNTY OF TUOLUMNE, CALIFORNIA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

Item: 2007-1 / 2006-1 / 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 County's year end. For the County's single audit reports for the years ended June 30, 2003, 2004, 2005, 2006, and 2007, the due dates were March 31, 2004, 2005, 2006, 2007, and 2008, respectively.

Condition:

The County's single audit reports for the years ended June 30, 2003, 2004, 2005, 2006, and 2007 were issued in June 2006, September 2006, March 2007, June 2007, and June 2008, 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, 2005, 2006, and 2007 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, 2005, 2006, and 2007 were issued late because the County's annual financial report for the years ended June 30, 2003, 2004, 2005, 2006, and 2007 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, 2005, and 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. The County's 2007 annual financial report was issued late due to some personal matters that required the Auditor-Controller to take a leave of absence.

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.

**COUNTY OF TUOLUMNE, CALIFORNIA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2007**

Management Response/Corrective Action:

The Auditor's office has hired additional professional staff that will increase the resource level to meet the time requirements. In addition, the County expects to rectify the issue by requesting the audit be performed earlier than in previous years, giving itself enough time should any unforeseen issues arise.

Status:

The single audit report for the year ended June 30, 2008 is being issued before the deadline, therefore we consider this issue resolved.

Item: 2007-A

Criteria:

Generally accepted accounting principles require that all assets of the County be reported in the County's financial statements.

Condition:

The County failed to account for \$2,282,906 it had in a bank account at June 30, 2006 and the activity that resulted in that balance during the year ended June 30, 2006.

Effect:

The County omitted that bank balance and the activity that resulted in that bank balance from its 2006 financial statements requiring a prior period adjustment in its 2007 financial statements.

Cause:

The County Auditor-Controller was unaware of the existence of this bank account and, therefore, was not aware the funds existed. The error was discovered only after the County transferred the funds into its normal operating account in June 2007.

Recommendations:

The County Treasurer needs to inform the County Auditor-Controller of all bank accounts that belong to the County so the County Auditor-Controller can account for them properly.

Management Response/Corrective Action:

A new policy is in place. Both the Auditor-Controller and Treasurer will receive all statements pertaining to any new bond issuance.

Status:

The County Auditor-Controller has recorded this bank account in its accounting system, and no such issues were noted in this year's audit. Therefore, we consider this issue resolved.