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COUNTY OF NAPA

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2009

TRACY A. SCHULZE
AUDITOR-CONTROLLER

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COUNTY OF NAPA

Single Audit Report
For the Year Ended June 30, 2009

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GALLINA LLP

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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 21, 2009. 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.

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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 County management, the Board of Supervisors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
December 21, 2009

GALLINA LLP
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, 2009. 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, 2009. 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 09-SA-1 and 09-SA-2.

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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 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 09-SA-1 and 09-SA-2 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. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to 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.

Board of Supervisors and Grand Jury
County of Napa

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, 2009, and have issued our report thereon dated December 21, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 Schedule of the California Emergency Management Agency Grant Expenditures has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

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

Gallina LLP

Roseville, California
December 21, 2009

COUNTY OF NAPA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the State Department of Social Services			
Supplemental Nutrition Assistance Program	10.551 *	--	$ 5,703,861
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561 *	--	930,237
Subtotal 10.551 and 10.561 (SNAP Cluster)			6,634,098
Passed through the State Department of Education			
School Breakfast Program	10.553	02012-SN-28-R	25,371
National School Lunch Program	10.555	02012-SN-28-R	43,804
Subtotal 10.553 and 10.555 (Child Nutrition Cluster)			69,175
Passed through the State Department of Public Health			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) FY 07/08	10.557 *	08-85429	224,626
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) FY 08/09	10.557 *	08-85429	568,860
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) - Vouchers Redeemed	10.557 *	08-85429	2,634,524
Subtotal 10.557			3,428,010
WIC Farmers' Market Nutrition Program (FMNP)	10.572	08-85429	720
WIC Farmers' Market - Vouchers Redeemed	10.572	08-85429	2,855
Subtotal 10.572			3,575
Total U.S. Department of Agriculture			**$ 10,134,858**
U.S. Department of Housing and Urban Development			
Passed through the State Department of Housing and Community Development			
Transitional Residential Alliance and Integrated Network Grant (TRAIN)	14.235	CA01B617002	28,210
Transitional Residential Alliance and Integrated Network Grant (TRAIN)	14.235	CA0293B9 T170801	84,748
Subtotal 14.235			112,958

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, 2009

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 Public Health - Office of AIDS			
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	07-65533	$ 42,112
Total U.S. Department of Housing and Urban Development			**$ 155,070**
U.S. Department of the Interior			
Direct Federal Programs			
Payments in Lieu of Taxes	15.226	--	193,004
Federal Grazing Fee	15.227	--	415
Total U.S. Department of the Interior			**$ 193,419**
U.S. Department of Justice			
Direct Federal Programs			
Domestic Cannabis Eradication/Suppression Program	16.000	2008-32	37,442
Domestic Cannabis Eradication/Suppression Program	16.000	2009-34	38,741
Subtotal 16.000			76,183
State Criminal Alien Assistance Program	16.606	2008-AP-BX-1206	458,756
Bulletproof Vest Partnership Program	16.607	2009BOBX 08044061	1,054
Subtotal Direct			535,993
Passed through the California Emergency Management Agency			
Anti-Drug Abuse Enforcement Program	16.738	DC08190280	134,743
Total U.S. Department of Justice			**$ 670,736**
U.S. Department of Labor			
Passed through the State Employment Development Department			
WIA Adult Program:			
WIA - Adult	17.258	R970549	154,299

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, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Department of Labor (continued)			
Passed through the State Employment Development Department (continued)			
WIA Youth Activities:			
ARRA WIA - Youth Summer Program	17.259	R970549	$ 44,214
WIA - Youth	17.259	R970549	94,405
WIA - Youth	17.259	K074153	24,465
Subtotal 17.259			163,084
WIA - Dislocated Worker	17.260	R970549	410,913
WIA - Rapid Response	17.260	R970549	115,442
Subtotal 17.260			526,355
Passed through the Solano County North Bay Employment Connection			
Disability Project Navigator	17.258	NB-08-12	45,690
Subtotal 17.000, 17.258, 17.259, and 17.260 (WIA Cluster)			889,428
Total U.S. Department of Labor			**$ 889,428**
U.S. Department of Transportation			
Direct Federal Programs			
Airport Improvement Program	20.106 *	03-06-0162-23	470,784
Airport Improvement Program	20.106 *	03-06-0162-24	195,385
Airport Improvement Program	20.106 *	03-06-0162-25	91,254
Airport Improvement Program	20.106 *	03-06-0162-26	38,760
Subtotal 20.106			796,183
Passed through the State Department of Transportation			
Highway Planning and Construction	20.205	STPL 5921 (042)	941,982
Passed through the State Office of Traffic Safety			
Avoid the Six DUI Campaign	20.600	AL0665	55,506
Total U.S. Department of Transportation			**$ 1,793,671**

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, 2009

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grant Award Number	Federal Expenditures
U.S. Institute of Museum and Library Services			
Passed through the California State Library			
Out of School Time Online Homework Help	45.310	40-7163	$ 9,080
Total U.S. Institute of Museum and Library Services			**$ 9,080**
U.S. Environmental Protection Agency			
Passed through the State Water Resources Control Board			
Nonpoint Source Implementation Grants: 319 Program	66.460	08-609-552-0	2,383
Total U.S. Environmental Protection Agency			**$ 2,383**
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	24,691
Safe and Drug Free Schools Grant	84.186	SDF 07-16	242,642
Subtotal 84.186			267,333
Total U.S. Department of Education			**$ 267,333**
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 *	--	2,739,304
CalWORKS - Assistance	93.558 *	--	2,237,148
Kin-Gap	93.558 *	--	32,618
Subtotal 93.558			5,009,070
Foster Care – Title IV-E:			
Foster Care – Title IV-E - Social Services	93.658 *	--	1,919,015
Foster Care – Title IV-E - Probation	93.658 *	--	755,548
ARRA - Foster Care	93.658 *	--	60,407
Subtotal 93.658			2,734,970

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, 2009

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)			
Social Services Block Grant:			
Licensing Title XX	93.667	--	$ 60,844
In-Home Supportive Services (Public Authority)	93.667	--	477,827
Subtotal 93.667			538,671
Promoting Safe & Stable Families	93.556	--	71,090
Community-Based Child Abuse Prevention Grants	93.590	--	15,010
Child Welfare Services – State Grants	93.645	--	42,008
Adoption Assistance Program	93.659	--	518,286
ARRA - Adoption Assistance Program	93.659	--	51,418
Chafee Foster Care Independence Program	93.674	--	53,145
Subtotal			750,957
Medical Assistance Programs:			
Adult Protective Service (APS/CSBG)	93.778 *	--	98,500
Family Preservation Program (FPP)	93.778 *	--	24,733
Child Welfare Services (CWS)	93.778 *	--	30,483
In-Home Supportive Services Administrative (IHSS)	93.778 *	--	373,783
ARRA - In-Home Supportive Services Administrative (IHSS)	93.778 *	--	292,630
ARRA - In-Home Supportive Services (Public Authority)	93.778 *	--	17,015
Subtotal			837,144
Subtotal Passed through the State Department of Social Services			9,870,812
Passed through the State Department of Child Support Services			
Child Support Enforcement	93.563 *	--	2,618,044
Passed through the State Department of Health Care Services			
California Children's Services - Administrative (CHIP)	93.767	--	45,461
Medical Assistance Programs:			
Child Health Disability Program (CHDP)	93.778 *	--	104,252
Health Care Program for Children in Foster Care (HCPCFC)	93.778 *	--	96,892

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, 2009

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 Health Care Services (continued)			
Medical Assistance Programs (continued):			
California Children's Services - Administrative	93.778 *	--	$ 283,350
Medi-Cal Eligibility Determination - Social Services	93.778 *	--	1,879,545
Medi-Cal Administrative Activities	93.778 *	--	234,372
Subtotal			2,598,411
Subtotal Passed through the State Department of Health Care Services			2,643,872
Passed through the State Department of Public Health - Office of AIDS			
HIV - Ryan White	93.917	06-55762	32,426
Passed through the State Department of Public Health			
Pandemic Influenza FY 07/08	93.069	EPO CDC 08-28	11,632
Immunization Subvention	93.268	08-85308	29,558
Subtotal			41,190
Centers For Disease Control and Prevention: Bioterrorism FY 06/07	93.283	EPO CDC 06-28	27,389
Centers For Disease Control and Prevention: Bioterrorism FY 07/08	93.283	EPO CDC 07-28	71,161
Centers For Disease Control and Prevention: Bioterrorism FY 08/09	93.283	EPO CDC 08-28	139,828
Subtotal 93.283			238,378
Hospital Preparedness (HPP) FY 06/07	93.889	EPO HPP 06-28	6,332
Hospital Preparedness (HPP) FY 07/08	93.889	EPO HPP 07-28	112,817
Hospital Preparedness (HPP) FY 08/09	93.889	EPO HPP 08-28	110,182
Subtotal 93.889			229,331
Maternal and Child Health (MCH)	93.994	2008-28	73,389
Tubercolosis Grant	93.947	--	3,909
Subtotal Passed through the State Department of Public Health			586,197

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, 2009

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			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	$ 39,114
Medi-Cal Administrative Activities	93.778 *	--	593,501
Subtotal			632,615
Substance Abuse and Mental Health Services Administration Administration Programs:			
SAMHSA: Intensive Case Management (ICM)	93.958	--	177,795
SAMHSA: Dual Diagnosis (Dx)	93.958	--	69,089
Subtotal 93.958			246,884
Subtotal Passed through the State Department of Mental Health			879,499
Passed through State Department of Alcohol and Drug Programs			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	NNA 28	929,393
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	08-00132	39,022
Subtotal 93.959			968,415
Medi-Cal Administrative Activities	93.778 *	--	60,000
Subtotal Passed through the State Department of Alcohol and Drugs Programs			1,028,415
Total U.S. Department of Health and Human Services			**$ 17,659,265**
U.S. Department of Homeland Security			
Passed through the California Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036 *	055-00000	2,777,541
Total U.S. Department of Homeland Security			**$ 2,777,541**
Total Expenditures of Federal Awards			**$ 34,552,784**

See accompanying notes to the Schedule of Expenditures of Federal Awards

* Major Program

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Note 1: **General**

The accompanying schedule of expenditures of federal awards presents all federal programs of the County of Napa, 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 is presented on the modified accrual basis of accounting, except for the following programs: Payments in Lieu of Taxes (15.226), Federal Grazing Fee (15.227), and the 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 program titles and CFDA numbers were obtained from the federal or pass-through grantor or 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: **Non-Cash Assistance**

The accompanying schedule of federal expenditures contains values for the following non-cash assistance, which are not presented in the financial statements:

10.551 Supplemental Nutrition Assistance Program (SNAP) of $5,703,861 is reported at the value of authorized Electronic Benefit cards issued.

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) – Vouchers Redeemed totaling $2,634,524 are reported at the value of client purchases of authorized food products.

10.572 WIC Farmers' Market – Vouchers Redeemed totaling $2,855 are reported at the value of client purchases of authorized food products.

Note 7: **Loans Outstanding**

No program had any federally-funded loans outstanding at June 30, 2009.

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 is instead provided below:

CFDA No.	Total Federal Expenditures
93.778 (Medicaid Cluster)	$ 4,089,056

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:

Note 9: **Subrecipients** (continued)

Program Title	Federal CFDA Number	Amount
Housing Opportunities for Persons with AIDS	14.241	39,084
Safe and Drug Free Schools Grant	84.186	266,326
HIV – Ryan White	93.917	29,066
Block Grants for Prevention and Treatment of Substance Abuse	93.959	27,878
		$ 362,354

Note 10: **California Department of Transportation**

The County expended the following State amounts on projects during the year ended June 30, 2009:

Program	Contract	State Expenditures
Federal Apportionment Exchange and State Match Program		
Direct Program:		
RSTP Exchange	X09-5921 (047)	$ 237,648
State Match	X09-5921 (047)	100,000
Total		$ 337,648

COUNTY OF NAPA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

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?	No
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
SNAP Cluster:	
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
20.106	Airport Improvement Program
93.563	Child Support Enforcement
93.558	Temporary Assistance for Needy Families
93.658	Foster Care – Title IV-E
93.778	Medical Assistance Programs

Section 1 (continued)

Federal Awards (continued)

CFDA Number	Name of Federal Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

5. Dollar Threshold used to distinguish between Type A and Type B programs?	$ 1,036,584
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 53	No

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.778	Finding 09-SA-1
CFDA 93.558	Finding 09-SA-2

Finding/Program	Findings/Noncompliance	
Finding 09-SA-1	*Federal Grantor:*	*U.S. Department of Health and Human Services*
Medical Assistance Program CFDA 93.778	*Pass-Through Entity:*	*State Department of Social Services*
	Compliance Requirement:	*Eligibility*
		Reporting Requirement: Significant Deficiency; Material non-compliance in Relation to Compliance Supplement Audit Objective
Award No. n/a Year: 2008-09		

We tested eligibility in twenty-nine Medi-Cal cases and noted the following exceptions:

Criteria and Condition

IEVS:
As required by 42 United States Code § 1320b–7, information from the Income Eligibility and Verification System (IEVS) database must be requested and used when making eligibility determinations on cases under this program. Further, the County is required to 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 share of cost. Internal controls require that eligibility workers sign the IEVS form after it is reviewed and used in eligibility determination.

We noted that three case files did not contain an IEVS for one assisted member of the family.

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

Of twenty-nine cases tested, the required yearly redetermination had not been performed in two cases.

Finding/Program	Findings/Noncompliance
Finding 09-SA-1 CFDA 93.778 (continued)	Questioned Costs The State handles the actual medical benefits and the County has no access to this information. Because the medical benefits would be the source of any questioned costs, we are unable to determine whether costs should be questioned. Perspective For IEVS, we computed the error rate at 4.1%. For redeterminations, we computed the error rate at 6.9%. We noted during the audit that the County has experienced increased caseloads without additional staffing. Effect of Condition The effect of the exceptions enumerated above is that clients could receive medical care under this program to which they are not entitled. Recommendation We recommend that the Department review the facts regarding these exceptions and determine whether procedures might be implemented to prevent recurrence of similar errors. For redeterminations, we suggest that more staff time is needed for performing this task. For IEVS, we understand that the new eligibility software C-IV is expected to improve this exception rate. Nonetheless, we suggest that management stress to eligibility staff that the use the IEVS in eligibility determination is critical. Corrective Action Plan One of the over due redeterminations was on a case at our Comprehensive Services for Older Adults Branch. They have developed a system there whereby the renewal list is reviewed monthly by the worker as well as support staff and then again by the supervisor. Using this method of tracking they have been able reduce the number of overdue renewals. At the Public Assistance Branch our supervisors have been addressing the backlog of renewals by assigning one current and one overdue to each available worker per day. With the staff continuing their efforts in this area along with upcoming overtime hours, we are confident this will have

Finding/Program	Findings/Noncompliance

Finding 09-SA-1
CFDA 93.778
(continued)

Corrective Action Plan (continued)

a positive impact on this issue. Regarding the cases with missing IEVS, we will put out a "Facts to Remember" to staff reminding them that IEVS are to be requested when adding newborns as well as all children being added to a case. Also, we are hopeful that this error will diminish when we convert to C-IV as the IEVS document will be received through the system and the possibilities of it being misfiled will be eliminated.

For questions regarding this corrective action plan, please contact Teresa Zimny in the Napa County Department of Health and Human Services at (707) 253-4279.

Finding 09-SA-2

Temporary Assistance for Needy Families
CFDA 93.558

Award No. n/a
Year: 2008-09

Federal Agency:	*U.S. Department of Health and Human Services*
Pass Through Entity:	*California Department of Social Services*
Compliance Requirement:	*Reporting*
Reporting Requirement:	*Significant Deficiency; Material Noncompliance in Relation to Compliance Supplement Audit Objective.*

Criteria

Each adult receiving Federal TANF assistance must participate in the Welfare to Work Program (WTW) unless the person is exempt by reason of their status or the person is granted an exemption.

States are required to report certain data on their program's Welfare to Work (WTW) participation to the federal government. Data for this report is initially provided by the counties to the State in a report termed the E2-Lite report. The data reported serves as the basis for the Administration for Children and Families (ACF), a component of the Department of Health and Human Services (HHS), to determine whether States have met the required WTW work participation rates.

The minimum work participation rates are 50 percent for the overall rate and 90 percent for the two-parent family's rate. A state's minimum work participation rate may be reduced by its caseload reduction credit. HHS may penalize the state by an amount of up to 21 percent of the state Family Assistance Grant for violation of this provision (42 USC 609(a)(4); 45 CFR section 262.1(a)(4)).

Finding/Program	Findings/Noncompliance
Finding 09-SA-2 CFDA 93.558	Condition We tested twenty-nine TANF cases and noted two discrepancies in E2-Lite reporting to the State. Questioned Costs We do not question costs because no costs were involved in the exceptions. Effect of the Condition When the County does not accurately report in their E2-Lite report, the federal government's data upon which to determine whether States have met the required WTW work participation rates is compromised. Recommendation We recommend that the County review its internal control system of ensuring that accurate data is reported in the E2-Lite report. We suggest that a higher level of supervisory review and/or further staff training is needed. The County might also consider involving the County's Quality Participation Unit in review of the E2-Lite reports prior to submission to the State. Corrective Action Plan To ensure the correctness of the E2-Lite submissions, Napa County will be changing the way it reviews each survey prior to final submission to the State. Previously the supervisors reviewed a sample of the surveys for correctness prior to submitting. Our new process, which will begin with the submission of the October 2009 surveys, will be to have our Quality Participation Unit review 100% of the surveys submitted for correctness. The Quality Participation Unit is a new unit created to carry out quality assurance activities. Having this unit assume responsibility for the review of surveys will allow for expertise to be developed with specialized staff/reviewers as well as allow for increasing the number of surveys being reviewed. For questions regarding this corrective action plan, please contact Teresa Zimny in the Napa County Department of Health and Human Services at (707) 253-4279.

COUNTY OF NAPA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2009

Audit Reference Number	Status of Prior Year Audit Findings
Finding 08-SA-1 Airport Improvement Program CFDA 20.106 Award No. 03-06-0162-22 Year: 2007-2008	*Federal Grantor:* *U.S. Department of Transportation* *Pass-Through Entity:* *None* *Compliance Requirement:* *Procurement, Suspension and Debarment* *Reporting Requirement:* *Material Weakness and Material Non-Compliance in Relation to a Compliance Requirement* 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>. Status Implemented.
Finding 08-SA-2 Airport Improvement Program CFDA 20.106 Award No. 03-06-0162-22 Year: 2007-2008	*Federal Grantor:* *U.S. Department of Transportation* *Pass-Through Entity:* *None* *Compliance Requirement:* *Davis-Bacon Act* *Reporting Requirement:* *Material Weakness and Material Non-Compliance in Relation to a Compliance Requirement* 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. Status Implemented.

Audit Reference Number	Status of Prior Year Audit Findings
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* 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. Status Implemented.
Finding 08-SA-4 Child Support Enforcement CFDA 93.563 Award No. N/A Year: 2007-2008	*Federal Grantor:* *U.S. Department of Health and Human Services* *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* 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. Status Implemented.

COUNTY OF NAPA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2009

Audit Reference Number	Status of Prior Year Audit Findings	
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	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.

Status

Implemented.

Finding 07-SA-2	*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:	*Significant Deficiency; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective*
Award No. Year: 2006-2007	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.

Audit Reference Number	Status of Prior Year Audit Findings
Finding 07-SA-2 (continued) CFDA 93.558	*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. *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. 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. <u>Status</u> Implemented.

SUPPLEMENTARY SCHEDULES
OF THE CALIFORNIA EMERGENCY MANAGEMENT AGENCY
GRANT EXPENDITURES

COUNTY OF NAPA

Supplementary Schedule of the California Emergency Management Agency
Grant Expenditures
For the Year Ended June 30, 2009

The following represents expenditures for California Emergency Management Agency, Law Enforcement/Victim Services Division programs for the year ended June 30, 2009. The amount reported in the schedule of expenditures of federal awards is determined by calculating the federal portion of the current year expenditures.

	Total Expenditures Claimed			Share of Expenditures Current Year		
Program	For the Period Through June 30, 2008	For the Year Ended June 30, 2009	Cumulative As of June 30, 2009	Federal Share	State Share	County Share
DC08190280 - Anti-Drug Abuse						
Personal services	$ --	$ 82,741	$ 82,741	$ 82,741	$ --	$ --
Operating expenses	--	52,002	52,002	52,002	--	--
Equipment	--	--	--	--	--	--
Totals	$ --	$ 134,743	$ 134,743	$ 134,743	$ --	$ --
VB08060280 - Vertical Prosecution						
Personal services	$ --	$ 91,059	$ 91,059	$ --	$ 91,059	$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	$ --	$ 91,059	$ 91,059	$ --	$ 91,059	$ --
HT08080210 - High Tech Theft Apprehension						
Personal services	$ --	$ 108,430	$ 108,430	$ --	$ 81,322	$ 27,108
Operating expenses	--	7,166	7,166	--	5,375	1,791
Equipment	--	--	--	--	--	--
Totals	$ --	$ 115,596	$ 115,596	$ --	$ 86,697	$ 28,899
GV08040280 - Gang Violence Suppression						
Personal services	$ --	$ 160,756	$ 160,756	$ --	$ 144,027	$ 16,729
Operating expenses	--	154,433	154,433	--	142,508	11,925
Equipment	--	--	--	--	--	--
Totals	$ --	$ 315,189	$ 315,189	$ --	$ 286,535	$ 28,654
CALMMET - MH-07020280						
Personal services	$ 117,114	$ --	$ 117,114	$ --	$ --	$ --
Operating expenses	26,386	52,550	78,936	--	52,550	--
Equipment	--	21,000	21,000	--	21,000	--
Totals	$ 143,500	$ 73,550	$ 217,050	$ --	$ 73,550	$ --
CALMMET - MH-08030280						
Personal services	$ --	$ 93,632	$ 93,632	$ --	$ 93,632	$ --
Operating expenses	--	390	390	--	390	--
Equipment	--	--	--	--	--	--
Totals	$ --	$ 94,022	$ 94,022	$ --	$ 94,022	$ --