

COUNTY OF EL DORADO

**CALIFORNIA DEPARTMENT OF
COMMUNITY SERVICES AND DEVELOPMENT**

PROGRAM SPECIFIC GRANT AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2011

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

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GALLINA LLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTAL
STATEMENT OF REVENUE AND EXPENDITURES OF THE
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

To the Honorable Members of the Board of Supervisors
County of El Dorado
Placerville, California

We have audited the accompanying Supplemental Statement of Revenue and Expenditures of the California Department of Community Services and Development Programs (the "Financial Statements") for the grants awarded to the County of El Dorado (County) by the State of California, Health and Human Services Agency (HHS) as of and for the year ended June 30, 2011 as noted below:

<u>Award Number</u>	<u>Program Title</u>	<u>Grant Period</u>
09F-5110	Community Service Block Grants (CSBG ARRA)	7/1/2009-9/30/2010
10F-4010	Community Service Block Grants (CSBG)	1/1/2010-12/31/2010
11F-4210	Community Service Block Grants (CSBG)	1/1/2011-12/31/2011
09B-5508	Low Income Home Energy Assistance Program (LIHEAP) Weatherization (WX)	1/1/2009-9/30/2010
09B-5508	LIHEAP Energy Crisis Intervention Program (ECIP) Assurance 16 (A16) Home Energy Assistance Program (HEAP)	1/1/2009-9/30/2010
10B-5608	LIHEAP WX	1/1/2010-12/31/2011
10B-5608	LIHEAP ECIP A16 HEAP	1/1/2010-12/31/2011
11B-5708	LIHEAP WX	1/1/2011-3/31/2012
11B-5708	LIHEAP ECIP A16 HEAP	1/1/2011-3/31/2012
09C-1758	Department of Energy (DOE) Weatherization (WX)	6/30/2010-6/30/2012

These Financial Statements are the responsibility of the County's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the California Department of Community Services and Development *2009 Supplemental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An Audit includes consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. An audit also includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by

To the Honorable Members of the Board of Supervisors
County of El Dorado

management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial operations of the County's California Department of Community Services and Development Programs as of and for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters for the California Department of Community Services and Development Programs. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the California Department of Community Services and Development, the County's management, and the County's Board of Supervisors. It is not intended to be, and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
March 29, 2012

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Supplemental Statement of Revenue and Expenditures
Community Service Block Grant (CSBG ARRA)
CSD Contract Number 09F-5110
\$175,375
For The Period July 1, 2009 through September 30, 2010

	July 1, 2009 through June 30, 2010	July 1, 2010 through Sep 30, 2010	Total Costs	Total Reported Expenditures	Total Budget
<u>REVENUE</u>					
Grant Revenue	\$ 98,256	\$ 77,119	\$ 175,375		\$ 175,375
TOTAL REVENUE	\$ 98,256	\$ 77,119	\$ 175,375		\$ 175,375
<u>EXPENDITURES</u>					
Administrative Costs:					
Salaries and Wages	\$ 3,430	\$ 2,473	\$ 5,903	\$ 5,903	\$ 9,284
Fringe Benefits	1,366	759	2,125	2,125	3,716
Operating Expenses & Equipment	--	826	826	826	4,000
Total Administrative Costs	4,796	4,058	8,854	8,854	17,000
Program Costs:					
Salaries and Wages	\$ 60,196	\$ 38,898	\$ 99,094	\$ 99,094	\$ 102,332
Fringe Benefits	24,285	14,591	38,876	38,876	36,423
Operating Expenses & Equipment	8,979	19,572	28,551	28,551	19,620
Total Program Costs	93,460	73,061	166,521	166,521	158,375
TOTAL COSTS	\$ 98,256	\$ 77,119	\$ 175,375	\$ 175,375	\$ 175,375

See accompanying Notes to Supplemental Statements.

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Supplemental Statement of Revenue and Expenditures
Community Service Block Grant (CSBG)
CSD Contract Number 10F-4010
\$255,475

For The Period January 1, 2010 through December 31, 2010

	January 1, 2010 through June 30, 2010	July 1, 2010 through Dec 31, 2010	Total Costs	Total Reported Expenditures	Total Budget
<u>REVENUE</u>					
Grant Revenue	\$ 175,408	\$ 80,067	\$ 255,475		\$ 255,475
TOTAL REVENUE	\$ 175,408	\$ 80,067	\$ 255,475		\$ 255,475
<u>EXPENDITURES</u>					
Administrative Costs:					
Salaries and Wages	\$ 94,510	\$ 35,821	\$ 130,331	\$ 154,472	\$ 166,870
Fringe Benefits	45,289	13,851	59,140	60,818	55,117
Operating Expenses & Equipment	35,609	64,281	99,890	40,185	33,488
Total Administrative Costs	175,408	113,953	289,361	255,475	255,475
TOTAL COSTS	\$ 175,408	\$ 113,953	\$ 289,361	\$ 255,475	\$ 255,475
Non-Reimbursable Costs	-	(33,886)	(33,886)		
TOTAL COSTS - FEDERAL	\$ 175,408	\$ 80,067	\$ 255,475		

See accompanying Notes to Supplemental Statements.

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
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Supplemental Statement of Revenue and Expenditures
Community Service Block Grant (CSBG)
CSD Contract Number 11F-4210
\$255,475

For The Period January 1, 2011 through December 31, 2011

	January 1, 2011 through June 30, 2011	July 1, 2011 through Dec 31, 2011	Total Costs	Total Reported Expenditures	Total Budget
<u>REVENUE</u>					
Grant Revenue	\$ 133,603	\$ --	\$ 133,603		\$ 255,475
TOTAL REVENUE	\$ 133,603	\$ --	\$ 133,603		\$ 255,475
<u>EXPENDITURES</u>					
Administrative Costs:					
Salaries and Wages	\$ 63,897	\$ --	\$ 63,897	\$ 63,897	\$ 143,867
Fringe Benefits	28,629	--	28,629	28,629	63,384
Operating Expenses & Equipment	41,077	--	41,077	41,077	48,224
Total Administrative Costs	133,603	--	133,603	133,603	255,475
TOTAL COSTS	\$ 133,603	\$ --	\$ 133,603	\$ 133,603	\$ 255,475

See accompanying Notes to Supplemental Statements.

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Supplemental Statement of Revenue and Expenditures
Low Income Home Energy Assistance Program (LIHEAP) Weatherization (WX)
CSD Contract Number 09B-5508
\$473,136
For The Period January 1, 2009 through September 30, 2010

	January 1, 2009 through Jun 30, 2010	July 1, 2010 through Sep 30, 2010	Total Costs	Total Reported Expenditures	Total Budget
<u>REVENUE</u>					
Grant Revenue	\$ 473,136	\$ --	\$ 473,136		\$ 473,136
Interest *	37		37		--
TOTAL REVENUE	\$ 473,173	\$ --	\$ 473,173		\$ 473,136
<u>EXPENDITURES</u>					
Administrative Costs	\$ 37,823	\$ --	\$ 37,823	\$ 37,823	\$ 37,823
Weatherization Program Costs:					
Intake	\$ --	\$ --	\$ --	\$ --	\$ 9,455
Outreach	2,139	(2,139)	--	--	23,639
Training and Technical Assistance	--	2,139	2,139	2,139	9,429
Direct Program Activities	524,639	(5,643)	518,996	425,094 **	386,790
Liability Insurance	996	3,359	4,355	4,355	2,200
Worker's Compensation	1,441	2,284	3,725	3,725	3,800
Total Program Costs	529,215	--	529,215	435,313	435,313
TOTAL COSTS	\$ 567,038	\$ --	\$ 567,038	\$ 473,136	\$ 473,136

Excess Revenue Used was reported at the time of close out.

\$ (93,902)

Actual costs exceeded contract (See Notes 4 and 5).

* Interest was reported on the 09B Close-Out Reconciliation Report to the State.

** Reported Direct Program Activities of \$531,330 was reduced by \$106,236 (exceeded contract budget)

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Supplemental Statement of Revenue and Expenditures
Low Income Home Energy Assistance Program (LIHEAP)
Energy Crisis Intervention Program (ECIP) Assurance 16 (A16) Home Energy Assistance Program (HEAP)
CSD Contract Number 09B-5508
\$1,027,777
For The Period January 1, 2009 through September 30, 2010

	January 1, 2009 through June 30, 2010	July 1, 2010 through Sep 30, 2010	Total Costs	Total Reported Expenditures	Total Budget
REVENUE					
*Grant Revenue	\$ 927,540	\$ (3,217)	\$ 924,323		\$ 1,027,777
**County General Fund Contribution		5,316	5,316		-
TOTAL REVENUE	\$ 927,540	\$ 2,099	\$ 929,639		\$ 1,027,777
EXPENDITURES					
Assurance 16 Costs	\$ 71,112	\$ 101	\$ 71,213	\$ 71,213	\$ 100,937
**Administrative Costs EHA 16	76,351	--	76,351	76,351	76,351
Intake Costs ECIP and HEAP	31,617	--	31,617	31,617	31,617
Outreach Costs ECIP and HEAP	40,841	--	40,841	40,841	54,047
Subtotal	219,921	101	220,022	\$ 220,022	262,952
ECIP HEAP Costs:					
Cooling Service Repair/Replacement	\$ 4,416	\$ --	\$ 4,416	\$ 4,646	\$ 18,120
Heating Service Repair/Replacement	21,478	--	21,478	21,478	30,000
Water Heater Repair/Replacement	2,897	--	2,897	2,897	4,000
ECIP Supplemental Costs	--	--	--	174	--
Severe Weather Energy Assistance and Transportation Service	--	--	--	--	1,000
HEAP Wood, Propane and Oil	670,094	1,413	671,507	671,021	701,905
Liability Insurance	3,563	--	3,563	3,563	3,600
Training and Technical Assistance	3,173	--	3,173	3,173	3,200
Worker's Compensation	2,665	--	2,665	2,665	3,000
Subtotal	708,286	1,413	709,699	\$ 709,617	764,825
TOTAL COSTS	\$ 928,207	\$ 1,514	\$ 929,721	\$ 929,639	\$ 1,027,777
			(5,316)	(5,316)	
**Disallowed Administration Costs					
TOTAL COSTS - FEDERAL			\$ 924,405	\$ 924,323	

Excess Revenue Used (See Notes 4 and 5).

(82)

*Of the \$929,639 Grant Revenue received from the State, Administrative Costs EHA 16 of \$5,316 were disallowed and paid back to State. Adjusted Grant Revenue is \$924,323.

**Of the \$76,351 reported Administrative Costs EHA 16, State disallowed \$5,316. Final reported expenditures were less than the contract amount.

Maximum allowable administrative costs are calculated as a factor of the total reported expenditures.

The County General Fund paid for the disallowed costs.

See accompanying Notes to Supplemental Statements.

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Supplemental Statement of Revenue and Expenditures
Low Income Home Energy Assistance Program (LIHEAP) Weatherization (WX)
CSD Contract Number 10B-5608
\$556,965

For The Period January 1, 2010 through December 31, 2011

	January 1, 2010 through June 30, 2010	July 1, 2010 through June 30, 2011	July 1, 2011 through Dec 31, 2011	Total Costs	Total Reported Expenditures	Total Budget
<u>REVENUE</u>						
Grant Revenue	\$ 158,146	\$ 398,819	\$ --	\$ 556,965		\$ 556,965
TOTAL REVENUE	\$ 158,146	\$ 398,819	\$ --	\$ 556,965		\$ 556,965
<u>EXPENDITURES</u>						
Administrative Costs	\$ 10,978	\$ 33,579	\$ --	\$ 44,557	\$ 44,557	\$ 44,557
Weatherization Program Costs:						
Intake	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 11,139
Outreach	--	--	--	--	--	27,850
Training and Technical Assistance	--	--	--	--	667	27,850
Direct Program Activities	149,786	413,980	--	563,766	505,627 *	436,669
Liability Insurance	1,120	2,282	--	3,402	3,402	5,200
Worker's Compensation	761	1,951	--	2,712	2,712	3,700
Total Program Costs	151,667	418,213	--	569,880	512,408	512,408
TOTAL COSTS	\$ 162,645	\$ 451,792	\$ --	\$ 614,437	\$ 556,965	\$ 556,965

Excess Revenue Used will be reported at the time of close out (See Notes 4 and 5). \$ (57,472)

*Reported Direct Program Activities of \$532,421 was reduced by \$26,794 (exceeded contract budget)

See accompanying Notes to Supplemental Statements.

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Supplemental Statement of Revenue and Expenditures
Low Income Home Energy Assistance Program (LIHEAP)
Energy Crisis Intervention Program (ECIP) Assurance 16 (A16) Home Energy Assistance Program (HEAP)
CSD Contract Number 10B-5608
\$928,042
For The Period January 1, 2010 through December 31, 2011

	January 1, 2010 through June 30, 2010	July 1, 2010 through June 30, 2011	July 1, 2011 through Dec 31, 2011	Total Costs	Total Reported Expenditures	Total Budget
<u>REVENUE</u>						
Grant Revenue	\$ 261,151	563,265	\$ --	\$ 824,416		\$ 928,042
TOTAL REVENUE	\$ 261,151	\$ 563,265	\$ --	\$ 824,416		\$ 928,042
<u>EXPENDITURES</u>						
Assurance 16 Costs	\$ 14,116	66,806	\$ --	\$ 80,922	\$ 80,922	\$ 111,602
Administrative Costs EHA 16	17,162	45,251	--	62,413	67,046	67,045
Intake Costs ECIP and HEAP	15,019	21,000	--	36,019	29,269	29,269
Outreach Costs ECIP and HEAP	4,956	31,840	--	36,796	36,796	73,170
Subtotal	51,253	164,897	--	216,150	214,033	281,086
ECIP HEAP Costs:						
Cooling Service Repair/Replacement	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 14,816
Heating Service Repair/Replacement	--	6,415	--	6,415	6,415	20,000
Water Heater Repair/Replacement	--	1,530	--	1,530	1,530	4,000
Severe Weather Energy Assistance and Transportation Service	--	--	--	--	--	12,939
HEAP Wood, Propane and Oil	209,098	385,588	--	594,686	596,228	589,701
Liability Insurance	--	3,451	--	3,451	3,451	3,200
Worker's Compensation	--	2,760	--	2,760	2,759	2,300
Subtotal	209,098	399,744	--	608,842	610,383	646,956
TOTAL COSTS	\$ 260,351	\$ 564,641	\$ --	\$ 824,992	\$ 824,416	\$ 928,042

Excess Revenue Used will be reported at the time of close out (See Notes 4 and 5).

\$ (576)

See accompanying Notes to Supplemental Statements.

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Supplemental Statement of Revenue and Expenditures
Low Income Home Energy Assistance Program (LIHEAP) Weatherization (WX)
CSD Contract Number 11B-5708
\$537,622
For The Period January 1, 2011 through March 31, 2012

	January 1, 2011 through June 30, 2011	July 1, 2011 through Mar 31, 2012	Total Costs	Total Reported Expenditures	Total Budget
<u>REVENUE</u>					
Grant Revenue	\$ 60,808	\$ --	\$ 60,808		\$ 537,622
TOTAL REVENUE	\$ 60,808	\$ --	\$ 60,808		\$ 537,622
<u>EXPENDITURES</u>					
Administrative Costs	\$ 2,995	\$ --	\$ 2,995	\$ 2,892	\$ 42,965
Weatherization Program Costs:					
Intake	\$ --	\$ --	\$ --	\$ --	\$ 10,742
Outreach	--	--	--	--	26,855
Training and Technical Assistance	--	--	--	--	26,855
Direct Program Activities	51,207	--	51,207	56,018	430,205
Liability Insurance	1,024	--	1,024	1,024	--
Worker's Compensation	857	--	857	874	--
Total Program Costs	53,088	--	53,088	57,916	494,657
TOTAL COSTS	\$ 56,083	\$ --	\$ 56,083	\$ 60,808	\$ 537,622

Excess Revenue Earned will be reported at the time of close out
(See Notes 4 and 5).

\$ 4,725

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Supplemental Statement of Revenue and Expenditures
Low Income Home Energy Assistance Program (LIHEAP)
Energy Crisis Intervention Program (ECIP) Assurance 16 (A16) Home Energy Assistance Program (HEAP)
CSD Contract Number 11B-5708
\$890,895
For The Period January 1, 2011 through March 31, 2012

	January 1, 2011 through June 30, 2011	July 1, 2011 through Mar 31, 2012	Total Costs	Total Reported Expenditures	Total Budget
<u>REVENUE</u>					
Grant Revenue	\$ 53,320	\$ --	\$ 53,320		\$ 890,895
TOTAL REVENUE	\$ 53,320	\$ --	\$ 53,320		\$ 890,895
<u>EXPENDITURES</u>					
Assurance 16 Costs	\$ 4,696	\$ --	\$ 4,696	\$ 4,696	\$ 105,562
Administrative Costs EHA 16	2,924	--	2,924	2,924	66,502
Intake Costs ECIP and HEAP	3,412	--	3,412	3,412	27,585
Outreach Costs ECIP and HEAP	3,227	--	3,227	3,227	68,962
Training and Technical Assistance	--	--	--	--	27,585
Subtotal	14,259	--	14,259	14,259	296,196
ECIP HEAP Costs:					
Cooling Service Repair/Replacement	\$ --	\$ --	\$ --	\$ --	\$ 17,000
Heating Service Repair/Replacement	--	--	--	--	20,000
Water Heater Repair/Replacement	--	--	--	--	10,327
Severe Weather Energy Assistance and Transportation Service	--	--	--	--	11,832
HEAP Wood, Propane and Oil	39,061	--	39,061	39,061	535,540
Subtotal	39,061	--	39,061	39,061	594,699
TOTAL COSTS	\$ 53,320	\$ --	\$ 53,320	\$ 53,320	\$ 890,895

See accompanying Notes to Supplemental Statements.

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Supplemental Statement of Revenue and Expenditures
Department of Energy (DOE) Weatherization (WX)
CSD Contract Number 09C-1758
\$153,351
For The Period June 30, 2010 through June 30, 2012

	June 30, 2010 through June 30, 2011	July 1, 2011 through June 30, 2012	Total Costs	Total Reported Expenditures	Total Budget
<u>REVENUE</u>					
Grant Revenue	\$ 147,963	\$ --	\$ 147,963		\$ 153,351
TOTAL REVENUE	\$ 147,963	\$ --	\$ 147,963		\$ 153,351
<u>EXPENDITURES</u>					
Administrative Costs	\$ 6,338	\$ --	\$ 6,338	\$ 6,338	\$ 8,965
Weatherization Program Costs:					
Liability Insurance	\$ 788	\$ --	\$ 788	\$ 788	\$ 500
Training and Technical Assistance	--	--	--	--	7,676
Minor Vehicle and Equipment	7,021	--	7,021	7,021	7,500
Worker's Compensation	673	--	673	673	800
Direct Program Activities	90,317	--	90,317	97,616	91,732
Health and Safety Activities	32,419	--	32,419	32,419	34,178
General Operating Expenditures	3,108	--	3,108	3,108	2,000
Total Program Costs	134,326	--	134,326	141,625	144,386
TOTAL COSTS	\$ 140,664	\$ --	\$ 140,664	\$ 147,963	\$ 153,351

Reported cost exceeded actual cost;
to be reported at the time of close out (See Note 4). \$ 7,299

See accompanying Notes to Supplemental Statements.

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
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Notes to Supplemental Statement of Revenue and Expenditures
For the Year Ended June 30, 2011

Note 1: **Summary of Significant Accounting Policies**

Financial Schedule Presentation

The schedules present only the financial activities of the County of El Dorado's California Department of Community Services and Development (CSD) grants for the period from July 1, 2010 through June 30, 2011 and are not intended to present fairly the financial position or changes in financial position of the County of El Dorado in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

The accompanying Financial Statements are prepared in accordance with the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available and expenditures are recognized when the related liability is incurred.

Note 2: **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of revenues and expenditures. Actual results could differ from these estimates.

Note 3: **Contingencies**

The grants are awarded by the CSD and are subject to audit by CSD. It is uncertain whether an audit of the grants by CSD could produce deficiencies in costs claimed under the grants and, therefore, could result in funds being returned to CSD.

Note 4: **Reconciliation of Reported Expenditures to Total Costs**

The following reconciliations identify differences between "Total Costs" and "Total Reported Expenditures" columns for the CSD programs with variances.

Weatherization (WX) direct program activities are shown at actual costs for the program in the columns up to and including "Total Costs" column. "Total Reported Expenditures" column is based on a combination of reimbursement of actual costs and reported measures. If costs are less than earned grant measures, the result will be "excess revenue."

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
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Notes to Supplemental Statement of Revenue and Expenditures
For the Year Ended June 30, 2011

Note 4: **Reconciliation of Total Reported Expenditures to Total Costs** (continued)

<u>Contract/Description</u>	<u>Total Costs</u>	<u>Adjustment</u>	<u>Total Reported Expenditures</u>
09B-5508 (LIHEAP/WX)			
Jan 1, 2009-June 30, 2009	\$ 166,528	\$ (8,764) g	\$ 157,764
July 1, 2009-June 30, 2010	400,510	(85,138) g	315,372
July 1, 2010-Sept 30, 2010	-	-	-
Total Costs	<u>\$ 567,038</u>	<u>\$ (93,902) g</u>	<u>\$ 473,136</u>
09B-5508 (LIHEAP/ECIP/A16/HEAP)			
Jan 1, 2009-June 30, 2009	\$ 255,320	\$ (935) a	\$ 254,385
July 1, 2009-June 30, 2010	672,887	268 c	673,155
July 1, 2010-Sept 30, 2010	1,514	585 c	2,099
Disallowed administrative costs	(5,316)	-	(5,316)
Total Costs	<u>\$ 924,405</u>	<u>\$ (82) g</u>	<u>\$ 924,323</u>
10B-5608 (LIHEAP/WX)			
Jan 1, 2010-June 30, 2010	\$ 162,645	\$ (4,499) b	\$ 158,146
July 1, 2010-June 30, 2011	451,792	(52,973) b	398,819
Total Costs	<u>\$ 614,437</u>	<u>\$ (57,472) b</u>	<u>\$ 556,965</u>
10B-5608 (LIHEAP/ECIP/A16/HEAP)			
Jan 1, 2010-June 30, 2010	\$ 260,351	\$ 800 f	\$ 261,151
July 1, 2010-June 30, 2011	564,641	(1,376) b	563,265
Total Costs	<u>\$ 824,992</u>	<u>\$ (576) b</u>	<u>\$ 824,416</u>
11B-5708 (LIHEAP/WX)			
Jan 1, 2011-June 30, 2011	\$ 56,083	\$ 4,725 f	\$ 60,808
Total Costs	<u>\$ 56,083</u>	<u>\$ 4,725 f</u>	<u>\$ 60,808</u>
09C-1758 (DOE/WX)			
June 30, 2010-June 30, 2011	\$ 140,664	\$ 7,299 d	\$ 147,963
Total Costs	<u>\$ 140,664</u>	<u>\$ 7,299 d</u>	<u>\$ 147,963</u>

- a) Unclaimed cost adjusted in subsequent claim
- b) Excess Revenue Used will be reported at the time of close out.
- c) The \$268 is comprised of \$935 unclaimed cost from previous year and (\$677) Excess Revenue Used.
- d) Reported cost exceeded actual cost; to be reported at the time of close out.
- e) Excess Revenue Earned was reported at the time of close out.
- f) Excess Revenue Earned will be reported at the time of close out.
- g) Excess Revenue Used was reported at the time of close out. Actual costs exceeded contract.

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
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Notes to Supplemental Statement of Revenue and Expenditures
For the Year Ended June 30, 2011

Note 5: Excess Revenue and Interest Income from Weatherization

Excess revenue is defined as the difference between the "Grant Revenue" less "Total Costs". If "Grant Revenue" is equal to or less than "Total Costs", there is no excess revenue. Since excess revenue is the difference between the reimbursement for the installation of measures and the contractor's actual cost of weatherization measures during the contract term, excess revenues for open contracts, while identified, are not added to the excess revenue balance until the end of the contract.

Interest income is defined as the interest earned by a contractor directly generated or earned as a result of unexpended LIHEAP grant funds at the end of a contract term period. The interest earned by a contractor is income generated as a result of depositing federal funds in an interest bearing account. Excess revenue and interest income from the Weatherization (WX) program is reported as follows:

Beginning Balance	\$	125,490	
Interest		37	
Available Funds	\$	125,527	
 Program Expenditures			
Actual Labor Costs 09B-5508 LIHEAP/WX		93,902	
Client Assistance Payments 09B-5508 LIHEAP/ECIP/A16/HEAP		82	h
Total Program Expenditures		93,984	
 Ending Balance (Close Out 09B)	 \$	 31,543	 h

h) \$82 Excess Revenue Used was reported in error as Excess Revenue Earned on the 09B Close-Out Reconciliation Report. 09B Close-Out ending balance originally reported to State was \$31,707.

	Cumulative through 6/30/10	For the Period Ended 6/30/11	Cumulative through 6/30/11
Open contracts			
Excess Revenue Earned (Used)			
10B-5608 (LIHEAP/WX)	\$ (4,499)	\$ (52,973)	\$ (57,472)
10B-5608 (LIHEAP/ECIP/A16/HEAP)	800	(1,376)	(576)
11B-5708 (LIHEAP/WX)		4,725	4,725
 Total	\$ (3,699)	\$ (49,624)	\$ (53,323)



GALLINA_{LLP}

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of the Board of Supervisors
County of El Dorado
Placerville, California

We have audited the accompanying Supplemental Statement of Revenue and Expenditures of the California Department of Community Services and Development Programs (the "Financial Statements") for the grants awarded by the State of California, Health and Human Services Agency (HHS) to the County of El Dorado (County) as of and for the year ended June 30, 2011, and have issued our report thereon dated March 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the California Department of Community Services and Development *2009 Supplemental Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Financial Statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings as item 11-CSD-1 that we

To the Honorable Members of the Board of Supervisors
County of El Dorado

consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's Financial Statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* or the California Department of Community Services and Development *2009 Supplemental Audit Guide*.

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the County's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the California Department of Community Services and Development, the County's management, and the County's Board of Supervisors. It is not intended to be, and should not be, used by anyone other than these specified parties.

Gallina LLP

Roseville, California
March 29, 2012



GALLINA^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO THE GRANTS AWARDED
BY THE CALIFORNIA DEPARTMENT OF COMMUNITY
SERVICES AND DEVELOPMENT AND ON
INTERNAL CONTROL OVER COMPLIANCE**

To the Honorable Members of the Board of Supervisors
County of El Dorado
Placerville, California

Compliance

We have audited the compliance of the County of El Dorado (County) with the types of compliance requirements described in the California Department of Community Services and Development *2009 Supplemental Audit Guide* that are applicable to programs listed in the accompanying Financial Statements of the California Department of Community Services and Development Programs (the "Programs") for the year ended June 30, 2011. Compliance with the requirements of laws, regulations, contracts, and grants applicable to these Programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the California Department of Community Services and Development *2009 Supplemental Audit Guide*. Those standards 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 the Programs occurred. An audit includes examining, on a test basis, evidence about 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'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 the Programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with California Department of Community Services and Development *2009 Supplemental Audit Guide*, and which are described in the accompanying Schedule of Findings as finding 11-CSD-1.

To the Honorable Members of the Board of Supervisors
County of El Dorado

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to these programs. In planning and performing our audit, we considered the County's internal control over compliance 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'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 reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings as item 11-CSD-1. *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.

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the California Department of Community Services and Development, the County's management, and the County's Board of Supervisors. It is not intended to be, and should not be, used by anyone other than these specified parties.

Gallina LLP

Roseville, California
March 29, 2012

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

**SCHEDULE OF FINDINGS
AND
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Schedule of Findings
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Finding/Noncompliance</u>
<p>11-CSD-1</p> <p><i>Awards:</i> 09B-5508 (WX) 10B-5608 (WX) 11B-5708 (WX)</p> <p>Year: 2010-11</p>	<p><u>Criteria</u></p> <p>When billings for reimbursement are based upon actual labor hours spent, the department preparing the billings for reimbursement should reconcile those hours to source documentation kept by the weatherization crew.</p> <p><u>Condition</u></p> <p>The department preparing billings for reimbursement does not reconcile the hours reported to supporting documentation.</p> <p><u>Cause</u></p> <p>There is no review process in place that reconciles the hours reported and used for billing to supporting documentation to ensure accuracy.</p> <p><u>Effect</u></p> <p>Labor charges provided by the weatherization crew could be misstated because the department preparing grantor billings does not reconcile charges provided to time records supporting those charges.</p> <p><u>Recommendation</u></p> <p>We recommend the Program reconcile charges based on labor to actual labor hours spent.</p> <p><u>Management Response</u></p> <p>We concur with the finding and recommendation.</p> <p><u>Corrective Action Plan</u></p> <p>In April 2010, a protocol was initiated that created a unified way of double-checking the El Dorado County Weatherization files. Prior to files going to final billing status and entered in State Computerized Billing System (EARS), Weatherization files were reviewed by a Weatherization Technician and then reviewed/audited again by the Senior Weatherization Technician. The Weatherization Program Coordinator would review files on an as-needed basis, but left the major review/audit of files to be done by the Senior</p>

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Schedule of Findings
For the Year Ended June 30, 2011

Finding/Program

Finding/Noncompliance

Weatherization Technician.

In December 2011, the Weatherization Program Coordinator implemented new review/audit protocols, putting in place a third review of files before they go to final billing. Once the Senior Weatherization Technician reviews/audits and approves the files prior to billing, the file is again reviewed by the Weatherization Program Coordinator to ensure accuracy.

**COUNTY OF EL DORADO
CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES
AND DEVELOPMENT PROGRAMS**

Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2011

Audit Reference
Number

Status of Prior Year Audit Findings

10-CSD-01

Prior year finding 10-CSD-01 was renumbered to current year finding 11-CSD-1.