

COUNTY OF SUTTER
SINGLE AUDIT REPORT
JUNE 30, 2008

COUNTY OF SUTTER

Single Audit Report
For the Year Ended June 30, 2008

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**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 Sutter
Yuba 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 Sutter, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 17, 2009. We conducted our audit in accordance with auditing standards 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 Sutter'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 of Sutter's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Sutter'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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and one that we consider to be a material weakness.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying

Board of Supervisors and Grand Jury
County of Sutter

Internal Control Over Financial Reporting (continued)

schedule of findings and questioned costs as items 08-FS-1, and 08-FS-2, and 08-FS-3 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08-FS-1 and 08-FS-2 to be material weaknesses.

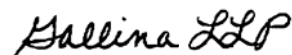
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Sutter'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 Sutter in a separate letter dated June 17, 2009.

The County of Sutter's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response, and, accordingly, we express no opinion on it.

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



Roseville, California
June 17, 2009



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

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

Compliance

We have audited the compliance of the County of Sutter, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County of Sutter'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 Sutter's management. Our responsibility is to express an opinion on the County of Sutter'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 Sutter'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 Sutter's compliance with those requirements.

In our opinion, the County of Sutter complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 08-SA-1.

Board of Supervisors and Grand Jury
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Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questions costs as item 08-SA-1 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 08-SA-1 to be a material weakness.

The County of Sutter's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County of Sutter's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2008, and have issued our report thereon dated June 17, 2009. Our audit was performed for the purpose of forming opinions on the financial statements

Board of Supervisors and Grand Jury
County of Sutter

Schedule of Expenditures of Federal Awards (continued)

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.

The Supplementary Schedules of the Office of Emergency Services and the State Department of Justice Grant Expenditures, beginning on page 24, have not been subjected to auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

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

Gallina LLP

Roseville, California
June 17, 2009

COUNTY OF SUTTER

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Social Services:			
Food Stamps	10.551 *	--	\$ 8,855,159
State Administrative Matching Grants for Food Stamp Program	10.561 *	--	569,527
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	05-45806	750,700
Subtotal Pass Through			<u>10,175,386</u>
Total U.S. Department of Agriculture			<u>\$ 10,175,386</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the State Department of Housing and Community Development:			
Community Development Block Grants-Section 108 Loan Guarantees	14.248 *	04-EDBG-636	16,627
Community Development Block Grants-Section 108 Loan Guarantees	14.248 *	04-STBG-1979	116,253
Total U.S. Department of Housing and Urban Development			<u>\$ 132,880</u>
<u>U.S. Department of Interior</u>			
Direct Program:			
Payment in Lieu of Taxes	15.226	--	5
Total U.S. Department of Interior			<u>\$ 5</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
State Criminal Alien Assistance Program	16.606	--	26,661
Passed through State Office of Emergency Services:			
Victim Witness Assistance Program	16.575	VW07210510	56,169
Anti-Drug Abuse Enforcement Program	16.579	DC07200510	142,791
Violence Against Women Formula Grants	16.588	VV07030510	120,000
Subtotal Pass Through			<u>318,960</u>
Total U.S. Department of Justice			<u>\$ 345,621</u>

* Major Program

COUNTY OF SUTTER

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	AIP-3-06-0282-03	\$ 40,000
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BRLO-5918(056)	417,908
Highway Planning and Construction	20.205	BRLS-5918(034)	8,320
Highway Planning and Construction	20.205	BRLO-5918(052)	227,726
Highway Planning and Construction	20.205	BRLS-5918(012)	25,713
Highway Planning and Construction	20.205	BRLO-5918(032)	3,380,893
Highway Planning and Construction	20.205	BHLVS-5918(062)	196,676
Highway Planning and Construction	20.205	STPL-5918(064)	556,150
Highway Planning and Construction	20.205	BPMP-5918(066)	8,598
Subtotal CFDA 20.205			4,821,984
Total U.S. Department of Transportation			\$ 4,861,984
<u>U.S. Department of Education</u>			
Passed through the State Department of Education:			
Adult Education State Grant Program	84.002	--	143,853
Total U.S. Department of Education			\$ 143,853
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	--	77,124
Temporary Assistance for Needy Families (Social Services Administration)	93.558	--	4,703,312
Child Welfare Services – State Grants	93.645	--	45,919
Foster Care - Title IV-E	93.658	--	2,371,426
Adoption Assistance Program	93.659 *	--	1,264,079
Social Services Block Grant	93.667	--	92,979
Chafee Foster Care Independent Living Program	93.674	--	46,344
Medical Assistance Program	93.778 *	--	1,765,945
Subtotal Pass Through			10,367,128
Passed through State Department of Child Support Services:			
Child Support Enforcement	93.563	--	1,911,687

* Major Program

COUNTY OF SUTTER

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

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 Alcohol and Drug Programs:			
Block Grants for Preventive and Treatment of Substance Abuse (SAPT)	93.959	--	\$ 1,252,349
Passed through State Department of Health Services:			
State Children's Insurance Program	93.767	--	62,300
Preventive Health Services - Sexually Transmitted Disease Control Grants	93.977	04-35715	2,164
Maternal Child & Adolescent Health (MCAH)	93.994	--	57,356
Bioterrorism Training and Curriculum Development Program	93.996	EPO CDC 07-51	115,665
Immunization Assessment Program	93.268	07-65256	91,503
Medical Assistance Program (Title XIX)	93.778 *	--	373,231
Subtotal Pass Through			<u>702,219</u>
Passed through the State Department of Mental Health:			
Projects for Assistance in Transition from Homelessness	93.150	--	49,495
Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant (includes Children's System of Care (CSOC) (Grant)	93.958	--	334,956
Subtotal Pass Through			<u>384,451</u>
Total U.S. Department of Health and Human Services			\$ <u>14,617,834</u>
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Emergency Management Performance Grant 2007	97.042	2007-6	60,447
Passed through the State Office of Homeland Security:			
State Homeland Security Program (SHSGP)	97.067	2007-8	198,004
State Homeland Security Program	97.073	2006-0071	12,686
Subtotal Pass Through			<u>210,690</u>
Total U.S. Department of Homeland Security			\$ <u>271,137</u>
Total Expenditures of Federal Awards Excluding Loans			\$ <u><u>30,548,700</u></u>

* Major Program

COUNTY OF SUTTER

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>Federal Loan Balances With a Continuing Compliance Requirement at Year End</u>			
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
Community Development Block Grants-Section 108 Loan Guarantees	14.248 *	--	\$ 1,642,145
Federal Loan Balances with a Continuing Compliance Requirement			<u>1,642,145</u>
Total Expenditures of Federal Awards Including Loans			<u><u>\$ 32,190,845</u></u>

* Major Program

COUNTY OF SUTTER

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2008

Note 1: **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Sutter. The County of Sutter 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 includes the federal grant activity of the Entity and is presented on generally accepted accounting principles. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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: **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.

Note 5: **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 could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the Schedule, but instead is provided below:

<u>CFDA No.</u>	<u>Total Federal Expenditures</u>
93.778	\$ 2,139,176

COUNTY OF SUTTER

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Note 6: **Program Clusters**

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>Food Stamp Cluster:</u>		
10.551	Food Stamps	\$ 8,855,159
10.561	State Administrative Matching Grants for Food Stamp Program	<u>569,527</u>
	TOTAL	<u>\$ 9,424,686</u>
 <u>Homeland Security Cluster:</u>		
97.067	State Homeland Security Program (SHSGP)	\$ 198,004
97.073	State Homeland Security Grant Program	<u>12,686</u>
	TOTAL	<u>\$ 210,690</u>

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section 1

Summary of Auditor's Results

Financial Statements

- | | |
|---|-------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses | Yes |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 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:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamps
14.248	Community Development Block Grants-Section 108 Loan Guarantees
93.659	Adoption Assistance Program
93.778	Medical Assistance Program

- | | |
|---|------------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$ 965,725 |
|---|------------|

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section 1 (continued)

Federal Awards (continued)

Summary of Auditor's Results

6. Auditee qualified as a low-risk auditee under
OMB Circular A-133, Section 530?

Yes

Section 2

Financial Statement Findings

Recording of Operating Transfers
Disaggregation of Receivables
Accounts Payable Cutoff

Finding 08-FS-1
Finding 08-FS-2
Finding 08-FS-3

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.659

Finding 08-SA-1

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2008

Program	Findings/Noncompliance
Finding 08-FS-1	<p data-bbox="524 426 1091 499"><i>Recording of Operating Transfers</i> <i>Reporting Requirement: Material Weakness</i></p> <p data-bbox="524 531 633 567"><u>Criteria</u></p> <p data-bbox="524 604 1443 821">GASB Statement No. 34 requires that interfund services provided and used be reported as revenues in seller funds and expenditures or expenses in purchaser funds. The statement also requires that interfund reimbursements be eliminated, that is, reduce the expenses of the allocating function by the amount allocated to others so that only one function reports the expense.</p> <p data-bbox="524 852 662 888"><u>Condition</u></p> <p data-bbox="524 926 1443 999">Currently, the County records interfund services provided and used, as well as interfund reimbursements, as operating transfers.</p> <p data-bbox="524 1031 613 1066"><u>Cause</u></p> <p data-bbox="524 1104 1443 1251">The County's reporting of its interfund transactions is reflective of how these transactions are budgeted each year. For example, the County continues to budget and account for interfund reimbursements as operating transfers.</p> <p data-bbox="524 1283 784 1318"><u>Effect of Condition</u></p> <p data-bbox="524 1356 1443 1503">By not properly recording interfund services provided and used, revenue, expenditures, and transfers are misstated. Likewise, by not properly recording interfund reimbursements, expenditures and transfers are misstated.</p> <p data-bbox="524 1535 760 1570"><u>Recommendation</u></p> <p data-bbox="524 1608 1443 1818">We recommend the County record interfund services provided and used as revenues in seller funds and expenditures (or expenses) in purchaser funds. Additionally, we recommend that the County record interfund reimbursements as debits to expenditures in the fund that is being charged the expenditure and credits to expenditures in the fund that is being reimbursed for the charge.</p>

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2008

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding 08-FS-1 (continued)	<p data-bbox="522 426 1443 462"><u>Management Response from Auditor-Controller's Office</u></p> <p data-bbox="522 499 1443 787">The Auditor-Controller's Office agrees that the County should record interfund services provided and used in seller funds and expenditures (or expenses) in purchaser funds, and interfund reimbursements as debits to expenditures in the fund that is being charged the expenditure and credits to expenditures in the fund that is being reimbursed for the charge. It is necessary for the Board of Supervisors to budget in accordance with these recommendations to implement them.</p> <p data-bbox="522 825 1443 861"><u>Management Response from County Administrative Office</u></p> <p data-bbox="522 898 1443 1041">The County Administrative Office agrees with the Auditor-Controller's response. The County Administrative Office will work with the Auditor-Controller's office to implement this recommendation.</p>

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs Financial Statement Findings For the Year Ended June 30, 2008

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding 08-FS-2	<p data-bbox="524 430 1091 499"><i>Disaggregation of Receivables</i> <i>Reporting Requirement: Material Weakness</i></p> <p data-bbox="524 535 633 571"><u>Criteria</u></p> <p data-bbox="524 604 1443 844">GASB Statement No. 38 requires components of significant receivables to be disclosed separately in the notes to the financial statements if not visible on the face of the financial statements. Components of receivables include accounts receivable (due from citizens), taxes (property, sales taxes, transient occupancy) receivable, interest receivable, amounts due from other governments and notes receivable.</p> <p data-bbox="524 886 662 921"><u>Condition</u></p> <p data-bbox="524 955 1443 1094">Currently, the County records accounts receivable and due from other governments within the same receivable account. The County's chart of accounts appropriately includes accounts for interest receivable and notes receivable.</p> <p data-bbox="524 1136 613 1171"><u>Cause</u></p> <p data-bbox="524 1205 1443 1304">The County's chart of accounts does not have separate accounts for amounts due from other governments and non-governmental accounts receivable.</p> <p data-bbox="524 1346 782 1381"><u>Effect of Condition</u></p> <p data-bbox="524 1415 1443 1619">By not properly disaggregating receivable amounts, the character of receivables can not be determined except through time-consuming analysis of each transaction posted to the County's receivable accounts. Note disclosure information is more accurate and the gathering process is more efficient when it is derived directly from the County's chart of accounts.</p> <p data-bbox="524 1661 760 1696"><u>Recommendation</u></p> <p data-bbox="524 1730 1443 1894">We recommend the County modify its chart of accounts to include separate accounts for accounts receivable and amounts due from other governments. Year-end closing procedures should be modified to capture receivable balances into each of these accounts according to their nature.</p>

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2008

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding 08-FS-2 (continued)	<p data-bbox="524 426 1445 462"><u>Management Response from Auditor-Controller's Office</u></p> <p data-bbox="524 499 1445 714">This recommendation has been implemented. The chart of accounts has been modified to include separate accounts for accounts receivable and amounts due from other governments, and year end closing procedures have been modified. Guidance has been provided to departments to properly reflect these accounts receivable and due from other governments in the general ledger.</p> <p data-bbox="524 751 1445 787"><u>Management Response from County Administrative Office</u></p> <p data-bbox="524 825 1445 894">The County Administrative Office concurs with the Auditor-Controller's response.</p>

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2008

Program	Findings/Noncompliance
Finding 08-FS-3	<p data-bbox="522 430 1443 504"><i>Accounts Payable Cutoff</i> <i>Reporting Requirement: Significant Deficiency</i></p> <p data-bbox="522 535 1443 571"><u>Criteria</u></p> <p data-bbox="522 613 1443 756">During its year-end closing process, the County should establish and enforce policies and procedures to ensure that year-end accruals are properly identified and recorded for all account balances, including expenditures and payables.</p> <p data-bbox="522 793 1443 829"><u>Condition</u></p> <p data-bbox="522 871 1443 1014">During the audit, we noted significant expenditures in the Road Fund that were incurred during the fiscal year ended June 30, 2008 but not accrued at year-end. The total amount of the related audit adjustment was approximately \$301 thousand.</p> <p data-bbox="522 1052 1443 1087"><u>Cause</u></p> <p data-bbox="522 1129 1443 1234">One reason that the County did not accrue these expenditures is because the invoice from the contractor was received in August after the County closed its general ledger in July.</p> <p data-bbox="522 1272 1443 1308"><u>Effect of Condition</u></p> <p data-bbox="522 1350 1443 1455">By not properly accounting for expenditures in the fiscal year incurred, the County is understating its accounts payable and expenditures at the end of the year.</p> <p data-bbox="522 1493 1443 1528"><u>Recommendation</u></p> <p data-bbox="522 1570 1443 1885">We recommend the County review each significant invoice that is processed for payment subsequent to year end to determine which period the expenditure was incurred. For those expenditures that the County identified should be accrued, prior to the closing of the books, the County should continue to account for those expenditures as payables. For those expenditures that should be accrued and are identified after the books are closed, we recommend the County maintain a schedule of these items from which a financial statement adjustment could be made.</p>

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2008

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding 08-FS-3 (continued)	<p data-bbox="522 426 1443 462"><u>Management Response from Auditor-Controller's Office</u></p> <p data-bbox="522 499 1443 829">This expenditure is an anomaly. The procedure previously established in the Auditor-Controller's Office is to review each significant invoice that is processed for payment subsequent to year end to determine which period the expenditure was incurred, but in this particular case the invoice was submitted for the current year, the documentation was somewhat ambiguous and the error was overlooked during the review process. Staff in the Auditor-Controller's Office and the Road Department have been advised of this finding so similar accruals will not be missed in the future.</p> <p data-bbox="522 867 1443 903"><u>Management Response from County Administrative Office</u></p> <p data-bbox="522 940 1443 1008">The County Administrative Office concurs with the Auditor-Controller's response.</p>

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2008

Program	Findings/Noncompliance
Finding 08-SA-1 Adoption Assistance Program CFDA 93.659 Award No. n/a Year: 2007/2008	<i>Federal Grantor:</i> U.S. Department of Health and Human Services <i>Pass Through Entity:</i> State Department of Social Services <i>Compliance Requirement:</i> Eligibility <i>Reporting Requirement:</i> Material Weakness; Material Noncompliance in Relation to a Compliance Supplement Audit Objective <u>Criteria</u>

Federal Adoption Assistance cannot be paid unless federal eligibility is present. Generally, for federal eligibility, a child must be within specified income categories, be a child with certain “special needs,” be unable to be adopted without Adoption Assistance, and have the adoption assistance agreement in place before the adoption decree is entered. Title 22 California Code of Regulations §35331(a) requires that the determination of the child's eligibility for adoption assistance be documented in the case record on the Eligibility Certification – Adoption Assistance Program form (the AAP-4). Previous to the use of the AAP-4, a form FC 9 was used to document a child’s eligibility for Adoption Assistance.

Condition

We tested eligibility for twenty-nine Adoption Assistance cases. Included in our sample were only federally-funded Adoption Assistance cases. The AAP-4 was not signed by the authorized official from the County Welfare Department for five cases.

Questioned Costs

No costs are questioned. All of these cases were eligible for federal Adoption Assistance. The problem was that their eligibility was not properly documented, as required, on the AAP-4.

Perspective

The exception rate in the sample was $5 / 29 = 17.25\%$.

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2008

Program	Findings/Noncompliance
<p>Finding 08-SA-1 (continued)</p> <p>Adoption Assistance Program CFDA 93.659</p>	<p><u>Effect of the Condition</u></p> <p>The effect is Federal Adoption Assistance benefits might be paid on behalf of a child when a child is only eligible for state-funded Adoption Assistance.</p> <p><u>Recommendation</u></p> <p>We recommend that the County instruct its eligibility staff to make sure a properly-executed AAP-4 is contained in the case file before approving federal Adoption Assistance. When any case is identified which does not have a properly-executed AAP-4, we recommend that a supervisor review the case file to make sure that the aid code for the case is correct.</p> <p><u>Corrective Action Plan</u></p> <p>Sutter County Department of Human Services-Welfare & Social Services Division has received the findings of the Adoption Assistance Program audit for Fiscal Year 2007/2008. Twenty-nine (29) Adoption Assistance cases were audited and of those cases five (5) were found to be missing the signature of a County Worker on the Eligibility Certification Adoption Assistance Program (AAP-4) form. After reviewing the cases, we are in agreement with your findings.</p> <p>All five (5) errors were caused by the same worker (who is no longer with the agency) between 1995-1997. This same finding was previously cited in the Adoption Assistance audit for Fiscal Year 2006-2007. In November 2007, as part of the corrective action plan, County staff was trained on the proper completion of the AAP-4 and quality assurance and control protocols that are in place were also stressed in order to insure compliance with the regulations. At that time the county did not alter the existing AAP-4 documents.</p> <p>In response to this finding, the County will, as soon as possible but no later than April 30, 2009 re-review all open Adoption Assistance case records to determine that the AAP-4 is properly completed. Any cases that are found deficient in the areas cited will have a copy of the audit findings placed in the case file. In addition the County Worker will verify and sign and date the original AAP-4 to ensure compliance in</p>

COUNTY OF SUTTER

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2008

<u>Program</u>	<u>Findings/Noncompliance</u>
Finding 08-SA-1 (continued) Adoption Assistance Program CFDA 93.659	<u>Corrective Action Plan</u> (continued) any future audits. The contact person for this corrective action plan is Lori Harrah, Director, Welfare and Social Services and Assistant Director of Human Services.

COUNTY OF SUTTER

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2008

Audit Reference Number	Status of Prior Year Audit Findings
07-03	<u>Recommendation</u>
Adoption Assistance Program CFDA 93.659	We recommend that the County require that the AAP-4s be signed by the “Authorized Official of County Welfare Department” (County eligibility staff) and that this person check the appropriate box showing determination of FFP eligibility on the bottom of this form. We also recommend that the County incorporate into their review process procedures to ensure that the AAP-4s are properly completed and executed.
	<u>Status</u>
	Not implemented.

**SUPPLEMENTARY SCHEDULES
OF
THE OFFICE OF EMERGENCY SERVICES
AND
THE STATE DEPARTMENT OF JUSTICE
GRANT EXPENDITURES**

COUNTY OF SUTTER

Supplementary Schedules of the Office of Emergency Services
and the State Department of Justice Grant Expenditures
For the Year Ended June 30, 2008

Office of Emergency Services

The following represents expenditures for Office of Emergency Services (OES) programs for the year ended June 30, 2008. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2007	For the Year Ended June 30, 2008	Cumulative As of June 30, 2008	Federal Share	State Share	County Share
<u>VW07210510 - Victim Witness Assistance Program</u>						
Personal services	\$ 128,351	\$ 128,351	\$ 256,702	\$ 55,198	\$ 73,153	\$ --
Operating expenses	6,051	971	7,022	971	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 134,402</u>	<u>\$ 129,322</u>	<u>\$ 263,724</u>	<u>\$ 56,169</u>	<u>\$ 73,153</u>	<u>\$ --</u>
<u>DC07200510 - Anti-Drug Abuse Enforcement Program</u>						
Personal services	\$ 123,451	\$ 142,791	\$ 266,242	\$ 142,791	\$ --	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 123,451</u>	<u>\$ 142,791</u>	<u>\$ 266,242</u>	<u>\$ 142,791</u>	<u>\$ --</u>	<u>\$ --</u>
<u>VV07030510 - Violence Against Women Formula Grants</u>						
Personal services	\$ 105,487	\$ 120,000	\$ 225,487	\$ 120,000	\$ --	\$ --
Operating expenses	14,513	--	14,513	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 240,000</u>	<u>\$ 120,000</u>	<u>\$ --</u>	<u>\$ --</u>
<u>VB07050510 - Statutory Rape Vertical Prosecution</u>						
Personal services	\$ 122,067	\$ 122,065	\$ 244,132	\$ --	\$ 122,065	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 122,067</u>	<u>\$ 122,065</u>	<u>\$ 244,132</u>	<u>\$ --</u>	<u>\$ 122,065</u>	<u>\$ --</u>

COUNTY OF SUTTER

Supplementary Schedules of the Office of Emergency Services
and the State Department of Justice Grant Expenditures
For the Year Ended June 30, 2008

State Department of Justice

The following represents expenditures for the State Department of Justice programs for the year ended June 30, 2008.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2007	For the Year Ended June 30, 2008	Cumulative As of June 30, 2008	Federal Share	State Share	County Share
<u>AG07A10510 - Anti-Gang Initiative</u>						
Personal services	\$ --	\$ 68,000	\$ 68,000	\$ --	\$ 68,000	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ --</u>	<u>\$ 68,000</u>	<u>\$ 68,000</u>	<u>\$ --</u>	<u>\$ 68,000</u>	<u>\$ --</u>
<u>07SA13DO46 - Spousal Abuser Prosecution Program</u>						
Personal services	\$ 30,109	\$ 35,727	\$ 65,836	\$ --	\$ 35,727	\$ --
Operating expenses	9,804	--	9,804	--	--	--
Equipment	--	--	--	--	--	--
Totals	<u>\$ 39,913</u>	<u>\$ 35,727</u>	<u>\$ 75,640</u>	<u>\$ --</u>	<u>\$ 35,727</u>	<u>\$ --</u>