COUNTY OF NEVADA, CALIFORNIA

SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2003

SMITH AND NEWELL
CERTIFIED PUBLIC ACCOUNTANTS
1425 BUTTE HOUSE ROAD, SUITE B
YUBA CITY, CALIFORNIA 95993

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COUNTY OF NEVADA, CALIFORNIA
SINGLE AUDIT ACT
FOR THE YEAR ENDED JUNE 30, 2003

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SMITH & NEWELL

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Supervisors and Grand Jury
County of Nevada
Nevada City, California

Compliance

We have audited the compliance of County of Nevada, 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, 2003. 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 requirement 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, 2003.

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.

Our consideration of the internal controls over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 applicable requirements of laws, regulations, contracts and grants 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. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, Board of Supervisors, and Federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Smith & Newell CPAs
Yuba City, California
November 25, 2003

1425 BUTTE HOUSE ROAD YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305

COUNTY OF NEVADA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

Federal Program/Pass Through Program Title	CFDA Number	Federal Pass-Through Grantor Number	Receipts or Revenues Recognized	Disbursements Expenditures
U.S. Department of Agriculture				
Passed through State Department of Social Services:				
Food Stamps	10.551	-	$ 1,694,000	$ 1,708,407
State Administrative Matching Grants for Food Stamp Program	10.561	-	355,366	355,366
Passed through State Department of Health Services:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	206,900	282,052
Passed through State Department of Education:				
School Breakfast Program	10.553	-	11,346	10,042
National School Lunch Program	10.555	-	17,470	15,440
Passed through State Controller's Office:				
Schools and Roads - Grants to Counties	10.665	-	300,776	300,776
Total U.S. Department of Agriculture			2,585,858	2,672,083
Federal Emergency Management Agency				
Passed through State Office of Emergency Services:				
Emergency Management Performance Grant	83.552	EMF-2003-GR-0302	31,236	65,788
Emergency Management Performance Grant	83.552	EMF-2003-GR-0302	-	8,000
Subtotal 83.552			31,236	73,588
Emergency Operations Planning	83.562	2003-313	-	18,984
Total Federal Emergency Management Agency			31,236	92,572
U.S. Department of Defense				
Direct Program:				
Payments to States in Lieu of Real Estate Taxes	12.112	-	36,931	36,931
Total U.S. Department of Defense			36,931	36,931
U.S. Department of Justice				
Direct				
Public Safety Partnership and Community Policing Grants	16.710	02-GP-CX-0123	16,094	40,000
Passed through State Office of Criminal Justice Planning:				
Byrne Formula Grant Program	16.579	DC-01-120290	53,084	-
Byrne Formula Grant Program	16.579	DC-02-130290	119,786	172,790
Subtotal 16.579			172,870	172,790
Violence Against Women Formula Grants	16.588	VV-00030290	33,397	-
Violence Against Women Formula Grants	16.588	VV-02030290	71,629	91,182
Subtotal 16.588			105,026	91,182
Juvenile Accountability Incentive Block Grant	16.523	IP-00010290	10,577	-
Juvenile Accountability Incentive Block Grant	16.523	IP-01010290	9,646	22,867
Subtotal 16.523			20,223	22,867
Crime Victim Assistance/Discretionary Grants	16.582	VW-00140290	38,081	37,325

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

Federal Program/Pass Through Program Title	CFDA Number	Federal Pass-Through Grantor Number	Receipts or Revenues Recognized	Disbursements Expenditures
U.S. Department of Justice (continued)				
Passed through State Board of Corrections				
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	106-98	753,602	-
Passed through State Office for Domestic Preparedness				
State Domestic Preparedness Equipment Program	16.007	2000-TE-CX-0166	34,568	34,524
State Domestic Preparedness Equipment Program	16.007	2002-88	100,631	95,624
Subtotal 16.007			135,199	130,148
Total U.S. Department of Justice			1,241,095	494,312
U.S. Department of Health and Human Services				
Passed through State Department of Community Services and Development				
Low Income Home Energy Assistance	93.568	01X-6024	21,569	21,569
Low Income Home Energy Assistance	93.568	02B-5174	225,787	220,902
Low Income Home Energy Assistance	93.568	03B-5225	13,951	37,457
Subtotal 93.568			261,307	279,928
Community Services Block Grant	93.569	02F-4227	100,946	127,268
Community Services Block Grant	93.569	03F-4327	86,073	64,503
Subtotal 93.569			187,019	191,771
Passed through State Department of Social Services:				
Promoting Safe and Stable Families	93.556	-	67,014	67,014
Temporary Assistance for Needy Families	93.558	-	3,533,387	3,533,387
Child Support Enforcement	93.563	-	2,751,787	2,757,004
Child Welfare Services - State Grant	93.645	-	417,754	417,754
Foster Care - Title IV-E	93.658	-	1,176,452	1,176,452
Adoption Assistance	93.659	-	389,691	389,691
Refugee and Entrant Assistance - State Administered Programs	93.566	-	337	337
Chafee Foster Care Independent Living	93.674	-	83,053	83,053
Adoption Incentive Payments	93.603	-	10,254	10,254
Passed through State Department of Alcohol and Drug Programs:				
Block Grant for Prevention and Treatment of Substance Abuse	93.959	SAPT	612,230	618,860
Passed through State Department of Health Services:				
Childhood Lead Poisoning Prevention Projects	93.197	-	4,775	6,181
Immunization Grants	93.268	-	24,225	21,802
Medical Assistance Program	93.778	CHDP	42,053	46,783
Medical Assistance Program	93.778	Foster Care	36,736	23,396
Medical Assistance Program	93.778	TMC	44,334	70,569
Subtotal 93.778			123,123	140,748
HIV Care Formula Grants	93.917	-	$ 67,270	$ 64,583
HIV Care Formula Grants	93.917	HOPWA	29,817	28,687
Subtotal 93.917			97,087	93,270
Preventative Health and Health Services Block Grant	93.991	314 (d)	4,049	5,246

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

Federal Program/Pass Through Program Title	CFDA Number	Federal Pass-Through Grantor Number	Receipts or Revenues Recognized	Disbursements Expenditures
U.S. Department of Health and Human Services (continued)				
Maternal and Child Health Services Block Grant to the States	93.994	MCH	37,465	102,676
Maternal and Child Health Services Block Grant to the States	93.994	Title XIX	37,347	50,496
Subtotal 93.994			74,812	153,172
Family Planning - Services	93.217	Title X	98,220	119,487
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	EA 00010290	99,757	88,721
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	-	119,443	121,601
Passed through State Department of Aging:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	-	60,817	73,905
Passed throught State Department of Mental Health Services:				
Block Grants for Community Mental Health Services	93.958	SAMSHA	77,884	72,661
Total Department of Health and Human Services			10,274,477	10,422,299
Department of Housing and Urban Development				
Passed through State Department of Housing and Community Development				
Community Development Block Grants/State's Program	14.228	00-STBG-1524	19,146	17,850
Community Development Block Grants/State's Program	14.228	01-STBG-1672	-	2,993
Community Development Block Grants/State's Program	14.228	02-STBG-1603	6,661	8,570
Community Development Block Grants/State's Program	14.228	02-STBG-1755	1,288	10,986
Subtotal 14.228			27,095	40,399
HOME Investment Partnerships Program	14.239	01-HOME-553	33,044	33,044
Section 8 Housing Choice Vouchers	14.871	-	1,259,849	1,336,208
Total Department of Housing and Urban Development			1,319,988	1,409,651
U.S. Department of Transportation				
Passed through State Department of Transportation:				
Highway Planning and Construction	20.205	BRLO-5917(019)	37,663	33,136
Highway Planning and Construction	20.205	BRLO-5917(027)	77,158	77,158
Subtotal 20.205			114,821	110,294
Formula Grants for Other than Urbanized Areas	20.509		203,805	203,805
State and Community Highway Safety	20.600		20,509	35,377
Total U.S. Department of Transportation			339,135	349,476
U.S. Department of Energy				
Passed through State Department of Community Services and Development				
Weatherization Assistance for Low-Income Persons	81.042	02C-1423	$ 23,793	$ 23,793
Total U.S. Department of Energy			23,793	23,793
Total			$ 15,821,277	$ 15,408,545

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Nevada. The County of Nevada reporting entity is defined in Note 1 to the County's general purpose financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on a basis other than that used to record transactions in the accounting records and as reported in the general purpose financial statements. Sources of information for preparation of the Schedule of Expenditures of Federal Awards varies, depending on the accounting practices and reporting requirements of the department implementing the program.

3. PHYSICAL COUNT OF FOOD STAMPS

A physical count of the food stamp inventory was conducted. The count was reconciled to the inventory stated on the FNS-250.

4. OFFICE OF CRIMINAL JUSTICE PLANNING DISCLOSURES FOR FEDERAL GRANTS

The following represents expenditures for the Byrne Formula Grant Program (CFDA Number 16.579):

DC 02 130290	Budget	Current Year Actual	Current year Match	Current Year Total	Prior Year Actual	Variance
Personal services	$ 94,207	$ 94,207	$ -	$ 94,207	$ -	$ -
Operating expense	78,583	78,583	-	78,583	-	-
Equipment	-	-	-	-	-	-
Total	$ 172,790	$ 172,790	$ -	$ 172,790	$ -	$ -

The following represent expenditures for the Violence Against Women Formula Grants (CFDA Number 16.523):

VV 02 030290	Budget	Current Year Actual	Current year Match	Current Year Total	Prior Year Actual	Variance
Personal services	$ 102,076	$ 102,076	$ -	$ 102,076	$ -	$ -
Operating expense	19,500	19,500	-	19,500	-	-
Equipment	-	-	-	-	-	-
Total	$ 121,576	$ 121,576	$ -	$ 121,576	$ -	$ -

The following represents expenditures for the Juvenile Accountability Incentive Block Grant (CFDA Number 16.523):

IP 01 010290	Budget	Current Year Actual	Current year Match	Current Year Total	Prior Year Actual	Variance
Personal services	$ 23,176	$ 17,112	$ 2,541	$ 19,653	$ -	$ 3,523
Operating expense	2,348	1,862	-	1,862	-	486
Equipment	3,900	3,893	-	3,893	-	7
Total	$ 29,424	$ 22,867	$ 2,541	$ 25,408	$ -	$ 4,016

The following represents expenditures for the Crime Victim Assistance/Discretionary Grants (CFDA Number 16.582):

VW 00 140290	Budget	Current Year Actual	Current year Match	Current Year Total	Prior Year Actual	Variance
Personal services	$ 311,219	$ 31,847	$ 70,886	$ 102,733	$ 208,486	$ -
Operating expense	65,806	5,478	12,194	17,672	48,134	-
Equipment	-	-	-	-	-	-
Total	$ 377,025	$ 37,325	$ 83,080	$ 120,405	$ 256,620	$ -

COUNTY OF NEVADA, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003

4. OFFICE OF CRIMINAL JUSTICE PLANNING DISCLOSURES FOR FEDERAL GRANTS (CONTINUED)

The Following represents expenditures for the Special Programs for the Aging (CFDA Number 93.041):

	Budget	Current Year Actual	Current year Match	Current Year Total	Prior Year Actual	Variance
EA00 010290						
Personal services	$ 167,938	$ 44,699	$ 22,181	$ 66,880	$ 71,684	$ 29,374
Operating expense	77,617	39,715	-	39,715	29,264	8,638
Equipment	41,945	4,307	-	4,307	35,446	2,192
Total	$ 287,500	$ 88,721	$ 22,181	$ 110,902	$ 136,394	$ 40,204

The Following represents expenditures for the State Office of Criminal Justice Planning programs:

	Budget	Current Year Actual	Current year Match	Current Year Total	Prior Year Actual	Variance
SR 01040290						
Personal services	$ 72,961	$ 43,481	$ -	$ 43,481	$ 29,479	$ 1
Operating expense	22,363	14,703	-	14,703	7,660	-
Equipment	4,676	(213)	-	(213)	4,890	(1)
Total	$ 100,000	$ 57,971	$ -	$ 57,971	$ 42,029	$ -

SMITH & NEWELL

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Supervisors and Grand Jury
County of Nevada
Nevada City, California

We have audited the basic financial statements of the County of Nevada, California (County), as of and for the year ended June 30, 2003, and have issued our report thereon dated November 25, 2003. 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.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

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 opinion on the financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the County in a separate report dated November 25, 2003.

This report is intended solely for the information and use of management, others within the organization, Board of Supervisors, and Federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Smith & Newell

Smith & Newell, CPAs
Yuba City, California
November 25, 2003

1425 BUTTE HOUSE ROAD YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305

COUNTY OF NEVADA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30 2003

I Summary of Audit Results

1. Type of report issued on the financial statements - Unqualified
2. Reportable condition in internal control disclosed by the audit of the financial statements and any such conditions that are material weaknesses - See Section II and III
3. Disclosure or any noncompliance which are material to the financial statements - None
4. Disclosure of any reportable conditions in internal control over major programs and any such conditions that are material weaknesses - None
5. Type of report issued on compliance for major programs - Unqualified
6. Disclosure of any audit findings which are required to be reported under Section 510(a) - None
7. Major programs are as follows: 10.551, 10.561, 14.871, 93.658, 93.959
8. $462,256 was used as the threshold to distinguish between Type A and Type B programs
9. Did the County qualify as a low-risk audit under Section 530? - Yes

II Findings related to the financial statements which are required to be reported in accordance with GAGAS

None

III Findings and questioned costs for Federal Awards which includes findings as defined in Section 510(a)

None