

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

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**COUNTY OF BUTTE**

Single Audit Report  
For the Year Ended June 30, 2013

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

To the Board of Supervisors and Grand Jury  
County of Butte  
Oroville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Butte (County), California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 31, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

Board of Supervisors and Grand Jury  
County of Butte

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Roseville, California  
December 31, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

To the Board of Supervisors and Grand Jury  
County of Butte  
Oroville, California

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

We have audited the County of Butte's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, 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 2013-1 and 2013-2. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2 that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Supervisors and Grand Jury  
County of Butte

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the accompanying financial statements of the governmental activities, and business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2013, and have issued our report thereon dated December 31, 2013 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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Roseville, California  
March 12, 2014 except for the Schedule  
of Expenditures of Federal Awards, which is  
dated December 31, 2013

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**COUNTY OF BUTTE**

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

<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>
<b><u>U.S. Department of Agriculture</u></b>			
Direct Via U.S. Forestry Service:			
Lassen and Plumas Partnership	10.664	--	\$ 18,000
Marijuana Eradication	10.664	--	45,000
Subtotal Direct CFDA 10.664			<u>63,000</u>
Passed through California Emergency Management Agency: Cooperative Forestry Assistance	10.664		37,510
Passed through CA Department of Food & Agriculture:			
Asian Citrus Psyllid	10.025	11-0532-SF / 12-8506-1211-CA	22,052
European Grapevine Moth EGVM	10.025	11-0545-SF / 11- 0486-FR / 12-8506- 1317-CA	6,289
Pierce's Disease/Glassy-Winged Sharpshooter (GWSS)	10.025	12-0081SF	65,681
Sudden Oak Death (SOD)	10.025	12-0316-SF / 11-8520-0572-CA	11,818
Subtotal CFDA 10.025			<u>105,839</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	--	5,028,812
ISAWS Migration - Fed	10.561	--	20,893
SNAP Education Program - Public Health	10.561		111,364
Subtotal CFDA 10.561			<u>5,161,069</u>
Passed through State Department of Education: National School Lunch Program	10.555		94,584
Passed through CA Department of Public Health: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	<u>1,144,983</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>\$ 6,606,985</u></b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Direct Program:			
HUD Housing grants	14.235	Z009010040	118,711
Subtotal Direct			<u>118,711</u>
Passed through the State Department of Housing and Community Community Development Block Grant/State's Program	14.227	11-PTAE-7614	<u>27,028</u>
Community Development Block Grant/State's Program	14.228	09-EDEF-6537	214,188
Community Development Block Grant/State's Program	14.228	10-STBG-6700	104,091
Community Development Block Grant/State's Program	14.228	10-DRI-6785	978,019
Subtotal CFDA 14.228			<u>1,296,298</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>\$ 1,442,037</u></b>

See accompanying notes to Schedule of Federal Awards

**COUNTY OF BUTTE**

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

<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>
<b><u>U.S. Department of Justice</u></b>			
Direct Programs:			
OCDETF	16.527	--	\$ 3,472
Methamphetamine Initiative Grant	16.710	--	89,404
ARRA - Evidence-Based Probation Supervision	16.804	ZP09010040	39,378
ARRA - Anti-Drug Abuse Enforcement Team Rec Act Program	16.804	ZA09010040	45,787
Subtotal Direct			<u>178,041</u>
Passed through California Emergency Management Agency:			
Crime Victim Assistance - Victim Witness Protection	16.575	VW12020040	62,461
Marijuana Suppression Unit Grant	16.738	MS10010040	52,336
Department of Justice - Byrne - LLEBG (Passed through the City of Chico)	16.738	2012-DJ-BX-0875	9,481
Edward Byrne Memorial Justice Assistance	16.738	--	6,806
Anti-Drug Abuse (ADA) Enforcement Program	16.738	BSCC 651-12	109,143
Subtotal CFDA 16.575 and 16.738			<u>240,227</u>
Passed through Department of Drug Enforcement Agency:			
DOJ - DEA Grant	16.527	DP-12-SF-0032	<u>100,000</u>
Passed through State Board of Corrections & Rehabilitation:			
Juvenile Accountability Incentive Block Grant	16.523	BSCC 106-12	17,859
Department of Justice - Byrne - LLEBG (Passed through the City of Chico)	16.804	2009-SB-B9-2362	18,344
Board of State & Community Corrections:			
Federal Asset Forfeitures	16.922		<u>115,245</u>
<b>Total U.S. Department of Justice</b>			<b><u>\$ 669,716</u></b>
<b><u>U.S. Department of Transportation</u></b>			
Passed through CA State Department of Transportation:			
Highway Bridge Program (HBP)	20.205	--	5,558,889
Mooretown Rancheria	20.205	R41362	198,694
STIP Transportation Enhancement (TE)	20.205		46,010
Congestion Mitigation Air Quality (CMAQ)	20.205		1,259
Highway Safety Improvement Program (HSIP)	20.205		31,760
Subtotal CFDA 20.205			<u>5,836,612</u>
Passed through CA Office of Traffic Safety:			
State and Community Highway Safety	20.600		78,313
High Intensity DUI Enforcement	20.608	AL1380	174,766
Subtotal Pass-Through			<u>253,079</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 6,089,691</u></b>
<b><u>U.S. Department of Museum &amp; Library Services</u></b>			
Passed through California State Library			
Library Services and Technology Act	45.310	--	<u>13,900</u>
<b>Total Department of Museum &amp; Library Services</b>			<b><u>\$ 13,900</u></b>
<b><u>U.S. Department of Education</u></b>			
Direct Program:			
LIFE GRNT-US DEPT OF ED	84.215	--	<u>\$ 38,259</u>
<b>Total U.S. Department of Education</b>			<b><u>\$ 38,259</u></b>

See accompanying notes to Schedule of Federal Awards

**COUNTY OF BUTTE**

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

<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>
<b><u>U.S. Election Assistance Commission</u></b>			
Passed through Secretary of State:			
Voting Access for Individuals with Disabilities Grants to States	93.617	10G26101	\$ 9,309
<b>Total U.S. Election Assistance Commission</b>			<b>\$ 9,309</b>
<b><u>U.S. Department of Health and Human Services</u></b>			
Direct Programs:			
Substance Abuse and Mental Health Services Administration (SAMHSA)	93.243	--	357,810
Runaway and Homeless Youth (RHYA)	93.623	--	188,524
Subtotal Direct			<u>546,334</u>
Passed through State Department of Public Health:			
CDC - Bioterrorism & Pandemic Flu	93.069	--	238,383
Immunization Grants (IAP)	93.268	--	60,604
MCAH-CA Home Visiting Program	93.505	--	445,689
CSBG Welfare-OCAP/ CBFPR GR	93.569	--	16,559
Subtotal			<u>761,235</u>
Passed through CA Family Health Council:			
Family Planning Services	93.217	--	108,010
Passed through State Department of Social Services:			
Kin-GAP Title IV-E Admin	93.090	--	18,170
Temporary Assistance for Needy Families:			
Temporary Assistance for Needy Families - CalWorks	93.558	--	5,955,948
Temporary Assistance for Needy Families - CEC Programs Admin CalWorks	93.558	--	11,455,712
Foster Care – Title IV-E - Child Welfare Services	93.558	--	484,515
ISAWS Migration - Fed	93.558	--	14,247
Subtotal CFDA 93.558			<u>17,910,422</u>
Passed through the State Department of Child Support Services:			
Child Support Enforcement	93.563	--	4,574,662
Passed through State Department of Social Services:			
Foster Care – Title IV-B - Child Welfare Services	93.645	--	193,515
PSSF Grant	93.556	--	218,660
ARRA - Foster Care – Title IV-E - Probation Case Management	93.658	--	333,099
ARRA - Foster Care – Title IV-E - Probation Preplacement	93.658	--	379,565
ARRA - Foster Care – Title IV-E - Probation - Eligibility Determination	93.658	--	24,346
ARRA - Foster Care – Title IV-E - Probation - Training	93.658	--	50,494
ARRA - Foster Care – Title IV-E - KinGap	93.658	--	98
ARRA-Foster Care – Title IV-E - Probation Group Home/ Mo. Visits	93.658	--	20,800
Foster Care – Title IV-E - Foster Care	93.658	--	126,500
Foster Care – Title IV-E - Child Welfare Services	93.658	--	3,393,554

See accompanying notes to Schedule of Federal Awards

**COUNTY OF BUTTE**

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

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Disbursements/Expenditures</b>
<b>U.S. Department of Health and Human Services (continued)</b>			
Passed through State Department of Social Services (continued):			
Foster Care – Title IV-E - Foster Care Licensing	93.658	--	\$ 26,589
Foster Care - AB 2129	93.658	--	17,056
SA/HIV Infant Admin	93.658	--	43,613
Foster Care - Monthly Visited Group Homes	93.658	--	15,323
Foster Care - Kinship/Emergency	93.658	--	4,301
Foster Care – Title IV-E - Foster Care SB 163	93.658	--	33,732
Foster Care – Title IV-E - Foster Care Assistance (42)	93.658	--	2,954,101
ARRA-Foster Care Assistance	93.658	--	(223)
Foster Care – Title IV-E - Foster Care EA (5K)	93.658	--	554,086
Subtotal CFDA 93.556 and 93.658			<u>8,195,694</u>
Adoption Assistance Program:			
Refugee and Entrant Assistance - State Administered Programs	93.566	--	11
Adoption Assistance Program - Adoptions	93.659	--	5,812,677
Adoption Assistance Program - Admin	93.659	--	66,515
Adoption Assistance Program - Adoptions - Co.	93.659	--	450,535
Adoption Assistance Program - Assistance	93.659	--	(279)
Subtotal CFDA 93.566 and 93.659			<u>6,329,459</u>
Social Services Block Grants:			
Foster Care – Title IV-E - Child Welfare Services	93.667	--	687,540
CalWorks Stage 1 Admin Title XX	93.667	--	578,520
Subtotal CFDA 93.667			<u>1,266,060</u>
Passed through State Department of Social Services:			
Independent Living	93.674	--	181,812
Medical Assistance Program (Social Services Admin)	93.778	--	5,062,556
Subtotal			<u>5,244,368</u>
Passed through CA Department of Health Care Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	87,959
CCS Admin - Title XXI	93.767	--	44,025
Medical Assistance Program (MH-MEDI-CAL ADMIN)	93.778	--	297,242
Medical Assistance Program (CHDP) - TITLE XIX	93.778	--	252,966
Medical Assistance Program (HCPCFC)-TITLE XIX	93.778	--	150,500
Medical Assistance Program (CCS)-TITLE XIX	93.778	--	419,671
Targeted Case Management (TCM) - Title XIX	93.778	--	346,257
AD - FED Share Drug Medi-Cal	93.778	--	792,711
MH - FED Share Medi-Cal (Short-Doyle Medi-Cal)	93.778	--	15,567,627
Subtotal Pass-Through			<u>17,958,958</u>
Passed through California Department of Public Health:			
TB Real Time Allocation (CDC)	93.116	--	20,858
Medical Assistance Program (LEAD)-Title XIX	93.778	--	23,986
HRSA National Bioterrorism Hospital Preparedness	93.889	--	190,553
HRSA Aids Early Intervention Program	93.917	--	146,065
CDC Aids Surveillance	93.944	--	36,447
Substance Abuse and Mental Health Services Administration (SAMHSA)	93.958	--	383,474
Maternal and Child Health Services (MCAH)- Title V	93.994	--	87,183
Subtotal			<u>888,566</u>

See accompanying notes to Schedule of Federal Awards

**COUNTY OF BUTTE**

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

<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>
<b><u>U.S. Department of Health and Human Services</u></b> (continued)			
Passed through CA Department of Health Care Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	--	\$ 776,155
Block Grants for Prevention and Treatment of Substance Abuse - Friday Night Live (FNL)	93.959	--	6,000
Block Grants for Prevention and Treatment of Substance Abuse Previous Set-Aside	93.959	--	308,484
Block Grants for Prevention and Treatment of Substance Abuse HIV Set-Aside	93.959	--	24,621
Block Grants for Prevention and Treatment of Substance Abuse Perinatal Set-Aside	93.959	--	376,909
Occupational Health and Surveillance Fatality Assessment and Control Evaluation	93.959	--	20,657
Subtotal CFDA 93.959			<u>1,512,826</u>
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 65,508,279</b>
<b><u>Social Security Administration</u></b>			
Direct Program:			
Social Security Reporting Program	96.002	--	<u>58,400</u>
<b>Total Social Security Administration</b>			<b>\$ 58,400</b>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed through State Office of Homeland Security:			
Safer 2009 Grant	97.083	--	601,190
Safer 2010 Grant	97.083	--	<u>177,253</u>
Subtotal CFDA 97.083			<u>778,443</u>
Passed through California Department of Parks and Recreation:			
Boating Safety Financial Assistance	97.012	12-204-759	45,811
Passed through California Emergency Management Agency:			
OES-FY10 IECGP	97.055	#2010-IP-TO-0016	70,922
Emergency Management Performance Grants (2011)	97.042	2011-0048	41,894
Emergency Management Performance Grants (2012)	97.042	2012-0027	<u>109,787</u>
Subtotal Pass-Through			<u>222,603</u>
State Homeland Security Program (SHSP) (2010)	97.067	2009-0019	328,401
State Homeland Security Program (SHSP) (2011)	97.067	2011-SS-0077	235,727
State Homeland Security Program (SHSP) (2012)	97.067	2012-123	<u>149,043</u>
Subtotal CFDA 97.067			<u>713,171</u>
Subtotal Pass-Through			<u>935,774</u>
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 1,760,028</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 82,196,605</b>

See accompanying notes to Schedule of Federal Awards

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**COUNTY OF BUTTE**

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

**NOTE 1: REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Butte. The County of Butte'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 modified accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**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 4: SUBRECIPIENTS**

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

<u>Federal CFDA #</u>	<u>Program</u>	<u>Amount</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 16,353
14.228	Microenterprise Business Incubation Program	214,187
14.228	Housing Rehabilitation Loan Program	17,443
14.228	Disaster Recovery Initiative	147,349
93.505	MCAH Home Visiting	<u>427,763</u>
		<u>\$ 823,095</u>

**COUNTY OF BUTTE**

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

**NOTE 5: LOANS WITH CONTINUING COMPLIANCE REQUIREMENT**

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

Federal CFDA #	Program Title	Outstanding Loans	Loans with Continuing Compliance Requirements	New Loans
10.766	Community Facilities Loans and Grants	\$ 1,020,333	\$ 1,032,333	\$ -
14.228	Community Development Block Grant	<u>3,335,401</u>	<u>2,731,732</u>	<u>765,163</u>
	Total	<u>\$ 4,355,734</u>	<u>\$ 3,764,065</u>	<u>\$ 765,163</u>

**NOTE 6: PROGRAM CLUSTERS**

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

JAG PROGRAM CLUSTER

16.738	Edward Byrne - LLEBG	\$ 9,481
16.738	Edward Byrne Memorial Justice Assistance	6,806
16.738	Anti-Drug Abuse (ADA) Enforcement Program	109,143
16.738	Marijuana Suppression Unit Grant	52,336
16.804	ARRA - Evidence-Based Probation Supervision	39,378
16.804	ARRA - Anti-Drug Abuse Enforcement Team Rec Act Program	45,787
16.804	Edward Byrne - LLEBG	<u>18,344</u>
		<u>\$ 281,275</u>

**NOTE 7: PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards presents totals of all programs under the on CFD number. Occasionally, however, the total could not be conveniently displayed because all programs under on CFDA were not contiguous. When this occurred this total is not shown on the schedule, but instead provided here.

**COUNTY OF BUTTE**

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

**NOTE 8: TOTAL FEDERAL AWARDS EXPENDED BY CFDA NUMBER**

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards presents totals of all programs under the on CFD number. Occasionally, however, the total could not be conveniently displayed because all programs under on CFDA were not contiguous. When this occurred this total is not shown on the schedule, but instead provided here.

10.664	\$	100,510
16.804		85,165
16.738		177,766
93.658		7,977,034
93.659		6,329,448
97.778		22,913,516
97.042		151,681

**COUNTY OF BUTTE**

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

**Section 1**

Financial Statements

Summary of Auditor's Results

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

4. Identification of major programs:

CFDA Number

Name of Federal Program

20.205  
93.558  
93.778

Highway Planning and Construction  
Temporary Assistance for Needy Families  
Medical Assistance Program

- |   |              |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$ 2,596,570 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No           |

**Section 2**

Financial Statement Findings

None Reported.

**COUNTY OF BUTTE**

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

**Section 3**

Federal Award Findings and Questioned Costs

CFDA 93.558  
CFDA 93.778

Finding 2013-1  
Finding 2013-2

## COUNTY OF BUTTE

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

<b>Reference Number</b>	2013-1
<b>Federal Program Title</b>	Temporary Assistance for Needy Families
<b>CFDA Number</b>	93.558
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass Through Entity</b>	Department of Social Services
<b>Compliance Requirement</b>	Eligibility

#### Criteria

Each adult receiving Federal TANF assistance must participate in the Welfare to Work Program (WTW) unless the person is exempt by reason of their status or the person is granted an exemption. If such an individual refuses to engage in WTW activities, the Department must sanction the individual during the period of time of refusal to participate in WTW.

#### Condition

We tested forty TANF cases and noted the following one exception on these Welfare-to-Work requirements:

Exception 1: We determined that the recipient was not exempt from the WTW program and therefore was obligated to participate, however supporting documentation that the recipient was in compliance was unavailable.

#### Questioned Costs

Additional audit procedures were performed which support the recipient's eligibility, thus no costs were questioned.

#### Cause

The Department was unable to provide documentation evidencing that the recipient was in compliance with the WTW program.

#### Effect of the Condition

Individuals who are noncompliant with the WTW program could potentially receive TANF benefits to which they are not entitled.

#### Recommendation

We recommend that the County review its internal control system of ensuring that each adult individual, who must participate in WTW is properly documented. If any improvement in the design or operation of internal controls is warranted, the improvement should be implemented.

#### Corrective Action Plan

The Department concurs with the TANF finding on Case #213346. In order to avert this lack of documentation in the future, the Department will implement the following actions:

- During the CalWORKs Employment Supervisor's meetings, at least once a year, we will review the checklist for monthly case reviews and the random monthly case reviews to insure that all mandatory documents are present in the case, imaged and journaled.

**COUNTY OF BUTTE**

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

**Reference Number**            2013-1 (continued)

- One to one meetings that occur monthly with Supervisor and Employment Case Manager will review 5 cases and if any documents are missing, the task of completion will become an action item for the Employment Case Manager with a follow-up appointment to assure that the action item has been addressed.

The contact person for this corrective action plan is Sean Farrell, Assistant Director of Employment and Social Services and can be reached at (530) 538-7978.

## COUNTY OF BUTTE

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

<b>Reference Number</b>	2013-2
<b>Federal Program Title</b>	Medical Assistance Program
<b>CFDA Number</b>	93.778
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass Through Entity</b>	Department of Social Services
<b>Compliance Requirement</b>	Eligibility

#### Criteria

Every 12 months the County must redetermine the eligibility of Medi-Cal recipients with respect to circumstances that may change (e.g., income eligibility). The County must have procedures designed to ensure that recipients make timely and accurate reports of any changes in circumstances that may affect their eligibility. The County must promptly reassess eligibility when it receives information about changes in a recipient's circumstances that may affect his or her eligibility (42 CFR 435.916).

#### Condition

Of forty cases tested, the required yearly redetermination had not been performed for two cases.

#### Questioned Costs

Additional audit procedures were performed which support the recipient's eligibility, thus no costs were questioned.

#### Cause

The Department was unable to provide documentation evidencing that redeterminations were performed for two recipients.

#### Effect of the Condition

Individuals who are no longer eligible for Medi-Cal Assistance might continue receiving this assistance if redeterminations are not conducted in a timely manner.

#### Recommendation

We recommend that the review process be implemented to ensure that the required annual redeterminations for the Medi-Cal Assistance Program are conducted. If necessary, we recommend that the County assign more personnel resources to performing redeterminations.

#### Corrective Action Plan

The Department concurs with the MediCal findings and will implement the following Corrective Actions:

- On September 24, 2013, DESS implemented a Task-Based caseload management system. The departure from a caseload based system allows for increased efficiencies and oversight for the completion of Medi-Cal Reinvestigations. It is anticipated that this new structure will improve the number of Reinvestigations completed due to workload considerations, as well as an improved ability to identify workload and nimbly direct resources where needed.
- The department will continue to authorize the use of overtime to address the increased workload associated with the rising caseload.

**COUNTY OF BUTTE**

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

**Reference Number**            2013-2 (continued)

Corrective Action Plan (continued)

- Additional positions have been added to address internal QC reviews. This will allow for effective monitoring of progress achieved, as well as the identification of error trends and training needs.
- The Department will continue to provide written refresher training to all staff via the Intranet and Breeze systems. The Department has also retooled and rewritten the induction training material to include C-IV system functionality and continues to update the training material with regulation and policy changes to insure accurate information is available to staff.

The contact person for this corrective action plan is Sean Farrell, Assistant Director of Employment and Social Services and can be reached at (530) 538-7978.

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**COUNTY OF BUTTE**

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

There were no prior year audit findings.