

**COUNTY OF COLUSA,  
CALIFORNIA**



**SINGLE AUDIT ACT  
REPORTS AND SCHEDULES  
FOR THE YEAR ENDED  
JUNE 30, 2013**

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**COUNTY OF COLUSA**  
**Single Audit Act**  
**For the Year Ended June 30, 2013**

**Table of Contents**

	Page
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards. ....	1-2
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct And Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133. ....	3-5
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2013. ....	6-8
Notes to Schedule of Expenditures of Federal Awards.....	9-11
Schedule of Findings and Questioned Costs. ....	12-16
Schedule of Prior Year Findings and Questioned Costs. ....	17

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Colusa, California, (County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 24, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies. (13-FS-01 and 13-FS-02)

To the Board of Supervisors and Grand Jury  
County of Colusa  
Colusa, California

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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.

### **County's Response to Findings**

The County's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Smith & Newell CPAs  
Yuba City, California  
March 24, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

Board of Supervisors and the Grand Jury  
County of Colusa  
Colusa, California

**Report on Compliance for Each Major Federal Program**

We have audited the County of Colusa, California's (County) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, 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 item 13-SA-01. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

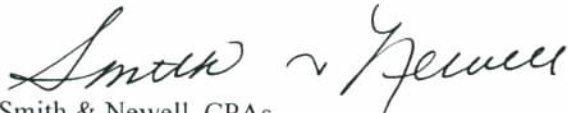
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Board of Supervisors and the Grand Jury  
County of Colusa  
Colusa, California

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County of Colusa, California, (County) as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 24, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Smith & Newell, CPAs  
Yuba City, California  
March 24, 2014

**COUNTY OF COLUSA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Passed through State Department of Social Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CEC-06-2013	\$ 317,079
Passed through State Controller's Office: Schools and Roads - Grants to States	10.665	None	<u>57,495</u>
<b>Total U.S. Department of Agriculture</b>			<u>374,574</u>
<b>Department of Housing and Urban Development</b>			
Passed through State Department of Housing and Community Development: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	12-EDOC-8491	4,670,540
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Program Income	256,125
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Outstanding Loans	<u>1,577,589</u>
<b>Subtotal 14.228</b>			<u>6,504,254</u>
Home Investment Partnerships Program	14.239	Program Income	6,900
Home Investment Partnerships Program	14.239	Outstanding Loans	<u>85,853</u>
<b>Subtotal 14.239</b>			<u>92,753</u>
<b>Total Department of Housing and Urban Development</b>			<u>6,597,007</u>
<b>U.S. Department of the Interior</b>			
Direct Program: Payments in Lieu of Taxes	15.226	-	<u>190,936</u>
<b>Total U.S. Department of the Interior</b>			<u>190,936</u>
<b>U.S. Department of Justice</b>			
Direct Program: Drug Court Discretionary Grant Program	16.585	-	15,000
Public Safety Partnership and Community Policing Grants	16.710	-	163,632
Passed through Board of State and Community Corrections: Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 603-12	67,197
Passed through State Emergency Management Agency: Crime Victim Assistance	16.575	VW 1217 0060	<u>42,101</u>
<b>Total U.S. Department of Justice</b>			<u>287,930</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF COLUSA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Transportation</b>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BR-NBIL (509)	\$ 496,546
Highway Planning and Construction	20.205	BRLO-5915 (044)	131,272
Highway Planning and Construction	20.205	BRLO-5915 (054)	<u>557</u>
<b>Subtotal 20.205</b>			<u>628,375</u>
<b>Total U.S. Department of Transportation</b>			<u>628,375</u>
<b>Institute of Museum and Library Services</b>			
Passed through State Library:			
Grants to States	45.310	40-7930	7,927
Grants to States	45.310	40-8085	<u>1,294</u>
<b>Subtotal 45.310</b>			<u>9,221</u>
<b>Total Institute of Museum and Library Services</b>			<u>9,221</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through State Department of Aging and CSU, Chico			
Research Foundation/Area Agency on Aging:			
Special Programs for the Aging - Title III, Part B -			
Grants for Supportive Services and Senior Centers	93.044	IIIB-0212-13	14,078
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	IIIC-025-13	42,607
Nutrition Services Incentive Program	93.053	IIIC-025-13	<u>9,790</u>
Passed through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	CEC-06-2013	19,352
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CEC-06-2013	61,356
Social Services Block Grant	93.667	CEC-06-2013	37,899
Chafee Foster Care Independence Program	93.674	CEC-06-2013	<u>25,924</u>
Temporary Assistance for Needy Families	93.558	CEC-06-2013	881,288
Temporary Assistance for Needy Families	93.558	800-06-2013	<u>278,410</u>
<b>Subtotal 93.558</b>			<u>1,159,698</u>
Foster Care - Title IV-E	93.658	CEC-06-2013	295,069
Foster Care - Title IV-E	93.658	800-06-2013	<u>292,296</u>
<b>Subtotal 93.658</b>			<u>587,365</u>
Adoption Assistance	93.659	CEC-06-2013	2,624
Adoption Assistance	93.659	800-06-2013	<u>230,619</u>
<b>Subtotal 93.659</b>			<u>233,243</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF COLUSA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services (Continued)</b>			
Passed through State Department of Child Support Services: Child Support Enforcement	93.563	Colusa	389,274
Passed through State Department of Alcohol and Drug Programs: Block Grants for Community Mental Health Services	93.958	SAMSHA	53,662
Block Grants for Prevention and Treatment of Substance Abuse	93.959	SAPT	399,904
Passed through State Department of Health Services: Public Health Emergency Preparedness	93.069	None	55,219
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	None	7,206
Immunization Cooperative Agreements	93.268	12-10528	22,838
National Bioterrorism Hospital Preparedness Program	93.889	None	76,021
Maternal and Child Health Services Block Grant to the States	93.994	MCH	65,449
Medical Assistance Program	93.778	HCPCFC	11,478
Medical Assistance Program	93.778	CHDP	68,053
Medical Assistance Program	93.778	CCS	86,507
Medical Assistance Program	93.778	IHSS	39,284
Medical Assistance Program	93.778	10-NNA06	1,000
<b>Subtotal 93.778</b>			<u>206,322</u>
Passed through State Department of Community Services and Development: Community Services Block Grant	93.569	12F-4411	2,966
<b>Total U.S. Department of Health and Human Services</b>			<u>3,470,173</u>
<b>Department of Homeland Security</b>			
Passed through State Office of Emergency Services: Emergency Management Performance Grants	97.042	2012-0027	51,547
Homeland Security Grant Program	97.067	2010-85	7,595
Homeland Security Grant Program	97.067	2011-77	102,807
Homeland Security Grant Program	97.067	2012-123	56,262
<b>Subtotal 97.067</b>			<u>166,664</u>
<b>Total Department of Homeland Security</b>			<u>218,211</u>
<b>Total</b>			<u><u>\$ 11,776,427</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

**COUNTY OF COLUSA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

**1. REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Colusa. The County of Colusa's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule of Expenditures of Federal Awards.

**2. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the County financial statements. In addition, the outstanding balance of prior year's loans that have significant continuing compliance requirements have been included in total federal expenditures.

**3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the related federal financial assistance reports.

**4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the County's basic financial statements.

**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.

**COUNTY OF COLUSA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

**6. LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS**

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs require servicing arrangements with the County. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Subpart B, Section 205 of the U.S. Office of Management and Budget Circular A-133, the County has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2013, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2013:

Federal CFDA	Program Title	Amount Outstanding	
		July 1, 2012	June 30, 2013
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 1,577,589	\$ 6,420,493
14.239	Home Investment Partnerships Program	85,853	86,084
	Total	<u>\$ 1,663,442</u>	<u>\$ 6,506,577</u>

**7. PROGRAM CLUSTERS**

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

Federal CFDA	Program Title	Federal Expenditures
<u>Aging Cluster</u>		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	\$ 14,078
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	42,607
93.053	Nutrition Services Incentive Program	9,790
	Total	<u>\$ 66,475</u>

**8. CALIFORNIA EMERGENCY MANAGEMENT AGENCY GRANT EXPENDITURES**

The following schedule represents expenditures for U.S. Department of Justice grants passed through the State of California, Emergency Management Agency (CalEMA), as well as CalEMA funded grant expenditures for the year ended June 30, 2013. This information is included in the County's single audit report at the request of CalEMA.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2012	For the Year Through June 30, 2013	Cumulative As of June 30, 2013	Federal Share	State Share	County Share
	<u>VW11160060 - Colusa County Victim Witness</u>					
Personal services	\$ -	\$ 76,855	\$ 76,855	\$ 42,101	\$ 34,754	\$ -
Operating expenses	-	9,021	9,021	-	9,021	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 85,876</u>	<u>\$ 85,876</u>	<u>\$ 42,101</u>	<u>\$ 43,775</u>	<u>\$ -</u>



**COUNTY OF COLUSA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2013**

**9. CALIFORNIA DEPARTMENT OF AGING (CDA) REPORTING REQUIREMENTS**

The terms and conditions of contracts with CDA require agencies to display state-funded expenditures discretely along with the related federal expenditures. For the fiscal year ended June 30, 2013, the County did not receive any CDA state funded grants. The following schedule is presented to comply with these requirements.

<u>Program</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Accrual Adjustments</u>	<u>Confirmed Amount</u>
IIIB Transportation	93.044	\$ 14,078	\$ -	\$ 14,078
IIIC-1 Congregate	93.045	10,597	-	10,597
IIIC-1 Congregate One Time Only	93.045	1,566	-	1,566
IIIC-1 Congregate Nutrition Services Incentive Program	93.053	2,470	-	2,470
IIIC-2 Home Delivered Meals	92.045	27,119	-	27,119
IIIC-2 Home Delivered Meals One Time Only	93.045	3,325	-	3,325
IIIC-2 Home Delivered Meals, Nutrition Services Incentive	93.053	<u>7,320</u>	<u>-</u>	<u>7,320</u>
Total Expenditures of CDA Federal Awards		<u>\$ 66,475</u>	<u>\$ -</u>	<u>\$ 66,475</u>

**COUNTY OF COLUSA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2013**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

<b>Financial Statements</b>	<u>Status</u>
1. Type of auditor's report issued	Unqualified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	No

**Federal Awards**

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section 510(a)?	Yes
4. Identification of major programs:	
14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	
15.226 Payments in Lieu of Taxes	
16.710 Public Safety Partnerships and Community Policing Grants	
20.205 Highway Planning and Construction	
93.778 Medical Assistance Program	
97.067 Homeland Security Grant Program	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$ 353,293
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Capital Assets	13-FS-01
Solid Waste	13-FS-02

**COUNTY OF COLUSA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2013**

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

14.228 Community Development Block Grants/State's Program and  
Non-Entitlement Grants in Hawaii

13-SA-01

**COUNTY OF COLUSA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2013**

**13-FS-01 Capital Assets (Significant Deficiency)**

**Condition**

During our audit we noted that the County's schedule of land contained unidentified costs incurred prior to fiscal year 1989/90 of \$311,830 and an unidentified adjustment of \$47,544 in fiscal year 1994/95. This is a repeat of a prior year finding.

**Cause**

The County has not completed a review of the historical cost or estimated historical cost of all land owned by the County.

**Criteria**

Good internal control over capital assets requires that all capital assets be properly identified and recorded.

**Effect of Condition**

Errors in the capital assets listing can result in material misstatements of the financial statements.

**Recommendation**

We recommend that the County verify that all properties owned are properly recorded at actual historical cost or estimated historical costs.

**Corrective Action Plan**

The County Auditor-Controller has developed a complete listing of all land owned by the County, which includes the Assessor parcel numbers. However, much of the land was purchased in the 1800's and in subsequent years. Detailed records regarding land purchases (date of purchase and cost of each item) were not maintained until the last thirty or forty years. We are in the process of developing a system to identify, date and value the land with the resources that we have available. If actual records are not available, we are working with County appraisers to develop estimated historical costs. We will work diligently to complete this project as time permits. This is a long-term project and requires assistance from the County Assessor and County Clerk-Recorder.

**13-FS-02 Solid Waste (Significant Deficiency)**

**Condition**

The Solid Waste enterprise fund had a deficit net position of \$2,199,975 after adjusting the closure/postclosure liability at June 30, 2013. We noted that the County had adopted a pledge of revenue as a mechanism to demonstrate financial responsibility to fund the Evans Road postclosure costs, however we noted no pledge of revenue for the Stonyford landfill. This is a repeat of a prior year finding.

**COUNTY OF COLUSA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2013**

**13-FS-02 Solid Waste (Significant Deficiency) (Continued)**

**Cause**

The County Solid Waste enterprise fund has not adequately funded the closure/postclosure liability.

**Criteria**

The County is required by State and Federal laws and regulations to adequately fund or demonstrate financial responsibility for the closure/postclosure liability.

**Effect of Condition**

The Solid Waste enterprise fund has an unfunded closure/postclosure liability.

**Recommendation**

We recommend that the County continue to monitor the funding provisions for this liability to ensure that appropriate steps are taken to ultimately fund this liability. We also recommend that the County ensure that an acceptable mechanism is in place to demonstrate financial responsibility for the closure/postclosure costs for the Stonyford landfill.

**Corrective Action Plan**

Separate closure/postclosure funds were established in 1989; Stonyford Landfill (Fund #04003) and Evans Landfill (Fund #04004). These two funds are adequately funded on an annual basis. The Board of Supervisors is kept apprised of the large deficit fund balance in the Solid Waste Enterprise Fund (#04000), and has taken action to increase revenues and reduce the deficit. The Board continues to analyze possible rate increases, and alternate plans for the solid waste operation. They acknowledge the need to reduce the deficit as it would ultimately be a liability of the General Fund. However, they realize the deficit reduction will take a number of years. If the fees are increased at too fast a rate, the current users would find a less expensive option for their landfill needs. For the last several years estimated revenues have been budgeted in excess of appropriations. As a consequence, the Solid Waste Enterprise cash balance has increased significantly over the last six years.

**COUNTY OF COLUSA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2013**

**13-SA-01**

**Name:** Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii  
**CFDA #:** 14.228  
**Federal Grantor:** U.S. Department of Housing and Urban Development  
**Pass Through Entity:** State Department of Housing and Community Development  
**Award No.:** Various  
**Year:** 2010/2013

**Condition**

During our audit of CDBG loans receivable files, we noted that documentation of homeowner's insurance was missing from three of the five files tested.

**Cause**

Monitoring of compliance with loan provisions was inadequate.

**Criteria**

The loan promissory note requires that loan recipients maintain homeowner's insurance on the property acquired with loan funds.

**Effect of Condition**

The County was not verifying that loan recipients were maintaining homeowner's insurance as required in the loan promissory note.

**Questioned Costs**

No costs are questioned. All ten loan recipients were eligible to receive CDBG loans. The problem was that the County was not verifying compliance with the requirements of the loan promissory note.

**Recommendation**

We recommend that the County verify that all CDBG loan recipients have the required homeowner's insurance and maintain documentation on an annual basis.

**Corrective Action Plan**

We have implemented internal procedures with regards to monitoring the CDBG loans on file with the County as per State guidelines. Part of those procedures had to do with verifying that loan recipients have current required homeowner's insurance on file with the Auditor's Office. At the time of this audit, we had a few loan recipients that we were attempting to reach to verify insurance requirements. Unfortunately, they were not forthcoming at the time and therefore we did not have the required documentation in our files. Since this audit, we have successfully contacted those individuals and have received or are in the process of receiving copies of their insurance.



**COUNTY OF COLUSA**  
**Schedule of Prior Year Findings and Questioned Costs**  
**For the Year Ended June 30, 2013**

<u><b>Audit Reference</b></u>	<u><b>Status of Prior Year Audit Recommendations</b></u>
<b>12-FS-01</b>	<p><b>Capital Assets</b></p> <p><b>Recommendation</b></p> <p>We recommend that the County verify that all properties owned are properly recorded at actual historical cost or estimated historical cost.</p> <p><b>Status</b></p> <p>In Progress</p>
<b>12-FS-02</b>	<p><b>Solid Waste</b></p> <p><b>Recommendation</b></p> <p>We recommend that the County continue to monitor the funding provisions for this liability to ensure that appropriate steps are taken to ultimately fund this liability. We also recommend that the County ensure that an acceptable mechanism is in place to demonstrate financial responsibility for the closure/postclosure costs for the Stonyford landfill.</p> <p><b>Status</b></p> <p>In Progress</p>
<b>12-SA-01</b>	<p><b>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</b></p> <p><b>Recommendation</b></p> <p>We recommend that the County develop a program to monitor and document compliance with the loan provisions.</p> <p><b>Status</b></p> <p>In Progress</p>

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