

**COUNTY OF BUTTE**  
**SINGLE AUDIT REPORT**  
**JUNE 30, 2011**

**COUNTY OF BUTTE**

Single Audit Report  
For the Year Ended June 30, 2011

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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 the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Butte, California, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 17, 2012. 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 Butte's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in

Board of Supervisors and Grand Jury  
County of Butte

the accompanying schedule of findings and questioned costs as item 11-FS-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Butte'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*.

We noted certain matters that we reported to management of the County of Butte in a separate letter dated January 17, 2012.

This report is intended solely for the information and use of management, the 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.

*Gallina LLP*

Roseville, California  
January 17, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON 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 Butte  
Oroville, California

Compliance

We have audited the compliance of the County of Butte (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (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, 2011. The County of Butte's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Butte's management. Our responsibility is to express an opinion on the County of Butte'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 Butte'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 Butte's compliance with those requirements.

In our opinion, the County of Butte complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, 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, 2011, and have issued our report thereon dated January 17, 2012. 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, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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.

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County of Butte

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 information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information of the County management, the Board of Supervisors, others within the entity, 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.

*Gallina LLP*

Roseville, California  
March 23, 2012, except for the  
Schedule of Expenditures of Federal  
Awards as to which the date is  
January 17, 2012

**COUNTY OF BUTTE**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Community Facilities Loans and Grants - Loans	10.766	--	\$ 1,025,856
USDA Comm Fac - Concow	10.766	--	325
Subtotal CFDA 10.766			<u>1,026,181</u>
Direct Via U.S. Forestry Service:			
Lassen and Plumas Partnership	10.664	--	18,000
Marijuana Eradication	10.664	--	40,000
Subtotal CFDA 10.664			<u>58,000</u>
Subtotal Direct			<u>1,084,181</u>
Passed through State Department of Forestry and Fire:			
Volunteer Fire Assistance Program	10.664	--	9,994
Passed through State Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care			
Asian Citrus Psyllid	10.025	10-8520-1211-CA	46,719
European Grapevine Moth	10.025	10-8520-1317-CA	13,488
Federal Trapping	10.025	10-8520-0934-CA	49,063
Glassy-Winged Sharpshooter	10.025	09-8500-0484-CA	86,776
Japanese Dodder	10.025	09-8520-1081-CA	3,998
Sudden Oak Death	10.025	10-8523-0572-CA	22,670
Subtotal CFDA 10.025			<u>222,714</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	3,804,379
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	83,025
ISAW/C-IV Conversion	10.561	--	114,722
Subtotal CFDA 10.561			<u>4,002,126</u>
Passed through State Department of Education:			
ARRA - National School Lunch Program	10.555	--	86,336
Subtotal Pass-Through			<u>86,336</u>

See accompanying Notes to Schedule of Expenditure of Federal Awards.

**COUNTY OF BUTTE**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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 (continued)</u>			
Passed through State Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	\$ 1,447,975
Subtotal Pass-Through			<u>1,447,975</u>
Passed through State Controller's Office:			
Schools and Roads – Grants to States	10.665	--	317,392
Subtotal Pass-Through			<u>317,392</u>
Total U.S. Department of Agriculture			<u>\$ 7,170,718</u>
<u>U.S. Department of Commerce, National Telecommunications and Information Agency</u>			
Passed through State Emergency Management Agency:			
Public Safety Interoperable Communications Grant Program (PSIC)	11.555	2007-2008	456,530
Total U.S. Department of Commerce, National Telecommunications and Information Agency			<u>\$ 456,530</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228	09-PTAE-6559	2,343
Community Development Block Grant/State's Program	14.228	09-EDEF-6537	1,136
Community Development Block Grant/State's Program	14.228	08-EDEF-5887	139,102
Community Development Block Grant/State's Program - Loans	14.228	--	1,771,770
Total U.S. Department of Housing and Urban Development			<u>\$ 1,914,351</u>
<u>U.S. Department of the Interior</u>			
Direct Programs:			
Fish and Wildlife Management Assistance	15.608	--	17,342

See accompanying Notes to Schedule of Expenditure of Federal Awards.

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Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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 the Interior</u> (continued)			
Passed through State Controller's Office:			
Payments in Lieu of Taxes - BLM Entitlement	15.226	--	\$ 50,193
Subtotal Pass-Through			<u>50,193</u>
Total U.S. Department of the Interior			\$ <u>67,535</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Sheriff - Special Enforcement	16.000	--	105,494
Supervised Visitation, Safe Havens for Children	16.527	--	55,000
SH - OCDETF (Rev. 4523184)	16.527	--	4,397
Subtotal CFDA 16.527			<u>59,397</u>
DOJ Single Jurisdiction Drug Court (BJA)	16.585	--	165,681
State Criminal Alien Assistance Program (SCAAP)	16.606	--	69,321
Edward Byrne Memorial Justice Assistance	16.738	--	2,680
Subtotal Direct			<u>402,573</u>
Passed through State Emergency Management Agency:			
Edward Byrne Memorial Formula Grant Program			
Marijuana Suppression Program	16.579	--	227,726
Crime Victim Assistance - Victim Witness Protection	16.575	VW09280040	87,297
ARRA - Victim/Witness Assistance Recovery Act	16.588	RV09010040	8,469
Edward Byrne Memorial Assistance Grant Program			
Anti-Drug Abuse (ADA) Enforcement Program	16.738	DC10130040	196,927
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program			
ARRA - Evidence-Based Probation Supervision	16.804	ZP09010040	189,399
ARRA - Anti-Drug Abuse (ADA) Enforcement	16.804	--	196,628
ARRA -Anti-Drug Abuse Enforcement Team Rec Act Program	16.804	ZA09010040	150,325
Subtotal CFDA 16.804			<u>536,352</u>
ARRA - VOCA Stimulus Victim/Witness Assistance	16.801	VS09010040	2,127
Subtotal Pass-Through			<u>1,058,898</u>

See accompanying Notes to Schedule of Expenditure of Federal Awards.

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Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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 (continued)</u>			
Passed through State Department of Corrections & Rehabilitation:			
Juvenile Accountability Incentive Block Grant	16.523	CSA 106-10	\$ 14,730
Subtotal Pass-Through			<u>14,730</u>
Total U.S. Department of Justice			\$ <u>1,476,201</u>
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation:			
Highway Bridge Program	20.205	--	696,323
STIP Transportation Enhancement	20.205	--	37,643
Safe Routes to Schools	20.205	--	864,799
Congestion Mitigation Air Quality (CMAQ)	20.205	--	129,618
Highway Safety Improvement Program	20.205	--	149,138
ARRA - Highway Planning and Construction	20.205	--	18,532
Subtotal CFDA 20.205			<u>1,896,053</u>
Passed through State Office of Traffic Safety:			
State and Community Highway Safety	20.600	--	93,949
High Intensity DUI Enforcement	20.608	AL1186	179,155
Subtotal Pass-Through			<u>273,104</u>
Total U.S. Department of Transportation			\$ <u>2,169,157</u>
<u>U.S. Department of Museum &amp; Library Services</u>			
Passed through California State Library:			
Library Services and Technology Act	45.310	--	20,721
Total Department of Museum & Library Services			\$ <u>20,721</u>
<u>U.S. Department of Education</u>			
Passed through State Department of Alcohol and Drug Abuse Programs:			
Drug-Free Schools and Communities – National Programs	84.186	--	233,930
Total U.S. Department of Education			\$ <u>233,930</u>

See accompanying Notes to Schedule of Expenditure of Federal Awards.

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Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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. Election Assistance Commission</u>			
Passed through Secretary of State:			
Help America Vote Act	90.401	--	\$ 5,000
Total U.S. Election Assistance Commission			\$ 5,000
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Drug-Free Communities Support Programs Grants (B) Substance Abuse and Mental Health Services Administration	93.276	--	116,665
Runaway and Homeless Youth (RHYA) Substance Abuse and Mental Health Services Administration (SAMHSA)	93.243	--	30,147
	93.623	--	172,197
	93.958	--	1,651,415
Subtotal Direct			<u>1,970,424</u>
Passed through State Department of Social Services:			
Kin-GAP Title IV-E Admin	93.090	--	1,511
Preserving Safe and Stable Families - Admin	93.556	--	238,741
Preserving Safe and Stable Families	93.556	--	166,355
RCA/Hardship	93.556	--	3,396
Subtotal CFDA 93.556			<u>408,492</u>
Temporary Assistance for Needy Families:			
Temporary Assistance for Needy Families - CalWorks	93.558	--	8,695,390
Temporary Assistance for Needy Families - CalWorks CEC Programs Admin	93.558	--	10,717,160
ISAWS Migration - Fed	93.558	--	93,876
Foster Care – Title IV-E - Child Welfare Services	93.558	--	478,479
Subtotal CFDA 93.558			<u>19,984,905</u>
ARRA - ECF - NRSTB	93.714	--	118,934
ARRA - TANF ECF Subsidized Employment	93.714	--	3,433,109
Subtotal CFDA 93.714			<u>3,552,043</u>
OCAP/Community Based Child Abuse Prevention	93.569	--	16,377
Foster Care – Title IV-E - Child Welfare Services	93.645	--	229,750

See accompanying Notes to Schedule of Expenditure of Federal Awards.

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Schedule of Expenditures of Federal Awards  
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through State Department of Social Services (continued):			
Foster Care – Title IV-E:			
ARRA - Foster Care – Title IV-E - Probation Case			
Management	93.658		\$ 553,349
ARRA - Foster Care – Title IV-E - Probation Preplacement	93.658		505,638
ARRA - Foster Care – Title IV-E - Probation - Eligibility			
Determination	93.658		29,894
ARRA - Foster Care – Title IV-E - Probation - Training	93.658		38,414
ARRA - Foster Care - Probation Group Home/ Monthly Visits	93.658	--	26,262
Foster Care – Title IV-E - Foster Care	93.658	--	155,856
Foster Care – Title IV-E - Child Welfare Services	93.658	--	4,040,174
Foster Care – Title IV-E - Foster Care Licensing	93.658	--	27,610
Foster Care - AB 2129	93.658	--	18,926
Foster Care - Monthly Visited Group Homes	93.658	--	28,793
Foster Care - Kinship/Emergency	93.658	--	8,461
Foster Care – Title IV-E - Foster Care SB 163	93.658	--	55,223
ARRA - Foster Care – Title IV-E - Foster Care SB 163	93.658	--	5,953
Foster Care – Title IV-E - Foster Care Assistance	93.658	--	2,755,336
ARRA - Foster Care - Title IV-E - Foster Care Assistance			
Assistance	93.658	--	188,512
Foster Care – SA/HIV Infant Admin 570004 45280850	93.658	--	80,252
Foster Care – Title IV-E - Foster Care EA (5K)	93.658	--	729,368
Subtotal CFDA 93.658			<u>9,248,021</u>
Adoption Assistance Program:			
Adoption Assistance Program - Adoptions	93.659	--	6,673,734
Adoption Assistance Program - Admin	93.659	--	57,496
Adoption Assistance Program - Adoptions - Co.	93.659	--	6,022
ARRA - Adoption Assistance Program - Assistance	93.659	--	531,837
Subtotal CFDA 93.659			<u>7,269,089</u>
Social Services Block Grants:			
CalWorks Single Admin Title XX	93.667	--	327,769
CalWorks Admin Title XX	93.667	--	744,762
In Home Supportive Services (IHSS) - PSCP - Individual Provider	93.667	--	871,817

See accompanying Notes to Schedule of Expenditure of Federal Awards.

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Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through State Department of Social Services (continued):			
Social Services Block Grants (continued):			
ARRA - In Home Supportive Services (IHSS) - PSCP - Individual Provider	93.667	--	\$ 175,125
In Home Supportive Services (IHSS) - PSCP - Contracts	93.667	--	320,860
ARRA - In Home Supportive Services (IHSS) - PSCP - Contracts	93.667	--	66,031
Subtotal CFDA 93.667			<u>2,506,364</u>
Independent Living	93.674	--	186,760
Subtotal Pass-Through			<u>43,403,312</u>
Passed through the State Department of Child Support Services:			
Child Support Enforcement	93.563	--	4,403,718
ARRA - Child Support Enforcement	93.563	--	227,345
Subtotal Pass-Through			<u>4,631,063</u>
Passed through the State Department of Public Health:			
CDC - Bioterrorism & Pandemic Flu	93.069	--	314,021
CDC - PHER H1N1	93.069	--	244,091
Subtotal CFDA 93.069			<u>558,112</u>
Family Planning Services	93.217	--	134,057
Immunization Grants - Immunization Assistance Program	93.268	--	58,328
Immunization Grants - Immunization Network of Northern California	93.268	--	78,823
Subtotal CFDA 93.268			<u>137,151</u>
Medical Assistance Program (MCAH) - Title XIX	93.778	--	14,497
Medical Assistance Program (LEAD) - Title XIX	93.778	--	36,494
CDC Aids Surveillance	93.944	--	40,866
Maternal and Child Health Services (MCAH) - Title V	93.994	--	88,000
Subtotal Pass-Through			<u>1,009,177</u>

See accompanying Notes to Schedule of Expenditure of Federal Awards.

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Schedule of Expenditures of Federal Awards  
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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u> (continued)			
Passed through the State Department of Health Care Services:			
CCS ADMIN - Title XXI	93.767	--	\$ 43,013
Medical Assistance Program (Admin U/R)	93.778	--	2,559,307
Medical Assistance Program (CHDP) - Title XIX	93.778	--	249,924
Medical Assistance Program (HCPCFC)-Title XIX	93.778	--	120,406
Medical Assistance Program (CCS)-Title XIX	93.778	--	388,611
Medical Assistance Program (Social Services Admin)	93.778	--	3,745,714
AD - FED Share Drug Medi-Cal	93.778	--	51,865
MH - FED Share Medi-Cal (Short-Doyle Medi-Cal)	93.778	--	17,087,208
HRSA National Bioterrorism Hospital Preparedness (HPP Program)	93.889	--	239,289
HRSA National Bioterrorism Hospital Preparedness (HPP H1N1)	93.889	--	8,131
Subtotal CFDA 93.889			247,420
HRSA Aids Early Intervention Program	93.917	--	183,608
Subtotal Pass-Through			24,677,076
Passed through State Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	107,122
Subtotal Pass-Through			107,122
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	--	840,156
Block Grants for Prevention and Treatment of Substance Abuse Drug Testing	93.959	--	18,000
Block Grants for Prevention and Treatment of Substance Abuse - Club Live (CL)	93.959	--	3,000
Block Grants for Prevention and Treatment of Substance Abuse Previous Set-Aside	93.959	--	325,421
Block Grants for Prevention and Treatment of Substance Abuse HIV Set-Aside	93.959	--	14,935
Block Grants for Prevention and Treatment of Substance Abuse Perinatal Set-Aside	93.959	--	491,597

See accompanying Notes to Schedule of Expenditure of Federal Awards.

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Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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 Alcohol and Drug Programs (continued):			
Occupational Health and Surveillance Fatality			
Assessment and Control Evaluation	93.959	--	\$ 20,657
Block Grants for Prevention and Treatment of			
Substance Abuse Drug Testing	93.959	--	18,272
Subtotal Pass-Through			<u>1,732,038</u>
 Total U.S. Department of Health and Human Services			 <u>\$ 77,530,212</u>
 <u>U.S. Social Security Administration</u>			
Direct Program:			
Social Security Reporting Program	96.002	--	<u>31,800</u>
 Total U.S. Social Security Administration			 <u>\$ 31,800</u>
 <u>U.S. Department of Homeland Security</u>			
Direct Program:			
Assistance to Firefighters Grant - 2009	97.044	--	286,582
Assistance to Firefighters Grant - 2010	97.044	--	461,818
Subtotal CFDA 97.044			<u>748,400</u>
 Staffing for Adequate Fire and Emergency Response			
Grant (SAFER) - 2009	97.083	--	442,474
Staffing for Adequate Fire and Emergency Response			
Grant (SAFER) - 2010	97.083	--	56,922
Subtotal CFDA 97.083			<u>499,396</u>
 Subtotal Direct			 <u>1,247,796</u>
 Passed through State Emergency Management Agency:			
Emergency Management Performance Grants (Total reimbursement)	97.042	2010-0044	203,812
 OES-FY09 Interoperable Emergency Communications	97.055	2009-IO-T9-0015	257,091

See accompanying Notes to Schedule of Expenditure of Federal Awards.

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Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

<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 Homeland Security (continued)</u>			
Passed through State Emergency Management Agency (continued):			
Homeland Security Grant Program - 2008	97.067	2008-0006	\$ 22,453
Homeland Security Grant Program - 2009	97.067	2009-0019	334,755
Homeland Security Grant Program - 2010	97.067	2010-0085	163,905
Subtotal CFDA 97.067			<u>521,113</u>
Subtotal Pass-Through			<u>982,016</u>
Total U.S. Department of Homeland Security			<u>\$ 2,229,812</u>
Total Expenditures of Federal Awards			<u><u>\$ 93,305,967</u></u>

See accompanying Notes to Schedule of Expenditure of Federal Awards.

**COUNTY OF BUTTE**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

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:

Federal CFDA #	Program	Amount
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 25,600
11.555	Fiscal Year 2007 Public Safety Interoperable Communications Grant Program	456,530
93.917	HIV Care Program	23,154
97.042	Fiscal Year 2010 Emergency Management Performance Grant (amount shown is reimbursement, dollar for Dollar match grant)	117,921
97.055	Fiscal Year 2009 Interoperable Emergency Communications Grant Program	253,844
97.067	Fiscal Year 2008 Homeland Security Grant Program	20,647
97.067	Fiscal Year 2009 Homeland Security Grant Program	334,755
97.067	Fiscal Year 2010 Homeland Security Grant Program	<u>163,905</u>
	Total	<u>\$ 1,396,356</u>

**COUNTY OF BUTTE**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Note 5: **Loans with Continuing Compliance Requirement**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2011 as follows:

Federal CFDA#	Program Title	Amount Outstanding	
		July 1, 2010	June 30, 2011
10.766	Community Facilities Loans and Grants	\$ --	\$ 1,025,856
14.228	Community Development Block	1,771,770	1,257,678

Note 6: **Program Clusters**

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

Federal CFDA #	Program Title	Federal Expenditures
<u>Temporary Assistance for Needy Families (TANF) Cluster:</u>		
93.558	Temporary Assistance for Needy Families (TANF)	\$ 19,984,905
93.714	ARRA – TANF ECF Subsidized Employment	<u>3,552,043</u>
	Total	<u>\$ 23,536,948</u>

JAG Program Cluster

16.738	Anti-Drug Abuse (ADA) Enforcement Program	\$ 196,927
16.738	ARRA – Evidence-Based Probation Supervision	189,399
16.738	Edward Byrne Memorial Justice Assistance	2,680
16.804	Anti-Drug Abuse (ADA) Enforcement Program	196,628
16.804	ARRA – Anti-Drug Abuse Enforcement Team Rec Act Program	<u>150,325</u>
		<u>\$ 735,959</u>

Note 7: **Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

**COUNTY OF BUTTE**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

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 one CFDA number. Occasionally, however, this total may not be conveniently displayed because all programs under one CFDA number are not contiguous. When this occurs, this total is not shown in the Schedule, but instead is provided below:

<u>CFDA No.</u>	<u>Total Federal Expenditures</u>
16.738	\$ 199,607
93.778	24,254,026

## COUNTY OF BUTTE

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2011

#### 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?   | Yes           |
| 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?  | None Reported |
| 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)? | No            |

4. Identification of major programs:

##### CFDA Number

##### Name of Federal Program

10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
93.659	Adoptions Assistance Program
93.778	Medical Assistance Program
TANF Cluster:	
93.558	Temporary Assistance for Needy Families
93.714	ARRA – TANF ECF Subsidized Employment

**COUNTY OF BUTTE**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

**Section 1** (continued)

- |   |              |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?       | \$ 2,799,179 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No           |

**Section 2**

Financial Statement Findings

Construction in progress	Finding 11-FS-1
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**Section 3**

Federal Award Findings and Questioned Costs

None reported.

# COUNTY OF BUTTE

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-1	<p><i>Capital Assets – Construction in Progress</i> <i>Reporting Requirement: Material Weakness</i></p> <p><u>Criteria</u></p> <p>Expenditures incurred to construct a capital asset are accumulated as construction in progress until the project is completed. Upon completion of the project, the total project expenditures are transferred from construction in progress to the appropriate capital asset category such as buildings or infrastructure and the asset begins depreciating.</p> <p><u>Condition</u></p> <p>The County had been accumulating construction in progress expenditures in the Landfill fund for several years, resulting in a balance at June 30, 2010 of \$15.6 million. The Finance Office recognized the oversight during the year-end closing process for June 30, 2011. Finance Office staff worked with the Public Works Department and compiled a list of projects that included the total costs of the project and the completion date. An adjusting journal entry was produced by the Finance Office and submitted to the Auditor’s Office as a post-closing entry for the 2010-2011 fiscal year. Included in the journal entry was \$14.4 million of costs transferred out of construction in progress, as well as recording \$491,141 of prior depreciation that had not been recorded in the appropriate years.</p> <p><u>Cause</u></p> <p>For years prior to 2010-2011 fiscal year, project accounting reports were not requested from the Public Works Department that would have been used to transfer costs out of construction in progress and properly record depreciation expense.</p> <p><u>Effect or Potential Effect</u></p> <p>By not properly identifying completed Landfill projects, the County did not transfer completed projects and begin depreciating them in a timely manner.</p>

**COUNTY OF BUTTE**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-1 (continued)	<p><u>Recommendation</u></p> <p>We recommend that completed Landfill project costs for capital assets be requested annually to allow for completed projects to be identified and transferred. The Finance Office will need to obtain project cost accounting reports from Public Works to accomplish this task.</p> <p><u>Management's Response</u></p> <p>Management agrees with the recommendation and has a procedure in place to request appropriate information from the Public Works Department for all future years.</p>

**COUNTY OF BUTTE**

Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2011

Audit Reference Number	Status of Prior Year Audit Findings
Finding 10-SA-1	<u>Recommendation</u>
Medical Assistance Program CFDA 93.778	We recommend that the Department research the capabilities of the new C-IV system for solutions to performing more functions automatically and give the eligibility workers more time to perform annual redeterminations.
Award No. n/a Year: 2009-10	We also recommend that the County review the budget to determine if more employees can be hired to determine eligibility.
	<u>Status</u>
	Implemented.
Finding 10-SA-2	<u>Recommendation</u>
Temporary Assistance for Needy Families CFDA 93.558	We recommend that a tracking system be implemented for all outstanding IEVS and that eligibility workers be required to address and clear up the cases that are that list on at least a monthly basis.
and	<u>Status</u>
ARRA – TANF ECF Subsidized Employment CFDA 93.714	Implemented.
Award No. n/a Year: 2009-10	