

COUNTY OF NEVADA
SINGLE AUDIT REPORT
JUNE 30, 2004

COUNTY OF NEVADA

Single Audit Report
For the Year Ended June 30, 2004

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Bartig, Basler & Ray

A Professional Corporation

Certified Public Accountants and Management Consultants

Frank V. Trythall
Brad W. Constantine
Bruce W. Stephenson
Roseanne M. Lopez
Jason J. Cardinet
Tyler K. Hunt

Curtis A. Orgill
M. Elba Zuniga

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

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

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 Nevada, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 2, 2005. 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 of Nevada'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 would not necessarily disclose all matters in the internal control over financial reporting 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the County of Nevada in a separate letter dated February 2, 2005.

Board of Supervisors and Grand Jury
County of Nevada

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Nevada'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 audit committee, management, Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BARTIG, BASLER & RAY, CPAs, INC.

A handwritten signature in black ink that reads "Bartig, Basler & Ray, CPAs, Inc." in a cursive script.

Roseville, California
February 2, 2005

Bartig, Basler & Ray

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

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

Compliance

We have audited the compliance of the County of Nevada, 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, 2004. The County of Nevada'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, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Nevada's management. Our responsibility is to express an opinion on the County of Nevada'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 of Nevada'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 of Nevada's compliance with those requirements.

In our opinion, the County of Nevada 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, 2004.

Board of Supervisors and Grand Jury
County of Nevada

Internal Control Over Compliance

The management of the County of Nevada 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 of Nevada'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 the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters 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 of Nevada's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions noted are described in the accompanying schedule of findings and questioned costs as items 04-1 and 04-2.

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 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. We also noted other matters involving internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs which we have reported to management in a separate letter dated February 2, 2005.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and business-type activities, each major fund, and the aggregate remaining fund information of the County of Nevada as of and for the year ended June 30, 2004, and have issued our report thereon dated February 2, 2005. 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.

Board of Supervisors and Grand Jury
County of Nevada

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BARTIG, BASLER & RAY, CPAs, INC.

Bartig, Basler & Ray, CPAs, Inc.

Roseville, California
February 2, 2005

COUNTY OF NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Social Services:			
Food Stamps	10.551*	--	\$ 1,812,349
State Administrative Matching Grants for Food Stamp Program	10.561*	--	243,935
Subtotal			<u>2,056,284</u>
Passed through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	<u>332,063</u>
Passed through State Department of Education:			
School Breakfast Program	10.553	--	11,158
National School Lunch Program	10.555	--	17,189
Subtotal			<u>28,347</u>
Passed through State Controller's Office:			
Schools and Roads - Grants to States	10.665	--	304,386
Schools and Roads - Grants to Counties	10.666	--	152,193
Subtotal			<u>456,579</u>
Total U.S. Department of Agriculture			<u>\$ 2,873,273</u>
<u>U.S. Department of Defense</u>			
Direct Program:			
Payments to States in Lieu of Real Estate Taxes	12.112	--	<u>38,280</u>
Total U.S. Department of Defense			<u>\$ 38,280</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Local Law Enforcement Block Grant	16.592	--	119,506
1999 Cops-in-Schools Grant	16.710	1999SHWX0506	83,678
2000 Cops-in-Schools Grant	16.710	2000SHWX0840	52,139
Gun Violence Prosecution	16.000	2002GPCX0123	94,255
Bullet Proof Vest Program	16.607	--	4,199
Subtotal			<u>353,777</u>

* Major Program

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COUNTY OF NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Justice</u> (continued)			
Passed through State Office of Emergency Services/Office of Criminal Justice Planning:			
Anti-Drug Enforcement	16.579	DC033Q0290	\$ 140,626
Anti-Drug Enforcement	16.579	DC03140290	59,783
Elder Abuse Advocacy & Outreach	16.575	EA03040290	56,424
Violence Against Women	16.588	VV0033Q0290	68,378
Victim Witness Assistance	16.575	VW033Q0290	43,847
Subtotal			<u>369,058</u>
Passed through State Board of Corrections/Office of Criminal Justice Planning:			
Juvenile Referral	16.523	IP02010290	11,315
Subtotal			<u>11,315</u>
Total U.S. Department of Justice			<u>\$ 734,150</u>
<u>Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/State's Program	14.228*	01STBG1603	465,470
Community Development Block Grants/State's Program	14.228*	02EDBG886	13,108
Community Development Block Grants/State's Program	14.228*	03STBG1842	11,148
Community Development Block Grants/State's Program	14.228*	97STBG1129	34,338
Community Development Block Grants/State's Program	14.228*	93STBG	46,550
Community Development Block Grants/State's Program	14.228*	92STBG	29,286
Community Development Block Grants/State's Program	14.228*	98STBG	88
Community Development Block Grants/State's Program	14.228*	--	64,141
Community Development Block Grants/Technical Assistance Program	14.227	--	53,608
HOME Investment Partnerships Program	14.239	01-HOME-553	159,441
Housing Opportunities for Persons with Aids	14.241	01-15568	28,037
Section 8 Housing Choice Vouchers	14.871	--	<u>1,476,315</u>
Total Department of Housing and Urban Development			<u>\$ 2,381,530</u>

* Major Program

COUNTY OF NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BRLO-5917(019)	\$ 220,139
Highway Planning and Construction	20.205	STPLHSR-5917(033)	<u>178,953</u>
Subtotal			399,092
Formula Grants for Other than Urbanized Areas	20.509	--	129,336
State and Community Highway Safety	20.600	--	<u>51,820</u>
Total U.S. Department of Transportation			<u>\$ 580,248</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Community Services and Development:			
Low Income Home Energy Assistance	93.568	03B5225	86,141
Low Income Home Energy Assistance	93.568	04B5276	<u>97,200</u>
Subtotal			<u>183,341</u>
Community Services Block Grant	93.569	03F4327	116,155
Community Services Block Grant	93.569	04F4452	<u>88,827</u>
Subtotal			<u>204,982</u>
Passed through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	--	104,530
Temporary Assistance for Needy Families	93.558	--	3,786,762
Temporary Assistance for Needy Families Incentives	93.558	--	2,633
Child Support Enforcement	93.563*	--	2,761,355
Child Welfare Services - State Grant	93.645	--	34,830
Foster Care - Title IV-E	93.658	--	1,391,382
Adoption Assistance	93.659	--	441,402
Chafee Foster Care Independent Living	93.674	--	<u>48,668</u>
Subtotal			<u>8,571,562</u>
Passed through State Department of Alcohol and Drug Programs:			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	--	<u>665,267</u>

* Major Program

COUNTY OF NEVADA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through State Department of Health Services:			
Childhood Lead Poisoning Prevention Projects	93.197	02-25060	\$ 7,255
Immunization Grants	93.268	03-75140	24,150
In Home Supportive Services	93.667	--	133,100
Medical Assistance Program	93.778*	--	924,504
California Children's Services Administration	93.778*	--	11,444
Child Health and Disability Prevention (CHDP) Program	93.778*	--	13,795
Rural Health Outreach and Rural Network Development Program	93.912	--	7,223
Bioterrorism Training and Curriculum Development Program	93.996	--	156,309
HIV Care Formula Grants	93.917	00-91679	74,684
Preventative Health and Health Services Block Grant	93.991	314(d)	5,235
Maternal and Child Health Services Block Grant to the States	93.994	--	140,848
Subtotal			<u>1,498,547</u>
Passed through California Family Health Council, Inc.:			
Family Planning - Services	93.217	--	<u>117,801</u>
Passed through State Department of Aging:			
Special Programs for Aging - Title III B	93.044	--	<u>61,714</u>
Passed through State Department of Mental Health Services:			
Block Grants for Community Mental Health Services	93.958	--	<u>80,150</u>
Total Department of Health and Human Services			<u>\$ 11,383,364</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State Office of Emergency Services:			
State Homeland Security Grant - Part 1	97.067	--	65,418
State Homeland Security Grant - Part 2	97.067	--	<u>89,352</u>
Total U.S. Department of Homeland Security			<u>\$ 154,770</u>
Total Expenditures of Federal Awards			<u><u>\$ 18,145,615</u></u>

COUNTY OF NEVADA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2004

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Nevada. The County of Nevada'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 government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The accompanying 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 basic 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.

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 and Special Revenue funds.

Note 3: **Medical Assistance Program Expenditures**

During the fiscal year, the County expended \$136,555 in expenditures for Medi-Cal benefits. Since these payments were for patient care, they are not considered federal awards.

COUNTY OF NEVADA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Note 4: **California Office of Emergency Services/Office of Criminal Justice Planning Grants**

The following represents expenditures for Office of Emergency Services (OES) programs for the year ended June 30, 2004. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures. The Office of Emergency Services assumed the administration of these former Office of Criminal Justice Planning (OCJP) programs on October 1, 2003.

Program	Budget	Expenditures Claimed			Share of Expenditures Current Year			
		For the Period Through June 30, 2003	For the Year Ended June 30, 2004	Cumulative As of June 30, 2004	Federal Share	State Share	County Share	
<u>DC03140290 - Anti-Drug Enforcement</u>								
Personal services	\$ 42,955	\$ --	\$ 42,955	\$ 42,955	\$ 42,955	\$ --	\$ --	
Operating expenses	16,828	--	16,828	16,828	16,828	--	--	
Equipment	--	--	--	--	--	--	--	
Totals	<u>\$ 59,783</u>	<u>\$ --</u>	<u>\$ 59,783</u>	<u>\$ 59,783</u>	<u>\$ 59,783</u>	<u>\$ --</u>	<u>\$ --</u>	
<u>DC033Q0290 - Anti-Drug Enforcement</u>								
Personal services	\$ 77,519	\$ --	\$ 77,519	\$ 77,519	\$ 77,519	\$ --	\$ --	
Operating expenses	63,107	--	63,107	63,107	63,107	--	--	
Equipment	--	--	--	--	--	--	--	
Totals	<u>\$ 140,626</u>	<u>\$ --</u>	<u>\$ 140,626</u>	<u>\$ 140,626</u>	<u>\$ 140,626</u>	<u>\$ --</u>	<u>\$ --</u>	
<u>EA03040290 - Elder Abuse Advocacy & Outreach</u>								
Personal services	\$ 58,637	\$ --	\$ 38,938	\$ 38,938	\$ 36,760	\$ --	\$ 2,178	
Operating expenses	35,194	--	20,829	20,829	19,664	--	1,165	
Equipment	1,502	--	--	--	--	--	--	
Totals	<u>\$ 95,333</u>	<u>\$ --</u>	<u>\$ 59,767</u>	<u>\$ 59,767</u>	<u>\$ 56,424</u>	<u>\$ --</u>	<u>\$ 3,343</u>	
<u>VV0033Q0290 - Violence Against Women</u>								
Personal services	\$ 81,688	\$ --	\$ 81,684	\$ 81,684	\$ 61,263	\$ --	\$ 20,421	
Operating expenses	9,493	--	9,486	9,486	7,115	--	2,371	
Equipment	--	--	--	--	--	--	--	
Totals	<u>\$ 91,181</u>	<u>\$ --</u>	<u>\$ 91,170</u>	<u>\$ 91,170</u>	<u>\$ 68,378</u>	<u>\$ --</u>	<u>\$ 22,792</u>	
<u>VW033Q0290 - Victim Witness Assistance</u>								
Personal services	\$ 76,328	\$ --	\$ 76,328	\$ 76,328	\$ 36,453	\$ 39,875	\$ --	
Operating expenses	15,482	--	15,482	15,482	7,394	8,088	--	
Equipment	--	--	--	--	--	--	--	
Totals	<u>\$ 91,810</u>	<u>\$ --</u>	<u>\$ 91,810</u>	<u>\$ 91,810</u>	<u>\$ 43,847</u>	<u>\$ 47,963</u>	<u>\$ --</u>	

COUNTY OF NEVADA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Note 4: **California Office of Emergency Services/Office of Criminal Justice Planning Grants**
(continued)

Program	Budget	Expenditures Claimed			Share of Expenditures Current Year		
		For the Period Through June 30, 2003	For the Year Ended June 30, 2004	Cumulative As of June 30, 2004	Federal Share	State Share	County Share
<u>VB03010290 - Statutory Rape Vertical Prosecution</u>							
Personal services	\$ 46,975	\$ --	\$ 45,579	\$ 45,579	\$ --	\$ 45,579	\$ --
Operating expenses	6,174	--	6,174	6,174	--	6,174	--
Equipment	--	--	--	--	--	--	--
Totals	<u>\$ 53,149</u>	<u>\$ --</u>	<u>\$ 51,753</u>	<u>\$ 51,753</u>	<u>\$ --</u>	<u>\$ 51,753</u>	<u>\$ --</u>
<u>SR02050290 - Statutory Rape Vertical Prosecution</u>							
Personal services	\$ 43,456	\$ 38,262	\$ 5,194	\$ 43,456	\$ --	\$ 5,194	\$ --
Operating expenses	12,944	10,119	2,825	12,944	--	2,825	--
Equipment	--	--	--	--	--	--	--
Totals	<u>\$ 56,400</u>	<u>\$ 48,381</u>	<u>\$ 8,019</u>	<u>\$ 56,400</u>	<u>\$ --</u>	<u>\$ 8,019</u>	<u>\$ --</u>

Note 5: **California Board of Corrections/Office of Criminal Justice Planning Grants**

The following represents expenditures for the California Board of Corrections (BOC) programs for the year ended June 30, 2004. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures. The Board of Corrections assumed administration of the following Office of Criminal Justice Planning (OCJP) programs on October 1, 2003.

Program	Budget	Expenditures Claimed			Share of Expenditures Current Year		
		For the Period Through June 30, 2003	For the Year Ended June 30, 2004	Cumulative As of June 30, 2004	Federal Share	State Share	County Share
<u>IP02010290 - Juvenile Referral</u>							
Personal services	\$ 16,149	\$ --	\$ 11,989	\$ 11,989	\$ 10,732	\$ --	\$ 1,257
Operating expenses	1,531	--	583	583	583	--	--
Equipment	--	--	--	--	--	--	--
Totals	<u>\$ 17,680</u>	<u>\$ --</u>	<u>\$ 12,572</u>	<u>\$ 12,572</u>	<u>\$ 11,315</u>	<u>\$ --</u>	<u>\$ 1,257</u>

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Reportable conditions identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes |
| 4. Identification of major programs: | |

CFDA Number

Name of Federal Program

- | | |
|--------|---|
| 10.551 | Food Stamps |
| 10.561 | Food Stamps Administrative Matching Grants for Food Stamp Program |
| 14.228 | Community Development Block Grants/ State's Program |
| 93.563 | Child Support Enforcement |
| 93.778 | Medical Assistance Program |

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 544,368 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | Yes |

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

CFDA 14.228	Finding 04-1
CFDA 93.563	Finding 04-2

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2004

Program

Findings/Noncompliance

Finding 04-1
CFDA 14.228

Compliance Requirement – Allowable Costs

Criteria

OMB A-87 requires that payroll charged to federal programs be supported by either (1) personnel activity reports, which reflect an after-the-fact distribution of the actual and total activity of each employee, are prepared at least monthly and coincide with one or more pay periods, and are signed by the employee, or (2) an acceptable substitute system for allocating salaries and wages which quantifiably measures employee effort on the program (examples in A-87 include random moment sampling and case counts) and has been approved by the cognizant agency, if applicable. OMB A-87 specifically allows for budget estimates, but provides that the budget method of posting employee time must be adjusted to personnel activity reports on at least a quarterly basis. If employees work on only one activity, which is a federal program, the employee or supervisory official having first hand knowledge of the employee's work need only sign a statement every six months that the employee worked only on that program. OMB Circular No. A-87, Attachment B, § 11(h).

Condition

We selected a sample of payroll charges to the grant and matched the hours charged to personnel activity reports. We noticed many discrepancies and also noticed that a high number of personnel activity reports were not signed by the employee, including 9 out of 11 in the month of June 2004.

We inquired about the discrepancies and learned that a budget method is used to allocate salaries but that budgeted estimates are not adjusted to personnel activity reports.

Effect of Condition

Employee costs are not allowable if the employee is not performing services related to the federal program. The budget method of allocating salaries is only acceptable if adjusted to personnel activity reports as required by OMB A-87.

Recommendation

We recommend that the requirements of OMB A -87 regarding charges for payroll (described above) be reviewed and followed. A budgeted

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding 04-1	<u>Recommendation</u> (continued)
CFDA 14.228 (continued)	method can be used for initially recording employee time, however, the charges must be adjusted to the personnel activity report hours on at least a quarterly basis.
	<u>Management Response</u>
	A budgeted method will be used for the initial recording of employee activity on all grants and the personnel report hours will be adjusted monthly to actual hours spent on grant activities. All time studies will be signed by employees after completion. These procedures will be put into place immediately and will be overseen by the Program Manager.
	Contact Person: Ray James

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Program

Findings/Noncompliance

Finding 04-2
CFDA 93.563

Compliance Requirement – Special Tests

Criteria

The Child Support Department must provide the appropriate child support services needed for interstate cases and meet required time frames. Federal regulations require: (1) that the responding State be notified within 10 working days of receipt of new information in an interstate case; and (2) an initiating state must within 20 days send a petition/registration to another state after the non-custodial parent is located if enforcement is no longer possible in California. In one of the cases below, a California action was dismissed because another state had jurisdiction. 45 CFR § 303.4 requires that when the court dismisses a petition for a support order, the Department must examine the reasons for dismissal and determine when, and if, it would be appropriate to seek an order.

Condition

We tested 25 cases and located the following exceptions regarding interstate timeframes:

In Case No. 1188031, the case was filed in Nevada County and dismissed in March 2002 for lack of jurisdiction because of a Michigan order. A UIFSA request was then needed to continue efforts to collect support, but no further action was taken. The children were in foster care for two years ending October 2003; the non-custodial parent was disabled. At the time of the audit, the case was being closed because the statutory time limit for obtaining past due support had past.

In Case No. 1092691, the Department notified Idaho on April 9, 2004 that the non-custodial parent was no longer in California. Then on June 2, 2004, a good address was obtained in California. At that point, the Department should have notified Idaho of the address in California but did not.

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Program

Findings/Noncompliance

Finding 04-2

Effect of Condition

CFDA 93.563
(continued)

Collection of child support is a very time sensitive issue. Failure to perform interstate functions within the required timeframes causes delay and may cause loss of the ability to collect some portion of support obligations.

Recommendation

The Child Support Department currently has policies and procedures in effect to ensure that time frames are met for completing interstate case requirements. We recommend that the Department review its system and determine what caused these exceptions to occur. If necessary, we recommend that the Department provide more training and/or more staff time to the task of properly handling interstate cases.

Management Response

Regarding these findings, corrective actions have already taken place or are in process.

The overall recommendation to “assign additional staff time to the tasks necessary for handling interstate cases” has already been implemented as reported to the auditor during the onsite review on January 13, 2005 and again in a follow-up communication to the auditor on January 14, 2005.

The Department implemented an ongoing Block Case Review in December 2004 by which each case manager reviews all cases in their caseload over a six-month period using specific items of review to ensure that a broad range of activities tailored to the case are checked. Among these activities are federally required documents and timeframes, including interstate activity.

This Block Case Review is part of the Department’s state-required 2005 Quality Assurance and Program Improvement (QAPI) Plan, and will be used to improve case management and clean up case issues prior to the changeover to the statewide system, by having each case reviewed in-depth twice during 2005.

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004

Program

Findings/Noncompliance

Finding 04-2

Management Response (continued)

CFDA 93.563
(continued)

Additionally, the Department participates in compliance and data reliability audits required by statute (45 CFR 302, 303 & 308). Fifty cases per quarter are chosen in a sample identified by the state to review adherence to specific federally audited areas, as well as program regulations. Results from these case reviews and audits are immediately referred for follow-up action on any deficiency (not just those falling within the review period) and analyzed for procedural solutions and preventative training.

Contact Person: Stephanie Snyder

COUNTY OF EL DORADO

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2004

Audit Reference
Number

Status of Prior Year Audit Findings

N/A

None reported

**SUPPLEMENTAL STATEMENTS
OF REVENUE AND EXPENDITURE**

COUNTY OF NEVADA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 03F4327 (CSBG)
 For the Period January 1, 2003 through December 31, 2003

	January 1, 2003 through June 30, 2003	July 1, 2003 through December 31, 2003	Totals	Total Budget
<u>Revenue</u>				
Grant Revenue	\$ 64,503	\$ 116,155	\$ 180,658	\$ 180,658
<u>Expenditures</u>				
Personnel Costs				
Salary and wages	\$ 36,189	\$ 44,902	\$ 81,091	\$ 81,091
Fringe benefits	9,541	8,961	18,502	18,502
Subtotal Personnel Costs	45,730	53,863	99,593	99,593
Non-Personnel Costs				
Travel	2,215	2,785	5,000	5,000
Space Rent	7,922	6,078	14,000	14,000
Consumable supplies	1,391	4,359	5,750	5,750
Subcontractors	1,436	45,388	46,824	46,824
Other costs	5,809	3,682	9,491	9,491
Subtotal Non-Personnel Costs	18,773	62,292	81,065	81,065
Total Costs	\$ 64,503	\$ 116,155	\$ 180,658	\$ 180,658

COUNTY OF NEVADA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 04F4452 (CSBG)
 For the Period January 1, 2004 through December 31, 2004

	<u>January 1, 2004 through June 30, 2004</u>	<u>Totals</u>	<u>Total Budget</u>
<u>Revenue</u>			
Grant Revenue	\$ 88,827	\$ 88,827	\$ 173,557
<u>Expenditures</u>			
Personnel Costs			
Salary and wages	\$ 39,906	\$ 39,906	\$ 72,625
Fringe benefits	12,395	12,395	21,061
Subtotal Personnel Costs	52,301	52,301	93,686
Non-Personnel Costs			
Travel			3,140
Consumable Supplies	3,000	3,000	6,000
Space Rent	5,000	5,000	10,000
Subcontractors	22,822	22,822	46,824
Other costs	5,704	5,704	13,907
Subtotal Non-Personnel Costs	36,526	36,526	79,871
Total Costs	\$ 88,827	\$ 88,827	\$ 173,557

COUNTY OF NEVADA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 03B5225 (LIHEAP)
 For the Period January 1, 2003 through December 31, 2003

	January 1, 2003 through June 30, 2003	July 1, 2003 through December 31, 2003	Totals	Total Budget
<u>Revenue</u>				
Grant revenue	\$ 48,851	\$ 86,141	\$ 134,992	\$ 285,757
Interest/program income	--	--	--	--
Total Revenue	\$ 48,851	\$ 86,141	\$ 134,992	\$ 285,757
<u>Expenditures</u>				
Assurance 16 activities:				
Program	\$ 6,380	\$ 12,584	\$ 18,964	\$ 23,507
Intake	--	500	500	800
Administration costs	5,250	6,429	11,679	13,531
Total Assurance 16	11,630	19,513	31,143	37,838
ECIP Program:				
Outreach Costs	3,324	4,000	\$ 7,324	8,544
Wood/propane/oil payments	18,000	18,022	36,022	56,031
Furnace repair and replacement	--	7,759	7,759	12,006
Total ECIP Program	21,324	29,781	51,105	76,581
Heap Outreach/WPO Budget and Households				
Outreach	2,100	3,100	5,200	6,044
Wood/propane/oil payments	424	22,111	22,535	48,029
Total HEAP Outreach/WPO	2,524	25,211	27,735	54,073
Weatherization				
Administrative costs	125	2,660	2,785	8,725
Intake	--	216	216	650
Program	13,147	8,210	21,357	99,661
Outreach costs	100	300	400	5,829
Training	--	250	250	2,400
Total Weatherization	13,372	11,636	25,008	117,265
Total Expenditures	\$ 48,850	\$ 86,141	\$ 134,991	\$ 285,757

COUNTY OF NEVADA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 04B5276 (LIHEAP)
 For the Period January 1, 2004 through December 31, 2004

	January 1, 2004 through June 30, 2004	Totals	Total Budget
<u>Revenue</u>			
Grant revenue	\$ 97,200	\$ 97,200	\$ 309,031
Interest/program income	--	--	--
 Total Revenue	 \$ 97,200	 \$ 97,200	 \$ 309,031
 <u>Expenditures</u>			
Assurance 16 activities:			
Program	\$ 11,736	\$ 11,736	\$ 23,471
Intake	693	693	5,983
Administration costs	6,246	6,246	14,952
Total Assurance 16	18,675	18,675	44,406
 ECIP Program:			
Outreach Costs	4,138	\$ 4,138	8,272
Wood/propane/oil payments	21,901	21,901	58,052
Furnace repair and replacement	494	494	12,441
Total ECIP Program	26,533	26,533	78,765
 Heap Outreach/WPO Budget and Households			
Outreach	2,923	2,923	5,851
Wood/propane/oil payments	3,237	3,237	49,760
Total HEAP Outreach/WPO	6,160	6,160	55,611
 Weatherization			
Administrative costs	5,208	5,208	10,414
Intake	1,275	1,275	2,345
Program	36,501	36,501	109,281
Outreach costs	2,440	2,440	5,864
Training	408	408	2,345
Total Weatherization	45,832	45,832	130,249
 Total Expenditures	 \$ 97,200	 \$ 97,200	 \$ 309,031