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COUNTY OF NAPA

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2008

PAMELA A. KINDIG
AUDITOR-CONTROLLER

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COUNTY OF NAPA

Single Audit Report
For the Year Ended June 30, 2008

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BARTIG, BASLER & RAY, LLP
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CERTIFIED PUBLIC ACCOUNTANTS

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 Napa
Napa, 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 Napa, 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 December 22, 2008. 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 Napa'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.

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.

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.

1520 Eureka Road, Suite 100, Roseville, CA 95661-3040
tel: 916.784.7800 ▪ fax: 916.784.7850 ▪ www.gallina.com

Board of Supervisors and Grand Jury
County of Napa

Internal Control Over Financial Reporting (continued)
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

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

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

Bartig, Basler & Ray, LLP

Roseville, California
December 22, 2008

BARTIG, BASLER & RAY, LLP
A GALLINA LLP COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Supervisors and Grand Jury
County of Napa
Napa, California

Compliance

We have audited the compliance of the County of Napa, California (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 are applicable to each of its major federal programs for the year ended June 30, 2008. The County of Napa'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 Napa's management. Our responsibility is to express an opinion on the County of Napa'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 Napa'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 Napa's compliance with those requirements.

In our opinion, the County of Napa 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 instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-SA-1, 08-SA-2, 08-SA-4 and 08-SA-5.

Internal Control Over Compliance

The management of the County of Napa is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants

1520 Eureka Road, Suite 100, Roseville, CA 95661-3040
tel: 916.784.7800 ▪ fax: 916.784.7850 ▪ www.gallina.com

Internal Control Over Compliance (continued)
applicable to federal programs. In planning and performing our audit, we considered the County of Napa'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 Napa'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 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 significant deficiencies.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-SA-1, 08-SA-2, 08-SA-3, 08-SA-4 and 08-SA-5 to be significant deficiencies.

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 items 08-SA-1, 08-SA-2, 08-SA-4 and 08-SA-5 to also be material weaknesses.

The County'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.

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 December 22, 2008. 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

Board of Supervisors and Grand Jury
County of Napa

Schedule of Expenditures of Federal Awards (continued)
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 attached Supplementary Schedules of Office of Emergency Services and Spousal Abuser Prosecution Program Grant 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 the audit committee, management, Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

Bartig, Basler & Ray, LLP

Roseville, California
December 22, 2008

COUNTY OF NAPA

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 Grant Award Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Federal Program			
2005 Western Wildland Urban Interface Grant Program (WUI)	10.664	05-DG-11052012-147	$ 14,836
Passed through the State Department of Social Services			
Food Stamps	10.551 *	--	3,690,893
State Administrative Matching Grants for Food Stamp Program	10.561 *	--	774,680
Subtotal 10.551 and 10.561 (Food Stamp Cluster)			4,465,573
Passed through the State Department of Education			
School Breakfast Program	10.553	28-34280-9007394-01	23,780
National School Lunch Program	10.555	28-34280-9007394-01	39,549
Subtotal 10.553 and 10.555 (Child Nutrition Cluster)			63,329
Passed through the State Department of Public Health			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) FY 06/07	10.557	05-45774	201,897
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) FY 07/08	10.557	05-45774	476,243
Subtotal 10.557			678,140
Total U.S. Department of Agriculture			**5,221,878**
U.S. Department of Commerce			
Passed through the Association of Bay Area Governments (ABAG)			
Coastal Impact Assistance Program (CIAP) - Las Amigas Class II Bike Lanes	11.000	--	100,000
Total U.S. Department of Commerce			**100,000**
U.S. Department of Housing and Urban Development			
Passed through the State Department of Housing and Community Development			
Community Development Block Grant/State's Program	14.228	05-PTAA-1726	35,000

See accompanying notes to the
Schedule of Expenditures of Federal Awards

*Major Program

COUNTY OF NAPA

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 Grant Award Number	Federal Expenditures
U.S. Department of Housing and Urban Development (continued)			
Passed through the State Department of Housing and Community Development (continued)			
Transitional Residential Alliance and Integrated Network Grant (TRAIN)	14.235	CA018617002	$ 51,380
Transitional Residential Alliance and Integrated Network Grant (TRAIN)	14.235	CA018717002	87,723
Housing Management Information Systems Grant (HMIS)	14.235	CA018717004	5,989
Subtotal 14.235			145,092
Passed through the State Department of General Services as Office of AIDS			
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	07-65533	37,872
Total U.S. Department of Housing and Urban Development			**217,964**
U.S. Department of the Interior			
Direct Federal Programs			
Payments in Lieu of Taxes	15.226	--	85,720
Taylor Grazing Fee	15.227	--	434
U.S. Geological Survey - Research and Data Collection	15.808	06WRAG0030	35,000
Total U.S. Department of the Interior			**121,154**
U.S. Department of Justice			
Direct Federal Programs			
Domestic Cannabis Eradication & Suppression Program	16.000	2008-32	30,000
State Criminal Alien Assistance Program	16.606	2007-AP-BX-0045	49,954
State Criminal Alien Assistance Program	16.606	2008-AP-BX-0686	316,573
Subtotal 16.606			366,527
Bulletproof Vest Partnership Program	16.607	1121-0235	2,003
Subtotal Direct			398,530

See accompanying notes to the
Schedule of Expenditures of Federal Awards

*Major Program

COUNTY OF NAPA

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 Grant Award Number	Federal Expenditures
U.S. Department of Justice (continued)			
Passed through the State Office of Emergency Services			
Anti-Drug Abuse Program	16.738	DC07180280	$ 138,443
Total U.S. Department of Justice			**536,973**
U.S. Department of Labor			
Passed through the State Employment Development Department			
WIA - Other Programs:			
Regional Incentive Funding	17.000	R760335	228
WIA Adult Program:			
WIA - Adult	17.258 *	--	240,737
WIA - Adult	17.258 *	R865471	3,480
WIA Youth Activities:			
WIA - Youth	17.259 *	--	197,270
WIA - Youth	17.259 *	R865471	909
WIA - Youth	17.259 *	R970549	7,909
WIA Dislocated Workers:			
WIA - Dislocated Worker	17.260 *	--	256,727
WIA - Rapid Response	17.260 *	--	314,586
Subtotal			1,021,846
Passed through the Solano County North Bay Employment Connection			
Disability Project Navigator	17.258 *	NB-07-12	37,146
Subtotal 17.000, 17.258, 17.259, and 17.260 (WIA Cluster)			1,058,992
Total U.S. Department of Labor			**1,058,992**
U.S. Department of Transportation			
Direct Federal Programs			
Airport Improvement Program	20.106 *	03-06-0162-22	32,475
Airport Improvement Program	20.106 *	03-06-0162-23	1,312,913
Subtotal 20.106			1,345,388

See accompanying notes to the
Schedule of Expenditures of Federal Awards

*Major Program

COUNTY OF NAPA

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 Grant Award Number	Federal Expenditures
U.S. Department of Transportation (continued)			
Passed through the State Department of Transportation			
Highway Planning and Construction	20.205	STPL 5921 (036)	$ 689,189
Transportation Enhancements - Las Amigas II Bike Path	20.205	RPSTPLE-5921 (039)	276,213
Subtotal 20.205 (Highway Planning and Construction Cluster)			965,402
Passed through the State Office of Traffic Safety			
Avoid the Six DUI Campaign	20.600	AL0665	46,973
Total U.S. Department of Transportation			**2,357,763**
U.S. National Foundation on the Arts and the Humanities			
Passed through the California State Library			
Public Library Staff Education Program	45.310	40-6870	5,895
Total U.S. National Foundation on the Arts and the Humanities			**5,895**
U.S. Department of Education			
Passed through the State Department of Alcohol and Drug Programs			
Safe and Drug Free Schools Grant	84.186	SDF 03-37	87,356
Safe and Drug Free Schools Grant	84.186	SDF 07-16	130,913
Subtotal 84.186			218,269
Total U.S. Department of Education			**218,269**
U.S. Department of Health and Human Services			
Passed through the State Department of Social Services			
Temporary Assistance for Needy Families:			
CalWORKS - Administrative	93.558 *	--	3,502,696
CalWORKS - Assistance	93.558 *	--	2,152,413
Kin-Gap	93.558 *	--	37,476
Subtotal 93.558			5,692,585

See accompanying notes to the
Schedule of Expenditures of Federal Awards

*Major Program

COUNTY OF NAPA

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 Grant Award Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)			
Passed through the State Department of Social Services (continued)			
Foster Care – Title IV-E:			
Foster Care – Title IV-E - Social Services	93.658	--	$ 1,737,653
Foster Care – Title IV-E - Probation	93.658	--	565,211
Subtotal 93.658			2,302,864
Social Services Block Grant:			
Licensing Title XX	93.667	--	47,000
In-Home Supportive Services (Public Authority)	93.667	--	385,908
Subtotal 93.667			432,908
Promoting Safe & Stable Families	93.556	--	189,364
Refugee and Entrant Assistance - State Programs	93.566	--	3,878
Community Based Family Resource and Support Grants	93.590	--	13,813
Child Welfare Services – State Grants	93.645	--	29,902
Adoption Assistance Program	93.659	--	552,135
Independent Living Program	93.674	--	100,805
Subtotal			889,897
Subtotal Passed through the State Department of Social Services			9,318,254
Passed through the State Department of Child Support Services			
Child Support Enforcement	93.563 *	--	2,719,013
Passed through the State Department of Health Care Services			
Child Health Disability Program (CHDP)	93.767	--	111,486
Health Care Program for Children in Foster Care (HCPCFC)	93.767	--	83,954
California Children's Services - Administrative	93.767	--	320,606
Subtotal 93.767			516,046
Medi-Cal Assistance Programs:			
Medi-Cal Eligibility Determination - Social Services	93.778	--	2,557,248
Medi-Cal Administrative Activities	93.778	--	228,300
Subtotal			2,785,548
Subtotal Passed through the State Department of Health Care Services			3,301,594

See accompanying notes to the
Schedule of Expenditures of Federal Awards

*Major Program

COUNTY OF NAPA

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 Grant Award Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)			
Passed through the State Department of General Services as Office of AIDS			
HIV - Counseling and Testing	93.145	07-65067	$ 4,111
HIV - Education and Prevention	93.145	07-65067	176,874
HIV - Surveillance	93.145	07-65067	15,000
Subtotal 93.145			195,985
HIV - Ryan White	93.917	06-55762	36,545
Subtotal Passed through the State Department of General Services as Office of Aids			232,530
Passed through the State Department of Public Health			
Pandemic Influenza FY 06/07	93.069	EPO PF 06-28	22,500
Pandemic Influenza FY 07/08	93.069	EPO CDC 07-28	33,208
Subtotal 93.069			55,708
Bay Area Regional Immunization Registry (BARR)	93.268	07-65287	33,250
Immunization Subvention	93.268	07-65235	29,961
Subtotal 93.268			63,211
Centers For Disease Control: Bioterrorism FY 05/06	93.283	EPO CDC 05-28	31,450
Centers For Disease Control: Bioterrorism FY 06/07	93.283	EPO CDC 06-28	72,326
Centers For Disease Control: Bioterrorism FY 07/08	93.283	EPO CDC 07-28	86,485
Subtotal 93.283			190,261
Hospital Preparedness (HPP) FY 05/06	93.889	EPO HPP 05-28	20,792
Hospital Preparedness (HPP) FY 06/07	93.889	EPO HPP 06-28	93,993
Hospital Preparedness (HPP) FY 07/08	93.889	EPO HPP 07-28	58,651
Subtotal 93.889			173,436
Maternal and Child Health (MCH)	93.994	2007-28	85,677
TB Grant	93.947	--	10,000
Subtotal Passed through the State Department of Public Health			578,293

See accompanying notes to the
Schedule of Expenditures of Federal Awards

*Major Program

COUNTY OF NAPA

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 Grant Award Number	Federal Expenditures
U.S. Department of Health and Human Services (continued)			
Passed through the State Department of Mental Health			
Substance Abuse and Mental Health Services Administration Programs:			
SAMHSA: Intensive Case Management (ICM)	93.958	--	$ 175,331
SAMHSA: Dual Diagnosis (Dx)	93.958	--	69,089
Subtotal 93.958			244,420
Medi-Cal Administrative Activities	93.778	--	400,394
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	40,041
Subtotal Passed through the State Department of Mental Health			684,855
Passed through State Department of Alcohol and Drug Programs			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959 *	NNA 28	929,800
Medi-Cal Administrative Activities	93.778		20,000
Subtotal Passed through the State Department of Alcohol and Drug Programs			949,800
Total U.S. Department of Health and Human Services			**17,784,339**
U.S. Department of Homeland Security			
Passed through the State Office of Emergency Services			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	055-00000	634,273
FY07 Emergency Management Performance Grant	97.042	EMF-2007-EM-E7-0006	65,168
Subtotal Passed through the State Office of Emergency Services			699,441
Total U.S. Department of Homeland Security			**699,441**
Total Expenditures of Federal Awards			**$ 28,322,668**

See accompanying notes to the
Schedule of Expenditures of Federal Awards

*Major Program

COUNTY OF NAPA

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

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Napa County, California (County). Federal awards received directly from federal agencies as well as federal awards passed through other nonfederal agencies, primarily the State of California, are included in the schedule. The County's reporting entity is defined in Note 1 to the County's basic financial statements.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on the accrual basis of accounting, except for the following programs: Payments in Lieu of Taxes (15.226), Taylor Grazing Fee (15.227), and State Criminal Alien Assistance Program (16.606). For these programs, revenues received during the year are considered earned and are reported as expenditures. 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 basic 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: **Catalog of Federal Domestic Assistance (CFDA)**

The CFDA numbers included in the accompanying schedule were determined based on the program name, review of the grant contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 5: **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 6: **Food Stamps**

Food stamp expenditures of $3,690,893 represent the face value of food stamps distributed in the County. They do not represent cash expenditures and accordingly are not reported in the County's basic financial statements for the fiscal year ended June 30, 2008.

Note 7: **Loans Outstanding**

No program had any federally-funded loans outstanding at June 30, 2008.

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

CFDA No.	Total Federal Expenditures
93.778 (Medicaid Cluster)	$ 3,205,942

Note 9: **Subrecipients**

Of the total federal expenditures presented in the Schedule of Expenditures of Federal Awards, the following amounts were passed through to subrecipients:

Program Title	Federal CFDA Number	Amount
Community Development Block Grant/ State's Program	14.228	$ 35,000
Housing Opportunities for Persons with AIDS	14.241	35,133
HIV – Education and Prevention	93.145	149,570
HIV – Ryan White	93.145	33,052
Safe and Drug Free Schools Grant	93.959	15,432
FY 07 Emergency Management Performance Grant	97.042	14,000
		$ 282,187

COUNTY OF NAPA

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

Section 1

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

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
2. Type of auditor's report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)?	Yes

4. Identification of major programs:

CFDA Number	Name of Federal Program
Food Stamp Cluster:	
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
Workforce Investment Act Cluster:	
17.258	WIA – Adult
17.259	WIA - Youth
17.260	WIA - Dislocated Worker
17.260	WIA - Rapid Response

Section 1 (continued)
Federal Awards (continued)

CFDA Number	Name of Federal Program
20.106	Airport Improvement Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.959	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)

5. Dollar Threshold used to distinguish between Type A and Type B programs? $ 849,680

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

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

CFDA 20.106	Finding 08-SA-1
CFDA 20.106	Finding 08-SA-2
CFDA 93.558, 10.551 & 10.561	Finding 08-SA-3
CFDA 93.563	Finding 08-SA-4
CFDA 93.558	Finding 08-SA-5

Finding/Program	Findings/Noncompliance	
Finding 08-SA-1 Airport Improvement Program CFDA 20.106	*Federal Grantor:* *Pass-Through Entity:* *Compliance Requirement:* *Reporting Requirement:*	*U.S. Department of Transportation* *None* *Procurement, Suspension and Debarment* *Material Weakness and Material Non-Compliance in Relation to a Compliance Requirement*
Award No. 03-06-0162-22		
Year: 2007-2008		

Criteria

When engaging in any federally-funded transaction which equals or exceeds $25,000 with a vendor or a transaction in any amount with a subrecipient, the non-federal entity is obligated to determine if the other party is suspended or debarred. As well, the debarment rules provide that this requirement must be imposed on, and relevant information must be provided to, all subrecipients of federal funds. OMB A-133 Compliance Supplement, Part 3, §I – Procurement, Suspension and Debarment. Also see Federal Register 68FR66583–66632.

On November 26, 2003, new suspension and debarment rules were published in the Federal Register (68FR66583–66632). Prior to this revision, when a non-federal entity entered into a federally-funded transaction which equaled or exceeded $100,000 or for any amount with a subrecipient, only a certificate of compliance signed by the other party to the transaction was required.

Condition

We tested one transaction where a contractor was paid in excess of $25,000. We inquired and learned that suspension and debarment was not checked for this transaction. However, the County did present a self certification that the contractor had signed stating that it was not suspended or debarred.

Questioned Costs

No costs are questioned. The Excluded Parties List was checked during the audit and the vendor was not suspended or debarred.

Finding/Program	Findings/Noncompliance
Finding 08-SA-1 (continued) CFDA 20.106	Perspective This program deals with only a few parties for which suspension or debarment must be checked. However, such transactions are normally large. The contractor's self certification complies with the law in effect prior to November 26, 2003. Effect of the Condition The federal government can reject a claim for federal funds reimbursement when the transaction is with a suspended or debarred individual or entity. Recommendation We recommend that the Department implement procedures to ensure that suspension and debarment are checked for any federally-funded transaction, which equals or exceeds $25,000 or for any amount with a subrecipient. A list of suspended and debarred parties is available online from the Excluded Parties List System at <http://www.epls.gov>. Corrective Action Plan For all projects, the County utilizes a standardized Project Design and Construction Procedures checklist. The County will include the following item in the "Advertise Phase" subsection of the checklist to prevent future occurrences of this type of finding: "If the project is Federally-funded for an amount equal to or greater than $25,000, verify the suspension and debarment status of the contractor. A list of suspended and debarred parties is available online from the Excluded Parties List System at www.epls.gov." The contact person for this corrective action plan is Anthony Morales. His telephone number is (707) 259-8373.

Finding/Program	Findings/Noncompliance	
Finding 08-SA-2	*Federal Grantor:*	*U.S. Department of Transportation*
	Pass-Through Entity:	*None*
Airport Improvement Program CFDA 20.106	*Compliance Requirement:*	*Davis-Bacon Act*
	Reporting Requirement:	*Material Weakness and Material Non-Compliance in Relation to a Compliance Requirement*
Award No. 03-06-0162-22		
Year: 2007-2008		

Criteria

Compliance with the Davis-Bacon Act is one of the fourteen compliance requirements under the Single Audit Act. Under the Davis-Bacon Act, laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of $2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (40 USC 3141-3144, 3146, and 3147 (formerly 40 USC 276a to 276a-7)). The non-Federal entity is required to collect a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6) from the contractor or subcontractor on a weekly basis for each week in which any contract work is performed.

Good internal controls require that a certificate that work was not performed be collected from the contractor or subcontractor during any week when work is not performed during the period of time after the contract work has begun but before the work is fully complete. These certificates that no work was performed are often termed "certificates of nonperformance."

Condition

We tested compliance with Davis Bacon Act by requesting twelve certified payrolls. For a consecutive period of time during which work had begun but was not yet fully complete, six of these twelve certified payrolls were provided. We were informed that no work was performed during the remaining six weeks selected.

Questioned Costs

We do not question any costs. We confirmed that no work was performed on the dates selected. Therefore, there was no basis for questioned costs.

Finding/Program	Findings/Noncompliance
Finding 08-SA-2 (continued) Airport Improvement Program CFDA 20.106 Award No. 03-06-0162-22 Year: 2007-2008	Perspective We do not believe any further information would assist in obtaining a proper perspective. Effect of the Condition The County's control over this compliance requirement is compromised if they do not obtain a certificate from the contractor or subcontractor which states that no work was performed during a week when work has already begun but is not yet fully complete. Not obtaining these statements can lead to errors in obtaining the required certified payrolls when work has been performed and the certified payrolls must be collected. Recommendation We recommend that the County require certificates of nonperformance, stating that no work was performed during all weeks when work was not performed, from the time work begins for the contractor/subcontractor until the contract work is fully complete. Corrective Action Plan For all projects, the County utilizes a standardized Project Design and Construction Procedures checklist. The County will include the following item in the "Construction Phase" subsection of the standardized Project Design and Construction Procedures checklist to prevent future occurrences of this type of finding: "Ensure that certified payrolls and certificates of nonperformance are submitted to the project manager at the completion of each work week for active and inactive periods during the project, respectively" The contact person for this corrective action plan is Anthony Morales. His telephone number is (707) 259-8373.

Finding/Program	Findings/Noncompliance

Finding 08-SA-3

Food Stamps Cluster
CFDA 10.551 & 10.561

Temporary Assistance for Needy Families
CFDA 93.558

Award No.
N/A
Year: 2007-2008

Federal Grantor: *U.S. Department of Health and Human Services (CFDA 93.558) and U.S. Department of Agriculture*
Pass-Through Entity: *State Department of Social Services*
Compliance Requirement: *Allowable Costs*
Reporting Requirement: *Significant Deficiency*

Criteria

The California County Welfare Department Cost Allocation Plan relies heavily on the accuracy of time studies. The time study hours control the allocation of administrative costs to the various programs administered by County Social Services Departments. Time studies must be signed and certified by the employee as a "true and accurate report" of the employee's activity. As well, the supervisor must certify that the time study is, to the best of his knowledge, accurate and complete. *California–DBP-Manual-Fiscal* § 28-811.

Department of Social Services employees perform time studies during the middle month of each quarter, as required by the statewide California County Welfare Department Cost Allocation Plan (CWD CAP). Allocation of costs under the CWD CAP are based upon these time studies.

Condition

We tested twelve employee's time study hours against the compilation of hours for input into the County Expense Claim (CEC) and to determine that the time studies were signed by the employee and the supervisor. We noted that one time study could not be located. The County was able to locate an unsigned copy of this time study.

Questioned Costs

We do not question any costs. The single employee's time study would have negligible effect upon the County Expense Claim. As well, we were able to review an unsigned copy of the time study, which matched the compilation of the hours for input into the CEC.

Finding/Program	Findings/Noncompliance
Finding 08-SA-3 CFDA 10.551 & 10.561 and CFDA 93.558	Perspective We have audited this County for many years and performed this test each year during this time period and have not noted one unsigned time study in the past. Because of this fact, we do not believe an extrapolated error rate of 1/12 is appropriate. However, at the same time, we have not proven that this is a totally isolated instance. Effect of the Condition Internal control over posting of employee's time to the various programs is compromised because documentation is not available to show that the employee did, in fact, certify the time. As well, not having the supervisor's signature approving the employee's time study can result in errors which could be caught by the supervisor and corrected. Recommendation We recommend that the County review this instance of a missing time study, determine what may have led to it being displaced, and if necessary implement any necessary procedures to ensure that original documents are safeguarded. Corrective Action Plan The Department agrees with this finding. We believe this is an isolated instance that occurred because the time study in question is used for both the IHSS Public Authority Claim, as well as the County Expense Claim. There is only one employee with a time study used for both claims. In the future, the original, signed time study will be kept with the IHSS Public Authority Claim documentation, and a copy will be kept with the County Expense Claim documentation. Also, as an additional corrective action measure, the Social Services Supervising Account Clerk will check at the end of each claiming period to make sure there is a signed time study on file for each employee in a claiming cost pool. The contact person for this corrective action plan is Carol Haynes. Her telephone number is (707) 253-4674.

Finding/Program	Findings/Noncompliance	
Finding 08-SA-4	*Federal Grantor:*	*U.S. Department of Health and Human Services*
Child Support Enforcement CFDA 93.563	*Pass-Through Entity:*	*State Department of Child Support Services*
	Compliance Requirement:	*Allowable Costs*
	Reporting Requirement:	*Material Weakness and Material Non-Compliance in Relation to a Compliance Requirement*
Award No. N/A Year: 2007-2008		

Criteria

Direct payroll charges to federal grants for employee time spent on grant functions must be supported with documentation as required by OMB Circular A-87, which provides: "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee" (2 CFR 225, Appendix B § (8)(h)(3)).

Condition

We inquired about selecting a sample of employees to review their time certifications under the provisions of OMB A-87 described above. We were informed that no time certificates were signed during the current year.

Questioned Costs

We do not question any costs. The typical Child Support Department in the state of California is housed separately from all other departments and all Child Support Department employees work only on Child Support. The County's Child Support Department follows this model. Therefore, we do not believe salaries are misstated.

Perspective

While the department has a system for preparing the required time certifications, it appears that this procedure was overlooked this year.

Finding/Program	Findings/Noncompliance
Finding 08-SA-4 (continued) CFDA 93.563	Effect of the Condition The completion of time certifications enables the department to establish that its full-time employees do in fact work exclusively on the program in accordance with A-87 standards. Without the periodic time certifications, employee assignments away from federal grant functions could be overlooked. Recommendation We recommend that the accounting supervisor prominently mark the calendar for the next required A-87 time certification, distribute blank time certificates to staff at that time, maintain a check off system to ensure that all employees return the time certifications, and file the time certificates so they will be available for review when requested. Corrective Action Plan The Staff Services Manager will send an email out to the staff of Child Support Services with a blank Time Certification sheet attached that will have instructions to print out, complete, sign, and submit by due date. The first email was sent 12/2008 and a reoccurring email has been scheduled for every 6 months; the next being 05/2009. A binder has been created with a checklist of current full time employees to verify all staff has submitted the certification. The due dates for the semi-annual certification have also been placed on the Director's departmental calendar of all Federal, State, County, and Audit deadlines. The contact person for this corrective action plan is Dianna C. Sargent. Her telephone number is (707) 253-4214.

Finding/Program	Findings/Noncompliance	
Finding 08-SA-5	*Federal Grantor:*	*U.S. Department of Health and Human Services*
Temporary Assistance for Needy Families CFDA 93.558	*Pass-Through Entity:*	*State Department of Social Services*
	Compliance Requirement:	*Eligibility*
	Reporting Requirement:	*Material Weakness and Material Non-Compliance in Relation to a Compliance Requirement*
Award No. N/A Year: 2007-2008		

Criteria

Any family that includes an adult, minor child, head of household or a spouse of the head of household who has received assistance under any State program funded by federal TANF funds for sixty months (whether or not consecutive) is ineligible for additional federally funded TANF assistance. Certain exemptions apply in counting the months on Federal TANF assistance.

The County's systems to control this compliance requirement are as follows: (1) the County calendars the months clients have been on assistance in SAWS, which is the County's eligibility system; and (2) the County also uses a separate state-wide system WDTIP, which automatically tracks client's sixty-month, time-on-aid but must be manually adjusted for certain criteria. WDTIP generates an alert at the 54th and 59th month of a client's receipt of assistance.

Condition

We tested twenty-four case files and noted that in two cases either there was no sixty-month, TANF time-on-aid tracking or the tracking had not been updated for at least one year. We noted that in some cases the state sixty-month, time-on-aid tracking was complete but the TANF sixty-month, time-on-aid tracking was not complete.

Questioned Costs

These cases were not near the 60-month time-on-aid limit. Therefore, we do not question costs.

Finding/Program	Findings/Noncompliance
Finding 08-SA-5 (continued) CFDA 93.558	Perspective We do not believe any further information would assist in obtaining a proper perspective. Effect of Condition Not completing the sixty-month, TANF time-on-aid tracking can result in individuals receiving federal TANF assistance for more than sixty months in violation of federal law. Recommendation We recommend that the County review its current system of ensuring that the sixty-month, time-on-aid limit is not exceeded and determine whether or not training, a review process and/or a revision to the system is warranted. Corrective Action Plan Department staff has determined that the findings presented are recurring and have developed a correction action plan to address the issues of the 60-month clocks and IEVS processing. 60-month clocks: Initial steps: Step 1: At our March 13, 2009 staff meeting, all CalWORKs Resource Specialists will be trained on our "CalWORKs 60-Month Time Limit Informing" Policy & Procedure by our CalWORKs program Staff Services Analyst. Step 2: The Program Manager will establish a process in which all TANF cases will have their sixty-month time-on aid clock checked and updated by staff, if applicable, by June 1, 2009. Step 3: The CalWORKs program Staff Services Analyst will conduct an internal audit focusing on sixty-month time-on aid clocks for as much as 10% of the caseload by August 31, 2009.

Finding/Program	Findings/Noncompliance
Finding 08-SA-5 (continued) CFDA 93.558	Corrective Action Plan (continued) Maintenance effort: Supervising Resource Specialists will use two monthly reports to check their staffs' cases in regard to sixty-month time-on-aid regularly; one report provides all TANF cases that have been granted and the other provides all TANF cases that have a recertification due. IEVS: Training on IEVS regulations and procedures will be conducted in the next six months. An internal audit by the agency Quality Management division is scheduled to occur in June 2009. The contact person for this corrective action plan is Teresa Zimny. Her telephone number is (707) 253-4697.

Audit Reference Number	Status of Prior Year Audit Findings
Finding 07-SA-1 Airport Improvement Program CFDA 20.106 Award No. n/a Year: 2006-2007	*Federal Grantor:* *U.S. Department of Transportation* *Pass-Through Entity:* *None* *Compliance Requirement:* *Allowable Activities/Cost Principles* *Reporting Requirement:* *Significant Deficiency; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective* Recommendation We recommend that the department develop a formal indirect cost rate proposal in strict compliance with OMB Circular A-87 and maintain it on file for audit. Status Implemented.
Finding 07-SA-2 Temporary Assistance to Needy Families CFDA 93.558 Award No. Year: 2006-2007	*Federal Grantor:* *U.S. Department of Health and Human Services* *Pass-Through Entity:* *State Department of Social Services* *Compliance Requirement:* *Eligibility* *Reporting Requirement:* *Significant Deficiency; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective* Recommendation *Welfare-to-Work:* Each adult receiving Federal assistance (unless the person is exempt by reason of their status or the person is granted an exemption) must participate in the Welfare to Work Program. In one case, Welfare-to-Work activities should have been assigned for the month of July 2006, but they were not. *Birth Certificate or Alternate proof of age and citizenship:* The *California Department of Social Services Manual of Policies and Procedures* requires that an individual applying for TANF provide a

Audit Reference Number	Status of Prior Year Audit Findings
Finding 07-SA-2 (continued) CFDA 93.558	Recommendation (continued) birth certificate or other enumerated, alternate documents to show birth, age, and citizenship. In one case, the file did not contain a birth certificate or other enumerated, alternate documents to show birth, age, and citizenship for one member of the family receiving TANF benefits. *IEVS:* As required by § 1137 of the Social Security Act, income and benefit information from the Income Eligibility and Verification System (IEVS) database must be requested and used when making eligibility determinations. The County must review and compare the information obtained from IEVS against information contained in the case record to determine whether it affects the individual's eligibility or level of assistance, benefits or services. In two cases, the file did not contain an IEVS for one member of the family who received TANF benefits. *Quarterly Client Reporting – QR7* Each individual applying for federal assistance is required to complete and return to the County a quarterly report commonly known as the QR 7. This document is used to report the client's income and other relevant changes which might affect eligibility. The information reported in the QR7 is used to determine continuing eligibility and benefit amounts. In one case, the QR7 which controlled the reporting period tested was not in the file nor did the file contain any notation that the QR 7 was ever received. We recommend that the Department review the facts regarding these exceptions and determine whether (1) each is an isolated instance of noncompliance; or (2) procedures might be implemented to prevent recurrence of these errors. If further internal controls can be implemented, we recommend that they be implemented.

Audit Reference Number	Status of Prior Year Audit Findings
Finding 07-SA-2 (continued) CFDA 93.558	Status *Welfare-to-Work:* Not implemented. *Birth Certificate or Alternate proof of age and citizenship:* Implemented. *IEVS:* Not implemented. In the current year, in two cases the file did not contain an IEVS for one member of the family who received TANF benefits. Also, two other IEVS were not signed by the eligibility staff. *Quarterly Client Reporting – QR7:* Implemented.
Finding 07-SA-3 Child Support Enforcement CFDA 93.563 Award No. n/a Year: 2006-2007	*Federal Grantor:* *U.S. Department of Health and Human Services* *Pass-Through Entity:* *State Department of Child Support Services* *Compliance Requirement:* *Reporting* *Reporting Requirement:* *Significant Deficiency; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective* Recommendation In the future, we recommend that the County back out the accrued payroll for the 4th quarter claim and add that accrued payroll to the subsequent 1st quarter claim. Status Implemented.

SUPPLEMENTARY SCHEDULES
OF OFFICE OF EMERGENCY SERVICES
AND SPOUSAL ABUSER PROSECUTION PROGRAM
GRANT EXPENDITURES

COUNTY OF NAPA

Supplementary Schedules of Office of Emergency Services
For the Year Ended June 30, 2008

California Office of Emergency Services

The following represents expenditures for Office of Emergency Services, Law Enforcement/Victim Services Division (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.

	Expenditures Claimed	Share of Expenditures Current Year		
Program	For the Year Ended June 30, 2008	Federal Share	State Share	County Share
DC07180280 - Anti-Drug Abuse				
Personal services	$ 47,071	$ 47,071	$ --	$ --
Operating expenses	91,372	91,372	--	--
Equipment	--	--	--	--
Totals	$ 138,443	$ 138,443	$ --	$ --
VB07050280 - Vertical Prosecution				
Personal services	$ 144,041	$ --	$ 144,041	$ --
Operating expenses	--	--	--	--
Equipment	--	--	--	--
Totals	$ 144,041	$ --	$ 144,041	$ --
HT07070210 - High Tech Theft Apprehension				
Personal services	$ 146,261	$ --	$ 100,807	$ 45,454
Operating expenses	11,843	--	7,588	4,255
Equipment	--	--	--	--
Totals	$ 158,104	$ --	$ 108,395	$ 49,709
GV07030280 - Gang Violence Suppression				
Personal services	$ 218,548	$ --	$ 195,959	$ 22,589
Operating expenses	213,202	--	196,541	16,661
Equipment	--	--	--	--
Totals	$ 431,750	$ --	$ 392,500	$ 39,250
Cal-MMET - MH-07020280				
Personal services	$ 117,114	$ --	$ 117,114	$ --
Operating expenses	26,386	--	26,386	--
Equipment	--	--	--	--
Totals	$ 143,500	$ --	$ 143,500	$ --

COUNTY OF NAPA

Supplementary Schedules of Spousal Abuser Prosecution Program
Grant Expenditures
For the Year Ended June 30, 2008

California Department of Justice Grants

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

Program	Expenditures Claimed For the Year Ended June 30, 2008	Share of Expenditures Current Year Federal Share	State Share	County Share
07SA14D016 - Spousal Abuser Prosecution Program				
Personal services	$ 42,872	$ --	$ 35,727	$ 7,145
Operating expenses	--	--	--	--
Equipment	--	--	--	--
Totals	$ 42,872	$ --	$ 35,727	$ 7,145