

**COUNTY OF MENDOCINO**

**SINGLE AUDIT REPORT**

**JUNE 30, 2012**

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**COUNTY OF MENDOCINO**

**Single Audit Report  
For the Year Ended June 30, 2012**

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GALLINA<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS

**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**

Board of Supervisors and Grand Jury  
County of Mendocino  
Ukiah, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Mendocino (County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 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'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 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 questions costs, we identified a 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 a 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 the accompanying schedule of findings and questioned costs as item 12-FS-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Mendocino

We noted certain matters that we reported to management of the County in a separate letter dated December 28, 2012.

The County's response to the finding 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 the response.

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

A handwritten signature in black ink that reads "Yalling LLP". The signature is written in a cursive, flowing style.

Roseville, California  
December 28, 2012



GALLINA<sup>LLP</sup>

CERTIFIED PUBLIC ACCOUNTANTS

**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**

Board of Supervisors and Grand Jury  
County of Mendocino  
Ukiah, California

Compliance

We have audited the compliance of the County of Mendocino (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, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the 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, 2012.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Board of Supervisors and Grand Jury  
County of Mendocino

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 accompanying financial statements of the government activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The Supplementary Schedules of the California Emergency Management Agency Grants Expenditures 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 and use of management, the Board of Supervisors, the Grand Jury and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.



Roseville, California  
December 28, 2012



**COUNTY OF MENDOCINO**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

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 Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care:			
Pierce's Disease Control Program	10.025	10-0337	\$ 18,025
Sudden Oak Death	10.025	11-0350-SF	16,683
European Grapevine Moth Quarantine	10.025	11-0526-SF	51,889
European Grapevine Moth Quarantine	10.025	10-0082-SF	29,698
European Grapevine Moth Trapping	10.025	10-0122-SF	100,252
Light Brown Apple Moth Trapping(est)	10.025	22-0502-SF	200
Subtotal CFDA 10.025			<u>216,747</u>
ARRA - Recovery Act of 2009: Wildland Fire Management	10.688	09-0561	<u>4,457</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	--	1,438,930
Subtotal CFDA 10.561			<u>1,438,930</u>
Passed through State Department of Health Care Services:			
Special Supplemental Nutrition Program for Women,			
Infants, and Children(WIC)	10.557	11-10450	<u>941,033</u>
Passed through State Controller's Office:			
Schools and Roads - Grants to States			
	10.665	--	<u>176,059</u>
Total U.S. Department of Agriculture			\$ <u>2,777,226</u>
<u>U.S. Department of Commerce</u>			
Passed through National Association of Counties:			
Habitat Conservation	11.463	DOC.749.01	<u>342,981</u>
Total U.S. Department of Commerce			\$ <u>342,981</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct program:			
Supportive Housing Program-Transitional Housing	14.235	--	53,963
Empowerment Program	14.235	--	176,936
Subtotal Direct			<u>230,899</u>
Passed through State Department of Housing and Community			
Development:			
Community Development Block Grants/State's Program	14.228	--	520,609
HOME Investment Partnerships Program	14.239	--	377,989
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	--	500,690
Subtotal Pass-through			<u>1,399,288</u>
Total U.S. Department of Housing and Urban Development			\$ <u>1,630,187</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MENDOCINO**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Interior</u>			
Direct program:			
Payment in Lieu of Taxes	15.226	--	\$ 489,299
Passed through State Controllers Office:			
US Mineral Leasing Geothermal		1100184A	1,338
Passed through State Department of Public Health:			
Federal Grazing Fee	15.000	10-95348	67
Total U.S. Department of Interior			\$ 490,704
<u>U.S. Department of Justice</u>			
Direct programs:			
Cannabis Eradication	16.738	--	206,906
State Criminal Alien Assistance Program	16.606	--	6,439
COPS Round Valley Cooperative Agreement	16.710	--	177,605
Subtotal CFDA 16.710			177,605
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	--	1,100
Byrne Justice Assistance Grant Program	16.738	--	30,878
ARRA - Rural Law Enforcement Program	16.810	--	258,884
Subtotal Direct			681,812
Passed through California Emergency Management Agency:			
Anti-Drug Abuse Enforcement Program	16.738	DC11220230	122,948
Victim Witness Assistance Program	16.575	VW11300230	61,336
Subtotal CFDA 16.575			61,336
ARRA - Anti-Drug Abuse Enforcement Program	16.804	ZA09010230	103,043
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	ZP09010230	54,648
Subtotal CFDA 16.803			54,648
ARRA - JAG - CDCI	16.804	DI-10-01-0230	11,578
ARRA - JAG	16.804	Z-09-01-0230	41,583
Subtotal Pass-through			395,136

See accompanying notes to Schedule of Expenditures of Federal Awards.

## COUNTY OF MENDOCINO

### Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice (continued)</u>			
Passed through California Emergency Management Agency (continued):			
Equitable Sharing Funds-USDOJ	16.922		\$ 219,962
Passed through Corrections Standards Authority:			
Juvenile Accountability Block Grant	16.523	141-09 AMYVPT	3,386
Total U.S. Department of Justice			<u>\$ 1,300,296</u>
<u>U.S. Department of Labor</u>			
Passed through State Employment Development Department:			
Workforce Investment Act	17.278	--	<u>1,775,607</u>
Total U.S. Department of Labor			<u>\$ 1,775,607</u>
<u>U.S. Department of Transportation</u>			
Direct program:			
Airport Improvement Program	20.106	3-06-0121-05	67,782
Airport Improvement Program	20.106	3-06-0056-03	18,940
Airport Improvement Program	20.106	3-06-0056-06	14,057
Airport Improvement Program	20.106	3-06-0056-08	68,346
Airport Improvement Program	20.106	3-06-0056-09	13,594
Subtotal CFDA 20.106			<u>182,719</u>
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BRLSZD 5910(039)	77,431
Highway Planning and Construction	20.205	BRLSZD 5910(042)	33,429
Highway Planning and Construction	20.205	BRLRT 5910(041)	80,857
Highway Planning and Construction	20.205	BRLS 5910(067)	651
Highway Planning and Construction	20.205	BHLS 5910(081)	159,772
Highway Planning and Construction	20.205	BHLS 5910(089)	42,194
Highway Planning and Construction	20.205	BRLO 5910(068)	51,211
Highway Planning and Construction	20.205	BRLO 5910(068)	105,809
Highway Planning and Construction	20.205	BRLO 5910(077)	136,166
Highway Planning and Construction	20.205	BRLO 5910(076)	8,409
Highway Planning and Construction	20.205	BRLO 5910(083)	115,647
Highway Planning and Construction	20.205	BRLO 5910(084)	40,127
Highway Planning and Construction	20.205	BRLO 5910(082)	10,939
Highway Planning and Construction	20.205	BRLO 5910(086)	131,516
Highway Planning and Construction	20.205	BRLO 5910(085)	7,502
Highway Planning and Construction	20.205	BPMP 5910(087)	17,448
Highway Planning and Construction	20.205	BPMP 5910(090)	10,590
Highway Planning and Construction	20.205	ESPL 5910(079)	558,349
Highway Planning and Construction	20.205	ESPL 5910(059)	(1,184)

See accompanying notes to Schedule of Expenditures of Federal Awards.

## COUNTY OF MENDOCINO

### Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation (continued)</u>			
Passed through State Department of Transportation (continued):			
Highway Planning and Construction	20.205	ER 4404(009)	\$ 13,119
Highway Planning and Construction	20.205	ER 4404(008)	334,561
Highway Planning and Construction	20.205	ER 4404(007)	61,434
Highway Planning and Construction	20.205	ER 4404(006)	32,691
Highway Planning and Construction	20.205	ER 4404(014)	18,207
Highway Planning and Construction	20.205	ER 4404(004)	15,790
Highway Planning and Construction	20.205	ER 4404(017)	16,192
Highway Planning and Construction	20.205	ER 4404(034)	410,884
Highway Planning and Construction	20.205	ER 4404(023)	15,223
Highway Planning and Construction	20.205	ER 4404(027)	291,785
Highway Planning and Construction	20.205	ER 4404(025)	29,814
Highway Planning and Construction	20.205	ER 4404(032)	2,919
Highway Planning and Construction	20.205	ER 4404(028)	20,018
Highway Planning and Construction	20.205	ER 4404(026)	52,670
Highway Planning and Construction	20.205	ER 4404(031)	5,319
Highway Planning and Construction	20.205	ER 4404(030)	14,691
Highway Planning and Construction	20.205	ER 4404(024)	799
Highway Planning and Construction	20.205	ER 20A1(014)EO	4,513
Highway Planning and Construction	20.205	ER 20A1(015)PR	19,218
Highway Planning and Construction	20.205	ER 20A1(008)EO	3,966
Highway Planning and Construction	20.205	ER 20A1(009)EO	4,011
Highway Planning and Construction	20.205	ER 20A1(010)EO	1,219
Highway Planning and Construction	20.205	ER 20A1(011)PR	10,749
Highway Planning and Construction	20.205	ER 20A1(012)EO	61,112
Highway Planning and Construction	20.205	ER 20A1(013)PR	12,191
Highway Planning and Construction	20.205	ER 20A1(020)PR	3,167
Highway Planning and Construction	20.205	ER 20A1(006)EO	1,230
Highway Planning and Construction	20.205	ER 20A1(007)PR	16,240
Highway Planning and Construction	20.205	ER 20A1(002)EO	6,630
Highway Planning and Construction	20.205	ER 20A1(003)PR	12,582
Highway Planning and Construction	20.205	ER 20A1(001)PR	14,517
Highway Planning and Construction	20.205	ER 20A1(022)PR	2,702
Highway Planning and Construction	20.205	ER 20A1(023)EO	10,419
Highway Planning and Construction	20.205	ER 20A1(024)PR	4,210
Highway Planning and Construction	20.205	ER 20A1(016)EO	428
Highway Planning and Construction	20.205	ER 20A1(017)PR	10,309
Highway Planning and Construction	20.205	ER 20A1(018)EO	468
Highway Planning and Construction	20.205	ER 20A1(019)PR	10,484
Subtotal CFDA 20.205			3,133,344

See accompanying notes to Schedule of Expenditures of Federal Awards.

## COUNTY OF MENDOCINO

### Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation</u> (continued)			
Passed through State Office of Traffic Safety:			
State and Community Highway Safety	20.600	AL0809	\$ 51,194
Total U.S. Department of Transportation			\$ 3,367,257
<u>U.S. Department of Environmental Protection Agency</u>			
Passed through State Department Water Control Board:			
Water Quality Management Planning	66.454	07-501-551-01	36,415
Passed through State Air Pollution Control Officers Association:			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	--	17,350
Total U.S. Department of Environmental Protection Agency			\$ 53,765
<u>U.S. Department of Health and Human Services</u>			
Direct programs:			
Enhance the Safety of Children Affected by Parental Methamphetamine	93.087	--	626,082
Substance Abuse and Mental Health Services Projects	93.243	1-H79SP015269-02	50,000
Immunization Grants	93.268	11-10584	41,438
Drug Free Communities Support Program	93.276	2-H79SP13148-10	43,687
Subtotal Direct			761,207
Passed through State Department of Child Support Services:			
Child Support Enforcement	93.563	--	1,533,717
Subtotal CFDA 93.563			1,533,717
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families	93.558	--	7,045,483
Subtotal TANF Cluster			7,045,483
Foster Care – Title IV-E	93.658	--	7,339,721
Subtotal CFDA 93.658			7,339,721
Adoption Assistance Program	93.659	--	1,881,586
Subtotal CFDA 93.659			1,881,586
Guardianship Assistance	93.090	--	6,207
Promoting Safe and Stable Families	93.556	--	67,165
Child Welfare Services – State Grants	93.645	--	153,564
In Home Supportive Services	93.667	--	206,127
Independent Living Program	93.674	--	68,517
Subtotal Pass-through			16,768,370

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MENDOCINO**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

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 Health Care Services:			
Child Health and Disability Prevention Program	93.994	--	\$ 140,736
Health Care Program for Children in Foster Care	93.994	--	23,241
Subtotal CFDA 93.994			<u>163,977</u>
Maternal and Child Health Services	93.110	200923	303,497
Adolescent Family Life Program	93.111	200923	88,276
Medical Assistance Program	93.778	--	1,667,080
Subtotal Pass-through			<u>2,222,830</u>
Passed through State Department of Public Health:			
Public Health Emergency Preparedness-EST	93.069	EPO CDC 09-23	327,727
Public Health Emergency Preparedness-EST	93.069	EPO CDC 10-23	14,205
Public Health Emergency Preparedness-EST	93.069	EPO CDC 11-23	51,084
Subtotal CFDA 93.069			<u>393,016</u>
Hospital Preparedness Program	93.889	EPO HPP 11-23	61,710
Hospital Preparedness Program	93.889	EPO HPP 10-23	110,582
Hospital Preparedness Program	93.889	EPO HPP 09-23	7,698
Subtotal CFDA 93.889			<u>179,990</u>
HIV Care Formula Grants - Ryan White	93.917	10-95271	67,113
Subtotal Pass-through			<u>640,119</u>
Passed through the State Department of Mental Health:			
Projects for Assistance in Transition from Homelessness	93.150	--	18,614
Substance Abuse Mental Health Services Administration	93.958	--	43,371
Subtotal Pass-through			<u>61,985</u>
Passed through State Department of Alcohol and Drug Abuse Programs:			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	11 NNA-23	778,806
Federal Drug Medi-Cal-EST	93.778	NNA23	30,453
Subtotal Pass-through			<u>809,259</u>
Passed through Center for Substance Abuse Treatment:			
Substance Abuse and Mental Health Services Projects	93.243	--	390,650
Subtotal Pass-through			<u>390,650</u>
Total Department of Health and Human Services			<u>\$ 23,188,137</u>
<u>Executive Office of the President</u>			
Passed through County of San Mateo, California:			
National High Intensity Drug Trafficking Area	95.001	--	\$ 82,046

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MENDOCINO**

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

<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>Substance Abuse and Mental Health Services Administration</u>			
<u>U.S. Department of Homeland Security</u>			
Passed through California Emergency Management Agency:			
Public Assistance Grants	97.036	PW 3057	\$ --
Homeland Security Grant Program	97.067	2009-0019	35,535
Homeland Security Grant Program	97.067	2010-0085	76,812
Subtotal CFDA 97.067			<u>112,347</u>
Buffer Zone Protection Program (BZPP)	97.078	BZ-T8-0008	<u>17,958</u>
Total Department of Homeland Security			<u>\$ 130,305</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 35,138,511</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

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# COUNTY OF MENDOCINO

## Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

**NOTE 1: REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Mendocino (County). The County'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, the County provided federal awards to subrecipients as follows:

Amount Federal <u>CFDA</u>	Program Title	<u>Provided to Subrecipients</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 941,033
14.235	Supportive Housing Program Seamless Transitional Empowerment Program	176,936
14.235	Supportive Housing Program Transitional Housing	53,963
14.239	HOME Investment Partnerships Program	377,989
14.257	Homeless Prevention and Rapid Re-Housing Program	500,690
17.278	Workforce Investment Act	1,775,607
	Total	<u>\$ 3,826,218</u>

**COUNTY OF MENDOCINO**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

**NOTE 5: PROGRAM CLUSTERS**

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

<u>Federal CFDA #</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>JAG Program Cluster</u>		
16.738	Byrne Justice Assistance Grant Program	\$ 237,784
16.738	Byrne JAG-AntiDrug Abuse	122,948
16.803	ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	54,648
16.804	ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments	1,100
16.804	ARRA-JAG	103,043
16.804	ARRA – JAG – CDCI	11,578
16.804	ARRA – JAG	<u>41,583</u>
		<u>\$ 572,684</u>

**NOTE 6: 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 7: 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	\$ 1,697,533
16.804	157,304
93.243	440,650

# COUNTY OF MENDOCINO

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

### 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? | None Reported |
| 3. Noncompliance material to financial statements noted?                         | No            |

#### Federal Awards

- |   |               |
|---|---------------|
| 1. Internal controls over major program:  |               |
| a. Material weaknesses identified?  | No            |
| b. Significant deficiencies 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 program:   |               |

#### CFDA Number

#### Name of Federal Program

- |   |   |              |
|---|---|--------------|
| 10.561<br><br>16.738, 16.803, 16.804<br>20.205<br>93.558<br>93.658<br>93.659      | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program<br>JAG Program Cluster<br>Highway Planning and Construction<br>Temporary Assistance for Needy Families<br>Foster Care – Title IV-E<br>Adoptions Assistance Program |              |
| 5. Dollar threshold used to distinguish between Type A and Type B programs.       |   | \$ 1,054,155 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? |   | No           |

**COUNTY OF MENDOCINO**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012

**Section 2**

Financial Statement Findings

Governmental Trust Funds

12-FS-1

**Section 3**

Federal Award Findings and Questioned Costs

None reported.

# COUNTY OF MENDOCINO

## Schedule of Findings and Questioned Costs Financial Statement Findings For the Year Ended June 30, 2012

**Reference Number** 12-FS-1

### *Governmental Trust Funds*

#### Criteria

Under Governmental Accounting Standards Board (GASB) Statement No. 34, amounts formally held in trust but used to support the County's own programs should be reported as funds within the County's reporting entity so as to ensure all economic resources that can be used by the County are reported in their financial statements. Activity in these accounts is required to be included in the County's reporting entity, either as additional funds or transactions in existing county funds.

Use of the agency fund type is limited to resources the County holds purely in a custodial capacity for individuals or other organizations, such as school districts and special districts not governed by the County Board of Supervisors.

#### Condition

The County accounts for several agency funds in one consolidated fund. This fund includes accounts holding resources that cannot be used to support County functions and activities, but it also contains accounts holding resources belonging to the County. As of June 30, 2012, this consolidated fund contained pooled cash and investments of \$792 thousand, that actually belonged to County programs and were reclassified to the General Fund in the audited financial statements.

#### Cause

Before GASB 34 took effect, the County's current treatment was permitted. Although reporting requirements have changed, the County still has a need to account for these resources separately from other general fund resources.

#### Effect of Condition

By excluding transaction activity in these funds, balances for revenues and expenses in the County's own financial reports (including budgetary reports) are not complete.

There is the potential to double report revenues when resources are transferred into operating funds. Not using the accounting system to control the flow of revenues increases the potential for reporting revenues twice.

As the County does not budget for any activity occurring in agency funds, any deviations from the adopted budget are not apparent until well after the end of the fiscal year and thus cannot be addressed when they occur.

#### Recommendation

For each account identified as holding resources available to support County functions and activities, we recommend the Auditor-Controller's Office create a new fund in its accounting system having the full functionality of reporting revenues and expenditures.

**COUNTY OF MENDOCINO**

Schedule of Findings and Questioned Costs  
Financial Statement Findings  
For the Year Ended June 30, 2012

**Reference Number** 12-FS-1 (continued)

Management Response

We continue to research this recommendation. Agency funds remain in trust until they are transferred to the departments. At that point they are recognized as revenues.

**COUNTY OF MENDOCINO**

**Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2012**

None.

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**SUPPLEMENTARY SCHEDULES  
OF  
THE CALIFORNIA EMERGENCY  
MANAGEMENT AGENCY GRANTS EXPENDITURES**

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# COUNTY OF MENDOCINO

## Schedules of the California Emergency Management Agency Grants Expenditures For the Year Ended June 30, 2012

### California Emergency Management Agency Grants

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2012. 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	For the Year Ended	Cumulative As of	Federal Share	State Share	County Share
	June 30, 2011	June 30, 2012	June 30, 2012			
<b><u>VW11300230 - Victim Witness Assistance</u></b>						
Personal services	\$ 166,145	\$ 275,265	\$ 441,410	\$ 61,336	\$ 74,758	\$ 139,171
Operating expenses	24,418	22,756	47,174	--	--	22,756
Totals	<u>\$ 190,563</u>	<u>\$ 298,021</u>	<u>\$ 488,584</u>	<u>\$ 61,336</u>	<u>\$ 74,758</u>	<u>\$ 161,927</u>
<b><u>SE09120230 - Special Emphasis Victim Assistance</u></b>						
Personal services	\$ 207,254	\$ --	\$ 207,254	\$ --	\$ --	\$ --
Operating expenses	7,480	--	7,480	--	--	--
Totals	<u>\$ 214,734</u>	<u>\$ --</u>	<u>\$ 214,734</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<b><u>DC11220230 - Anti-Drug Abuse Enforcement</u></b>						
Personal services	\$ 151,154	\$ 135,976	\$ 287,130	\$ 121,910	\$ --	\$ 14,066
Operating expenses	1,990	1,516	3,506	1,038	--	478
Totals	<u>\$ 153,144</u>	<u>\$ 137,492</u>	<u>\$ 290,636</u>	<u>\$ 122,948</u>	<u>\$ --</u>	<u>\$ 14,544</u>
<b><u>ZA09010230 - Recovery Act Anti Drug Abuse Enforcement</u></b>						
Personal services	\$ 154,343	\$ 113,320	\$ 267,663	\$ 103,043	\$ --	\$ 10,277
Totals	<u>\$ 154,343</u>	<u>\$ 113,320</u>	<u>\$ 267,663</u>	<u>\$ 103,043</u>	<u>\$ --</u>	<u>\$ 10,277</u>
<b><u>ZP09010230 - ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories</u></b>						
Personal services	\$ 52,585	\$ 51,490	\$ 104,075	\$ 51,490	\$ --	\$ --
Operating expenses	--	3,158	3,158	3,158	--	--
Totals	<u>\$ 52,585</u>	<u>\$ 54,648</u>	<u>\$ 107,233</u>	<u>\$ 54,648</u>	<u>\$ --</u>	<u>\$ --</u>
<b><u>VB08060230 - Child Abuse Vertical Prosecution</u></b>						
Personal services	\$ 47,156	\$ 4,711	\$ 51,867	\$ --	\$ 4,711	\$ --
Operating expenses	1,938	--	1,938	--	--	--
Totals	<u>\$ 49,094</u>	<u>\$ 4,711</u>	<u>\$ 53,805</u>	<u>\$ --</u>	<u>\$ 4,711</u>	<u>\$ --</u>
<b><u>DI10010230 - ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/CDCI</u></b>						
Personal services	\$ --	\$ 11,578	\$ 11,578	\$ 11,578	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 11,578</u>	<u>\$ 11,578</u>	<u>\$ 11,578</u>	<u>\$ --</u>	<u>\$ --</u>
<b><u>Z09010230 - ARRA-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/OTP</u></b>						
Personal services	\$ --	\$ 41,583	\$ 41,583	\$ 41,583	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 41,583</u>	<u>\$ 41,583</u>	<u>\$ 41,583</u>	<u>\$ --</u>	<u>\$ --</u>