

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



314

SUBMITTAL DATE:
March 29, 2007

FROM: County Auditor-Controller

SUBJECT: Single Audit Report for Fiscal Year 2005-2006

RECOMMENDED MOTION: That the Board of Supervisors receive and file the attached Single Audit Report prepared by the firm Vavrinek, Trine, Day & Co., LLP.

BACKGROUND: The Single Audit Act requires an independent audit of Federal Financial Assistance funds expended by the County during the fiscal year. The subject report includes two opinion reports as follows:

- 1) 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; and,
- 2) Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With Office of Management and Budget - Circular A-133.

No material deficiencies were disclosed by the audit; however, two findings of lesser significance were identified and included along with County Departments' responses for resolution of those findings.

Robert E. Byrd

Robert E. Byrd
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	N/A	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	N/A	Budget Adjustment:	N/A
	Annual Net County Cost:	N/A	For Fiscal Year:	05/06

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

RECEIVE AND FILE

At. Roschwell

County Executive Office Signature

- Dep't Recomm.: Consent Policy
- Per Exec. Ofc.: Consent Policy

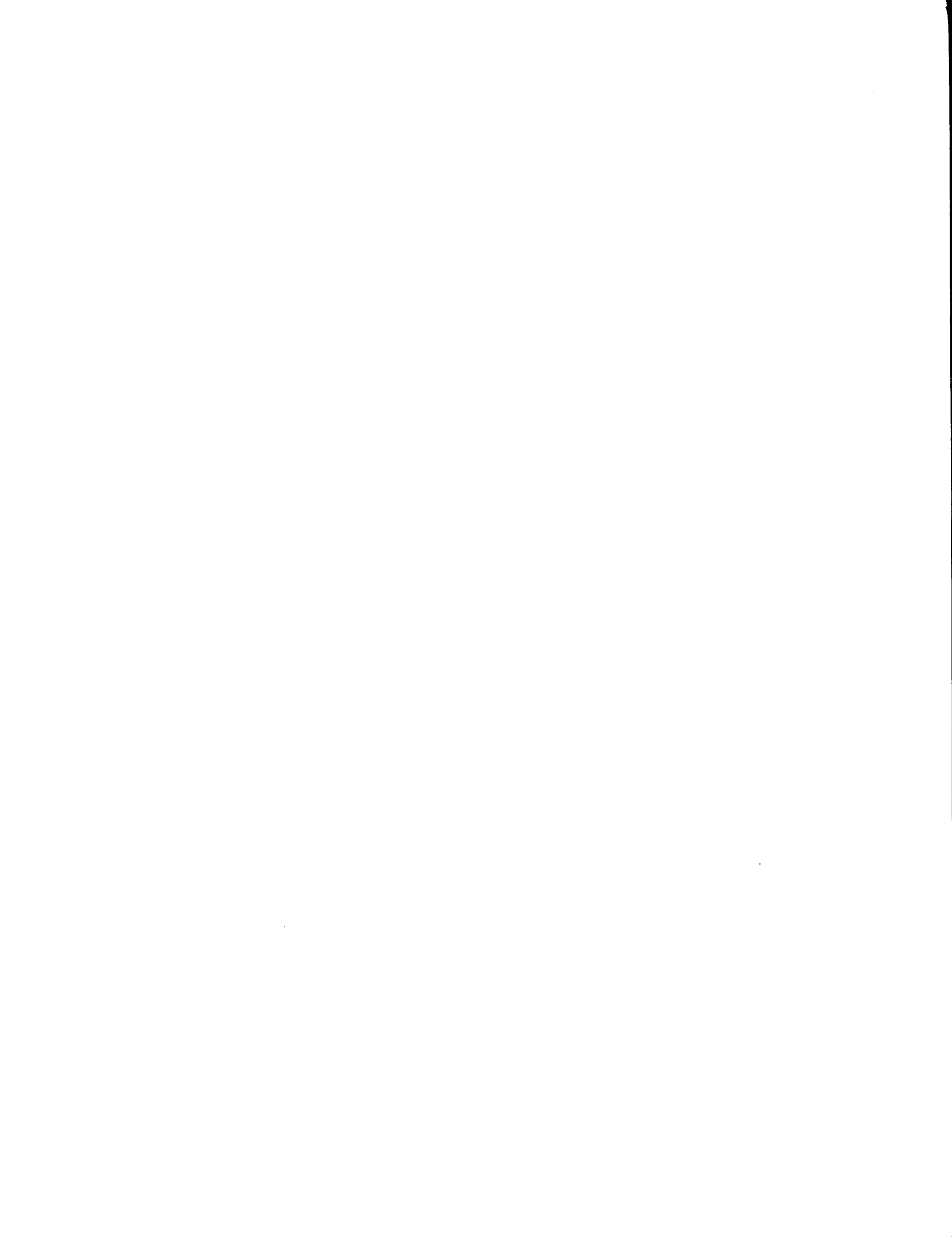
Prev. Agn. Ref.: | **District:** | **Agenda Number:**

**COUNTY OF RIVERSIDE
CALIFORNIA**

SINGLE AUDIT REPORT

JUNE 30, 2006





COUNTY OF RIVERSIDE, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2006

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Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

VALUE THE DIFFERENCE

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
County of Riverside, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Riverside, California (County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 15, 2006. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the Riverside County Flood Control and Water Conservation District (Flood Control District), Housing Authority of the County of Riverside (Housing Authority), Riverside County Regional Park and Open-Space District (Park District) and County of Riverside Redevelopment Agency (RDA), as described in our report on the County of Riverside's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial statement reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error of fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated December 15, 2006.

This report is intended solely for the information and use of the Board of Supervisors, County management 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.

Vowinik, Tame, Day, Co., LLP

Rancho Cucamonga, California
March 8, 2007



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

Board of Supervisors
County of Riverside, California

Compliance

We have audited the compliance of the County of Riverside, California (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, 2006. The County's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Housing Authority of the County of Riverside (Housing Authority), a component unit of the County of Riverside, California, which received \$62,339,750 in Federal awards, which are not included the County's schedule of expenditures of Federal awards for the year ended June 30, 2006. Our audit, described below, did not include the operations of the Housing Authority because the Housing Authority engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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

In our opinion, the County 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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items 2006-1 and 2006-2.

Internal Control Over Compliance

The management of the County 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's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards and Supplemental Schedules

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2006, and have issued our report thereon dated December 15, 2006. We did not audit the financial statements of the Riverside County Flood Control and Water Conservation District (Flood Control District), Housing Authority of the County of Riverside (Housing Authority), Riverside County Regional Park and Open-Space District (Park District), and County of Riverside Redevelopment Agency (RDA) for the year ended June 30, 2006. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Flood Control District, Housing Authority, Park District, and RDA, are based on the reports of the other auditors. 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. The Supplemental Schedule of Office of Emergency Services Grants and Supplemental Schedule of California Department of Aging Grants are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Award and Supplemental Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Supervisors, County management 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.

Warwick, Time, Day! Co., LLP

Rancho Cucamonga, California
March 8, 2007

COUNTY OF RIVERSIDE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

FEDERAL GRANTORS/PASS THROUGH GRANTORS PROGRAM NAME	RESPONSIBLE COUNTY DEPARTMENT	CFDA No.	Amount
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Retired and Senior Volunteer Program	Office on Aging	94.002	\$ <u>74,441</u>
DEPARTMENT OF AGRICULTURE			
<i>California Department of Social Services</i>			
National School Lunch Program	Probation	10.555	<u>763,112</u>
Food Stamps	Public Social Services	10.551	90,631,347
State Administrative Matching Grants for Food Stamp Program	Public Social Services	10.561	<u>9,548,001</u>
Sub-Total - Food Stamp Cluster [1]			<u>100,179,348</u>
<i>California Department of Health Services</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	Community Health Agency	10.557	<u>8,626,059</u>
<i>Rural Utilities Services</i>			
Water and Waste Disposal Loans and Grants	Economic Development Agency	10.770	<u>1,297,736</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>110,866,255</u>
DEPARTMENT OF EDUCATION			
<i>California State Department of Rehabilitation</i>			
Rehabilitation Services-Vocational Rehabilitation Grants to States	Mental Health	84.126	<u>670,950</u>
DEPARTMENT OF ENERGY			
Weatherization Assistance For Low-Income Persons	Community Action	81.042	<u>227,556</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>California State Department of Aging</i>			
Senior Farmer's Market	Office on Aging	10.576	29,000
Special Programs for the Aging-Title VII, Chapter 3	Office on Aging	93.041	27,798
Special Programs for the Aging-Title VII, Chapter 2	Office on Aging	93.042	55,914
Special Program for the Aging - Title III Part D	Office on Aging	93.043	110,717
Special Program for the Aging - Title III Part B	Office on Aging	93.044	1,757,418
Special Program for the Aging - Title III Part C	Office on Aging	93.045	2,714,222
National Family Caregivers Support	Office on Aging	93.052	817,006
Nutrition Services Incentive Program	Office on Aging	93.053	357,089
Subtotal - Department of Aging Cluster			<u>5,869,164</u>
<i>California State Department of Social Services</i>			
Promoting Safe and Stable Families	Public Social Services	93.556	1,963,660
Temporary Assistance for Needy Families	Probation/Public Social Services	93.558	150,635,344
Refugee and Entrant Assistance - State Administered Programs	Public Social Services	93.566	80,701
Child Welfare Services - State Grants	Public Social Services	93.645	2,629,414
Foster Care Title IV-E	Public Social Services/Probation	93.658	60,519,165
Adoption Assistance	Public Social Services	93.659	11,238,121
Social Services Block Grant	Public Social Services	95.667	2,110,146
Chafee Foster Care Independent Living	Public Social Services	93.674	<u>954,987</u>
Subtotal - Department of Social Services			<u>230,131,538</u>

[1] Denotes a major Federal financial assistance program.

See accompanying note to schedule of expenditures of federal awards.

COUNTY OF RIVERSIDE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

FEDERAL GRANTORS/PASS THROUGH GRANTORS PROGRAM NAME	RESPONSIBLE COUNTY DEPARTMENT	CFDA No.	Amount
<i>California State Department of Education</i>			
Child Care and Development Block Grant	Public Social Services	93.575	\$ 556,192
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Public Social Services	93.596	1,255,018
Subtotal - Department of Education			<u>1,811,210</u>
<i>California State Department of Child Support Services</i>			
Child Support Enforcement [1]	Child Support Services	93.563	<u>26,215,515</u>
<i>California Family Planning Council</i>			
Family Planning - Services	Community Health Agency	93.217	<u>375,733</u>
<i>California State Department of Health Services</i>			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Community Health Agency	93.116	313,301
Center for Disease Control and Prevention-Investigations and Technical Assistance	Community Health Agency	93.283	1,977,271
Children Services - Healthy Families	Community Health Agency	93.767	1,054,480
Medical Assistance Program [1]	CHA/DPSS/Office on Aging	93.778	60,677,870
Health Care Financing Research, Demonstrations and Evaluations (HCFA Research)	Office on Aging	93.779	108,750
Maternal and Child Health Services Block Grant	Community Health Agency	93.994	1,407,974
Subtotal - Department of Health Services			<u>65,539,646</u>
<i>California State Department of Mental Health</i>			
Project for Assistance in Transition from Homelessness (PATH)	Mental Health	93.150	260,526
Block Grant for Community Mental Health Services	Mental Health	93.958	2,466,497
Subtotal - Department of Mental Health			<u>2,727,023</u>
<i>California State Department of Alcohol & Drug</i>			
Block Grant for Prevention and Treatment of Substance Abuse	Mental Health	93.959	<u>11,336,139</u>
<i>California State Department of Community Services and Development</i>			
Low-Income Home Energy Asst. Program	Community Action	93.568	1,586,297
Community Services Block Grant	Community Action	93.569	2,079,006
Subtotal - Dept. of Community Services and Development			<u>3,665,303</u>
<i>County of San Bernardino</i>			
HIV Emergency Relief Project Grants	Community Health Agency	93.914	<u>919,341</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>348,590,612</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant/Entitlement Grants	EDA, Mental Health	14.218	13,347,120
Emergency Shelter Grants Program	EDA	14.231	516,676
Supportive Housing Program	Mental Health/DPSS	14.235	2,430,882
Supportive Housing Program	DPSS	14.238	361,113
Home Investment Partnership Program	Economic Development Agency	14.239	5,423,735
Lead-Based Paint Hazard Control in Privately-Owned Housing	Community Health Agency	14.900	<u>527,064</u>
TOTAL DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			<u>22,606,590</u>

[1] Denotes a major Federal financial assistance program.

See accompanying note to schedule of expenditures of federal awards.

COUNTY OF RIVERSIDE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

FEDERAL GRANTORS/PASS THROUGH GRANTORS PROGRAM NAME	RESPONSIBLE COUNTY DEPARTMENT	CFDA No.	Amount
DEPARTMENT OF JUSTICE			
Southwest Border Prosecution Initiative	District Attorney/Sheriff-Coroner	16.UNKNOWN	\$ 787,593
Inland Regional Apprehension Team (IRAT)	Sheriff-Coroner	16.UNKNOWN	6,367
Byrne Formula Grant Program	District Attorney/Sheriff-Coroner	16.579	399,932
Local Law Enforcement Block Grants Program	Sheriff-Coroner	16.592	144,909
State Criminal Alien Assistance Program (SCAAP)	Sheriff-Coroner	16.606	1,254,534
Bulletproof Vest Partnership Program	Sheriff-Coroner	16.607	34,475
Asset Forfeiture	Sheriff-Coroner/ District Attorney	16.999	815,398
Public Safety Partnership and Community Policing Grants - COPS	Sheriff-Coroner	16.710	892,129
Subtotal - Department of Justice			<u>4,335,337</u>
<i>California Office of Emergency Services (OES)</i>			
<i>/Board Corrections</i>			
Special Emphasis Assistance Program	District Attorney	16.575	110,000
Juvenile Accountability Incentive Block Grants (JAIBAG)	Probation	16.523	121,999
Victim Witness Assistance	District Attorney	16.575	401,009
Byrne Formula Grant Program	Sheriff	16.579	193,334
Federal Anti Drug Abuse Program [1]	Sheriff	16.579	760,838
Justice Assistance Formula Grant	Sheriff	16.579	64,312
Violent Offender Incarceration and Truth-In-Sentencing Program [1]	Facilities Management	16.586	969,027
Violence Against Women Formula Grants	Probation	16.588	199,678
Residential Substance Abuse Treatment Program Grant (RSTAT)	Sheriff	16.593	40,698
Subtotal OES, CA Corrections Services Agency			<u>2,860,895</u>
<i>Drug Enforcement Agency</i>			
Cannabis Eradication Program	Sheriff	16.UNKNOWN	<u>49,900</u>
<i>Office of National Drug Control Policy</i>			
High Intensity Drug Trafficking Area 04 (INCA, RMTF combined)	Sheriff	16.Grant 14PLAP540Z	116,454
High Intensity Drug Trafficking Area 05 (INCH, INCA, RMTF combined)	Sheriff	16.Grant 15PLAP540Z	1,090,586
High Intensity Drug Trafficking Area 06 (INCH, INCA, RMTF combined)	Sheriff	16.Grant 16PLAP540Z	372,769
Consolidated Priority Organization Target (CPOT) (12PMIP5981/LA)	Sheriff	16.UNKNOWN	1,219
Consolidated Priority Organization Target (CPOT04) (14PLAP999Z)	Sheriff	16.UNKNOWN	138,105
Subtotal - Office of National Drug Control Policy			<u>1,719,133</u>
TOTAL DEPARTMENT OF JUSTICE			<u>8,965,265</u>
DEPARTMENT OF LABOR			
<i>California State Department of Aging</i>			
Senior Community Service Employment Program (SCSEP)	Office on Aging	17.235	<u>572,407</u>
<i>California Employment Development Department</i>			
Workforce Investment Act (WIA) Adult Program	Economic Development Agency	17.258	4,386,161
Workforce Investment Act (WIA) Youth Activities	Economic Development Agency	17.259	4,066,824
Workforce Investment Act (WIA) Dislocated Worker	Economic Development Agency	17.260	4,203,325
Workforce Investment Act (WIA) Disability Navigator Grant	Economic Development Agency	17.261	69,565
Workforce Investment Act (WIA) Special Project-Hurricane Katrina	Economic Development Agency	17.261	77,284
Sub-Total Workforce Investment Act Cluster			<u>12,803,159</u>
TOTAL DEPARTMENT OF LABOR			<u>13,375,566</u>

[1] Denotes a major Federal financial assistance program.

See accompanying note to schedule of expenditures of federal awards.

COUNTY OF RIVERSIDE, CALIFORNIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

FEDERAL GRANTORS/PASS THROUGH GRANTORS PROGRAM NAME	RESPONSIBLE COUNTY DEPARTMENT	CFDA No.	Amount
DEPARTMENT OF TRANSPORTATION			
<i>Federal Aviation Administration</i>			
Airport Improvement Program (AIP)	Economic Development Agency	20.106	\$ 1,699,429
Highway Planning and Construction	Transportation	20.205	8,998,209
<i>California Office of Traffic Safety</i>			
State and Community Highway Safety	Probation	20.600	219,609
U.S. Forest Reserve	Transportation	20.98003012	<u>45,619</u>
TOTAL DEPARTMENT OF TRANSPORTATION			<u>10,962,866</u>
DEPARTMENT OF THE TREASURY			
<i>Department of the Treasury, Secret Service</i>			
Secret Service Reimbursement	Sheriff-Coroner	21.000	5,953
Children Exposed to Domestic Violence	Sheriff-Coroner	93.643	<u>197,217</u>
TOTAL DEPARTMENT OF TREASURY			<u>203,170</u>
SOCIAL SECURITY ADMINISTRATION			
SSA - Social Security Administration	Sheriff- Coroner	96.000	<u>122,800</u>
US DEPARTMENT OF HOMELAND SECURITY			
<i>U.S. Customs Reimbursement</i>			
Security Grant Program	Sheriff- Coroner	97.000	1,544
Emergency Food and Shelter National Board Program	Fire	97.067	406,107
Hazard Mitigation Grant Program	Mental Health	83.523	27,550
Subtotal - Department of Homeland Security	Fire	97.039	<u>448,042</u>
			<u>883,243</u>
<i>Federal Emergency Management Agency (FEMA)</i>			
Public Assistance Grants	Flood Control	97.036	<u>637,955</u>
<i>California State Department of Health Services</i>			
Security Grant Program	Community Health Agency	97.067	399,190
Metropolitan Medical Response Systemen	Community Health Agency	97.071	<u>195,152</u>
Subtotal - Department of Health Services			<u>594,342</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>2,115,540</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 518,781,611</u>

[1] Denotes a major Federal financial assistance program.

See accompanying note to schedule of expenditures of federal awards.

COUNTY OF RIVERSIDE, CALIFORNIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal award programs of the County of Riverside, California (the County), except for the Federal awards granted to the Housing Authority of the County of Riverside, which is separately audited and reported on in accordance with the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Federal awards received directly from Federal agencies, as well as, Federal awards, passed through Nonfederal agencies, primarily the State of California, except as noted above, are included on the schedule. The County's reporting entity is defined in Note #1 to the County's basic financial statements.

B. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds as described in Note #2 to the County's basic financial statements.

C. Relationship to Basic Financial Statements

Federal award expenditures agree or can be reconciled with the amounts reported in the County's basic financial statements.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards are in material agreement with the amounts reported in the related Federal financial reports for the Federal award programs.

E. Major Programs

For clarification purposes, the Federal Anti-Drug Abuse Grant Program was audited as a major program at the request of the County. Accordingly, only the Federal Anti-Drug Abuse Grant, of the CFDA number 16.579, has been designated as major.

COUNTY OF RIVERSIDE, CALIFORNIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Pass-Through Awards To Subrecipients

Of the Federal expenditures presented in the accompanying Schedule of Expenditures of Federal Awards, the County provided Federal awards to subrecipients as follows:

County Program Title	CFDA No.	Amount
Community Development Block Grants/Entitlement Grants	14.218	\$ 4,730,900
Emergency Shelter Grants Program	14.231	489,744
Supportive Housing Program	14.235	2,154,469
Shelter and Care	14.238	361,113
HOME Investment Partnership Program	14.239	4,092,147
Workforce Investment Act (WIA) Adult Program	17.258	171,365
Workforce Investment Act (WIA) Youth Activities	17.259	2,963,283
Workforce Investment Act (WIA) Dislocated Worker	17.260	30,910
Weatherization Assistance for Low-Income Persons	81.042	227,556
Special Program for the Aging - Title VII, Chapter 2	93.042	55,914
Special Program for the Aging - Title III, Part B	93.044	407,006
Special Program for the Aging - Title III, Part C	93.045	2,143,162
National Family Caregivers Support	93.052	230,328
Nutrition Services Incentive Program	93.053	350,631
Low-Income Home Energy Assistance	93.568	1,586,297
Community Services Block Grants	93.569	2,079,006
Health Care Financing Research, Demonstrations and Evaluations (HCFA Reserach)	93.779	100,331
	Total	\$ 22,174,162

COUNTY OF RIVERSIDE, CALIFORNIA

**SUMMARY OF AUDITORS' RESULTS
YEAR ENDED JUNE 30, 2006**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Reportable conditions identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Reportable conditions identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>Yes</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
93.563	Child Support Enforcement
93.778	Medical Assistance Program
16.579	Federal Anti Drug Abuse Program
16.586	Violent Offender Incarceration/Truth -in-Sentencing

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 3,000,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

COUNTY OF RIVERSIDE, CALIFORNIA

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

None noted.

COUNTY OF RIVERSIDE, CALIFORNIA

**SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

Finding 2006-1

Program: Child Support Enforcement

CFDA No: 93.563

Pass-through Agency: California State Department of Child Support Services

Award No: Not Applicable

Award Year: Fiscal Year 2005-2006

Compliance Requirement: Reporting

Questioned Costs: \$0

Criteria:

According to the Plan of Cooperation (POC) between Riverside County Department of Child Support Services and the California Department of Child Support Services, it was noted that the Monthly State Performance Report, the Monthly Report of Collections and Distributions, and the Assistance Related Distribution/Disbursement Report must be submitted by the 15th of the calendar month for the previous month.

Condition Found:

It was noted that the Monthly State Performance Report, the Monthly Report of Collections and Distributions, and the Assistance Related Distribution/Disbursement Reports for the months pertaining to July 2005 and February 2006 were submitted late.

Context:

The condition above was identified during our testing procedures over reporting.

Effect:

The effect of not timely reporting program expenditures may result in future program awards being held by the Federal awarding agency or pass-through agency.

Cause:

The County did not follow their procedures for tracking their reporting requirements and their due dates.

Recommendation:

We recommend the County implement procedures to ensure all reports are submitted timely as required by the California Department of Child Support Services.

COUNTY OF RIVERSIDE, CALIFORNIA

**SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

Views of Responsible Officials and Planned Corrective Actions:

The delays in submitting the reports for July 2005 and February 2006 were due to conversions respectively by the Department on July 5th to a new State mandated computer system and on February 1st to a new State mandated Statewide Distribution Unit to process collections. Both events were unique and required extra time for report data verification which prevented timely submission. The Department will task the Supervising Accounting Technician on an on-going basis to calendar the report due dates and remind the approving manager two days before the submission deadline that they are pending.

Finding 2006-2

Program: Special Supplemental Nutrition Program for Women, Infants, and Children

CFDA No.: 10.557

Federal Grantor: Department of Agriculture

Passed-through: California Department of Health Services

Award No: Not Applicable

Award Year: Fiscal Year 2005-06

Compliance Requirement: Reporting

Questioned Costs: Not Applicable

Criteria:

The contract between the State of California and the Health Department of the County of Riverside stipulates that Monthly Financial Reports be provided to the State on the 30th day of each month following the reporting month.

Condition Found:

It was noted that the required Monthly Financial Reports were not submitted within the required timelines during FY2004-05.

Context:

The condition noted above was identified during the single audit of FY2004-05. During our inquiry of corrective action and implementation, the County asserted that the report delays existed during FY2005-06. Therefore, the finding was repeated.

Effect:

The untimely reporting of costs to the State results in noncompliance with the requirements set forth in the contractual agreement between the County of Riverside and the State.

COUNTY OF RIVERSIDE, CALIFORNIA

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006

Cause:

During the monthly process of gathering and reporting financial information required by the State, the County's Community Health Agency utilizes various internal processes and edit checks to ensure the accuracy of reporting amounts. These processes create difficulties in the completion of the Monthly Financial Reports within the agreed upon 30 day timeline.

Recommendation:

We recommend that the County of Riverside develop a method for reasonably monitoring the program's required reporting of costs to the state to ensure timely submittal. Alternatively, the County should seek a modification to the contract agreement for additional time in filing Monthly Financial Reports.

Views of Responsible Officials and Planned Corrective Actions:

The WIC program has made every attempt to submit invoices for timely reporting purposes. Factors impacting our ability to meet program reporting requirements stem from when the State processes submitted invoices and returns to us the electronic forms for the subsequent reporting period. This exacerbates the issue and precludes us from ever meeting the required timelines of the contract. We are reviewing our internal processes to improve our ability to meet the timelines but it is neither expected nor realistic that this will solve the problem.

Delays in providing reports per the 30 day rule are a problematic issue and we worked to extend the reporting dates to a due date of the 2nd month from the reporting month. If this was agreed to then a due date at the end of the second month following the reporting month could have been met consistently. The State reviewed the request and noted that the due date could not be changed since it is a contractual agreement with themselves and the Federal government.

A Federal government auditor performed a similar audit in July/August of 2006 and recognized the inherent timing problem associated with this contract. According to his review none of the counties meet this reporting requirement because of the existing process. Because of this the Federal auditor would not and did not include this issue as an audit point. Nonetheless, we will search for ways to improve local processing times.

COUNTY OF RIVERSIDE, CALIFORNIA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2006**

Summarized below is the current status of all audit findings reported in the prior audit's schedule of federal awards findings and questioned costs.

Finding No.	Program	CFDA No.	Compliance Requirement	Status
2005-1 2005-2 2005-3	Special Programs for the Aging Cluster	93.041 93.042 93.043 93.044 93.045 93.052 93.053 10.576	Allowable Costs/Allowed Activities, Reporting, Subrecipient Monitoring	Implemented
2005-4	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Reporting	Not implemented, see current year finding 2006-2.
2005-5 2005-6	Temporary Assistance for Needy Families	93.558	Reporting, Eligibility	Implemented

COUNTY OF RIVERSIDE, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF OFFICE OF EMERGENCY SERVICES GRANTS
YEAR ENDED JUNE 30, 2006

Grant #/ Pass-Through Grantor	Description			
MS05070330	Byrne Formula Grant Program - Marijuana Suppression			
Personal Services	\$ 166,838	Federal Portion	\$ 193,334	
Operating Expenses	26,496	Match		
Equipment				
Total Expenses	<u>\$ 193,334</u>		<u>\$ 193,334</u>	

Grant #/ Pass-Through Grantor	Description			
DC05160330	Byrne Formula Grant Program - Federal Anti - Drug Abuse			
Personal Services	\$ 584,337	Federal Portion	\$ 760,838	
Operating Expenses	176,501	Match		
Equipment				
Total Expenses	<u>\$ 760,838</u>		<u>\$ 760,838</u>	

Grant #/ Pass-Through Grantor	Description			
DJ-BX-0176	Justice Assistance Formula Grant			
Personal Services	\$ 55,849	Federal Portion	\$ 64,312	
Operating Expenses		Match		
Equipment	8,463			
Total Expenses	<u>\$ 64,312</u>		<u>\$ 64,312</u>	

COUNTY OF RIVERSIDE, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF OFFICE OF EMERGENCY SERVICES GRANTS, Continued
 YEAR ENDED JUNE 30, 2006

Grant #/ Pass-Through Grantor	Description		
BDC 155-05	Juvenile Accountability Incentive Grant (Extension)		
Personal Services	\$ 127,279	Federal Portion	\$ 121,999
Operating Expenses	8,275	Match	13,555
Equipment			
Total Expenses	<u>\$ 135,554</u>		<u>\$ 135,554</u>

Grant #/ Pass-Through Grantor	Description		
RT 04050330	Residential Substance Abuse Program		
Personal Services	\$ 54,265	Federal Portion	\$ 40,698
Operating Expenses		Match	13,567
Equipment			
Total Expenses	<u>\$ 54,265</u>		<u>\$ 54,265</u>

COUNTY OF RIVERSIDE, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF OFFICE OF EMERGENCY SERVICES GRANTS, Continued
 YEAR ENDED JUNE 30, 2006

Grant #/ Pass-Through Grantor	Description		
VW 05240330	Victim Witness Assistance Program		
Personal Services	\$ 661,088	Federal Portion	\$ 401,009
Operating Expenses	211,944	Match	
Equipment	<u>8,266</u>	State	<u>480,289</u>
Total Expenses	<u>\$ 881,298</u>		<u>\$ 881,298</u>

Grant #/ Pass-Through Grantor	Description		
SE05080330	Special Emphasis Grant		
Personal Services	\$ 137,500	Federal Portion	\$ 110,000
Operating Expenses		Match	27,500
Equipment	<u></u>		<u></u>
Total Expenses	<u>\$ 137,500</u>		<u>\$ 137,500</u>

COUNTY OF RIVERSIDE, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF OFFICE OF EMERGENCY SERVICES GRANTS, Continued
 YEAR ENDED JUNE 30, 2006

Grant #/ Pass-Through Grantor	Description	
PU 05040330	Violence Against Women Grant	
Personal Services	\$ 160,122	Federal Portion \$ 121,025
Operating Expenses	1,243	Match 40,340
Equipment		
Total Expenses	<u>\$ 161,365</u>	<u>\$ 161,365</u>

Grant #/ Pass-Through Grantor	Description	
2005WEAX0105	Violence Against Women Grant	
Personal Services	\$ 53,398	Federal Portion \$ 78,653
Operating Expenses	25,255	Match
Equipment		
Total Expenses	<u>\$ 78,653</u>	<u>\$ 78,653</u>

COUNTY OF RIVERSIDE, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF OFFICE OF EMERGENCY SERVICES GRANTS, Continued
 YEAR ENDED JUNE 30, 2006

Grant #/ Pass-Through Grantor	Description			
EV03020330	Children Exposed to Domestic Violence Program			
Personal Services	\$ 169,231	Federal Portion	\$ 197,217	
Operating Expenses	27,986	Match		
Equipment				
Total Expenses	\$ 197,217		\$ 197,217	

Grant #/ Pass-Through Grantor	Description			
	Violent Offender Incarceration and Truth-In-Sentencing Program			
Personal Services		Federal Portion	\$ 969,027	
Operating Expenses	1,211,384	Match	242,357	
Equipment				
Total Expenses	\$ 1,211,384		\$ 1,211,384	

Byrne Formula Grant Program Recap

Marijuana Suppression	\$ 193,334
Federal Anti Drug Abuse Program	825,150
Total Federal Expenditures	\$ 1,018,484

COUNTY OF RIVERSIDE, CALIFORNIA

SUPPLEMENTAL SCHEDULE OF CALIFORNIA STATE DEPARTMENT OF AGING GRANTS
YEAR ENDED JUNE 30, 2006

County Program Title	CFDA No.	Federal		State	
		Expenditures	Pass-Through to Subrecipients	Expenditures	Pass-Through to Subrecipients
Senior Community Service Employment Program	17.235	\$ 572,407		\$ 177,004	
Special Programs for the Aging-Title VII, Chapter 3	93.041	27,798		1,223	
Special Programs for the Aging-Title VII, Chapter 2	93.042	55,914	\$ 55,914	9,242	\$ 9,242
Special Program for the Aging - Title III, Part D	93.043	110,717		4,761	
Special Program for the Aging - Title III, Part B	93.044	1,757,418	407,006	231,382	204,089
Special Program for the Aging - Title III, Part C	93.045	2,714,222	2,143,162	120,023	118,681
National Family Caregivers Support	93.052	817,006	230,328		
Nutrition Services Incentive Program	93.053	357,089	350,631		
Medical Assistance Program	93.778	551,224		551,960	
Health Care Financing Research, Demonstration & Evaluations (HCFA Research)	93.779	108,750	100,331	296,715	279,884
Retired and Senior Volunteer Program	94.002	74,441			
Linkages, Purchases of Services, Brown Bag, ADCR, Senior Companion (CSBP)	N/A			560,639	260,405
Volunteer Recruitment (Volunteer OMB Initiative)	N/A			51,812	51,812
Total		\$ 7,146,986	\$ 3,287,372	\$ 2,004,761	\$ 924,113