

COUNTY OF EL DORADO  
COMMUNITY SERVICES AND DEVELOPMENT  
PROGRAM SPECIFIC GRANT AUDIT REPORT

**COUNTY OF EL DORADO**

**CALIFORNIA DEPARTMENT OF  
COMMUNITY SERVICES AND DEVELOPMENT**

**PROGRAM SPECIFIC GRANT AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**

**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, 2010 as noted below:

<u>Award Number</u>	<u>Program Title</u>	<u>Grant Period</u>
08F-4910	Community Service Block Grants (CSBG)	1/1/2008-12/31/09
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
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	1/1/2010-6/30/2011
10B-5608	LIHEAP ECIP A16 HEAP	1/1/2010-6/30/2011
09C-1808	Department of Energy (DOE ARRA) Weatherization (WX) *(Withdrawn from contract as of January 20,2010)	6/30/2009-9/30/2011

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

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

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, 2010, in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2011, on our consideration 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 9, 2011

**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 08F-4910  
\$255,475

For The Period January 1, 2008 through December 31, 2009

	January 1, 2008 through June 30, 2009	July 1, 2009 through Dec 31, 2009	Total Costs	Total Reported Expenditures	Total Budget
<b><u>REVENUE</u></b>					
Grant revenue	\$ 127,279	\$ 128,196	\$ 255,475		\$ 255,475
<b>TOTAL REVENUE</b>	<b>\$ 127,279</b>	<b>\$ 128,196</b>	<b>\$ 255,475</b>		<b>\$ 255,475</b>
<b><u>EXPENDITURES</u></b>					
Administrative Costs:					
Salaries and wages	\$ 79,296	\$ 81,290	\$ 160,586	\$ 160,586	\$ 159,036
Fringe benefits	33,734	40,131	73,865	73,866	75,819
Operating Expenses & Equipment	14,249	6,775	21,024	21,024	20,620
Total Administrative Costs	127,279	128,196	255,475	255,475	255,475
<b>TOTAL COSTS</b>	<b>\$ 127,279</b>	<b>\$ 128,196</b>	<b>\$ 255,475</b>	<b>\$ 255,475</b>	<b>\$ 255,475</b>

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 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
<b><u>REVENUE</u></b>					
Grant revenue	\$ 98,256	\$ --	\$ 98,256		\$ 175,375
<b>TOTAL REVENUE</b>	<b>\$ 98,256</b>	<b>\$ --</b>	<b>\$ 98,256</b>		<b>\$ 175,375</b>
<b><u>EXPENDITURES</u></b>					
Administrative Costs:					
Salaries and wages	\$ 3,430	\$ --	\$ 3,430	\$ 3,430	\$ 9,284
Fringe benefits	1,366	--	1,366	1,366	3,716
Operating Expenses & Equipment	--	--	--	--	4,000
Total Administrative Costs	4,796	--	4,796	4,796	17,000
Program Costs:					
Salaries and wages	\$ 60,196	\$ --	\$ 60,196	\$ 60,196	\$ 102,332
Fringe benefits	24,285	--	24,285	24,285	36,423
Operating Expenses & Equipment	8,979	--	8,979	8,979	19,620
Total Administrative Costs	93,460	--	93,460	93,460	158,375
<b>TOTAL COSTS</b>	<b>\$ 98,256</b>	<b>\$ --</b>	<b>\$ 98,256</b>	<b>\$ 98,256</b>	<b>\$ 175,375</b>

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
<b><u>REVENUE</u></b>					
Grant revenue	\$ 175,408	\$ --	\$ 175,408		\$ 255,475
<b>TOTAL REVENUE</b>	<b>\$ 175,408</b>	<b>\$ --</b>	<b>\$ 175,408</b>		<b>\$ 255,475</b>
<b><u>EXPENDITURES</u></b>					
Administrative Costs:					
Salaries and wages	\$ 94,510	\$ --	\$ 94,510	\$ 94,510	\$ 166,870
Fringe benefits	45,289	--	45,289	45,289	55,117
Operating Expenses & Equipment	35,609	--	35,609	35,609	33,488
Total Administrative Costs	175,408	--	175,408	175,408	255,475
<b>TOTAL COSTS</b>	<b>\$ 175,408</b>	<b>\$ --</b>	<b>\$ 175,408</b>	<b>\$ 175,408</b>	<b>\$ 255,475</b>

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 June 30, 2009	July 1, 2009 through June 30, 2010	July 1, 2010 through Sep 30, 2010	Total Costs	Total Reported Expenditures	Total Budget
<b><u>REVENUE</u></b>						
Grant revenue	\$ 157,764	\$ 315,372	\$ --	\$ 473,136		\$ 473,136
Interest*	37	--	--	37		
<b>TOTAL REVENUE</b>	<b>\$ 157,801</b>	<b>\$ 315,372</b>	<b>\$ --</b>	<b>\$ 473,173</b>		<b>\$ 473,136</b>
<b><u>EXPENDITURES</u></b>						
Administrative Costs	\$ 13,468	\$ 24,355	\$ --	\$ 37,823	\$ 37,823	\$ 37,823
Weatherization Program Costs:						
Intake	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 9,455
Outreach	2,139	--	--	2,139	2,139	23,639
Training and Technical Assistance	--	--	--	--	--	9,429
Direct Program Activities	148,484	376,155	--	524,639	425,094	386,790
Liability Insurance	996	--	--	996	4,355	2,200
Worker's Compensation	1,441	--	--	1,441	3,725	3,800
<b>Total Program Costs</b>	<b>153,060</b>	<b>376,155</b>	<b>--</b>	<b>529,215</b>	<b>435,313</b>	<b>435,313</b>
<b>TOTAL COSTS</b>	<b>\$ 166,528</b>	<b>\$ 400,510</b>	<b>\$ --</b>	<b>\$ 567,038</b>	<b>\$ 473,136</b>	<b>\$ 473,136</b>

Excess Revenue Used will be reported at the time of close out (See Notes 4 and 5). \$ (93,902)

\* Interest will be reported on the next Close-Out Reconciliation Report to the State (See Note 5).

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 09B-5508  
\$1,027,777**

**For The Period January 1, 2009 through September 30, 2010**

	January 1, 2009 through June 30, 2009	July 1, 2009 through June 30, 2010	July 1, 2010 through Sep 30, 2010	Total Costs	Total Reported Expenditures	Total Budget
<b><u>REVENUE</u></b>						
Grant revenue	\$ 254,385	\$ 673,155	\$ --	927,540		\$ 1,027,777
<b>TOTAL REVENUE</b>	<b><u>\$ 254,385</u></b>	<b><u>\$ 673,155</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 927,540</u></b>		<b><u>\$ 1,027,777</u></b>
<b><u>EXPENDITURES</u></b>						
Assurance 16 Costs	\$ 28,422	\$ 42,690	\$ --	\$ 71,112	\$ 71,112	\$ 100,937
Administrative Costs EHA 16	24,143	52,208	--	76,351	76,351	76,351
Intake Costs ECIP and HEAP	25,826	5,791	--	31,617	31,617	31,617
Outreach Costs ECIP and HEAP	14,349	26,492	--	40,841	40,841	54,047
Subtotal	<u>92,740</u>	<u>127,181</u>	<u>--</u>	<u>219,921</u>	<u>219,921</u>	<u>262,952</u>
ECIP HEAP Costs:						
Cooling Service Repair/Replacement	\$ 277	\$ 4,139	\$ --	\$ 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	--
ECIP Wood/Propane/Oil payments Severe Weather Energy Assistance and Transportation Service	--	--	--	--	--	1,000
HEAP Wood, Propane and Oil	158,358	511,736	--	670,094	669,023	701,905
Liability Insurance	316	3,247	--	3,563	3,563	3,600
Training and Technical Assistance	3,173	--	--	3,173	3,173	3,200
Worker's Compensation	456	2,209	--	2,665	2,665	3,000
Subtotal	<u>162,580</u>	<u>545,706</u>	<u>--</u>	<u>708,286</u>	<u>707,619</u>	<u>764,825</u>
<b>TOTAL COSTS</b>	<b><u>\$ 255,320</u></b>	<b><u>\$ 672,887</u></b>	<b><u>\$ --</u></b>	<b><u>\$ 928,207</u></b>	<b><u>\$ 927,540</u></b>	<b><u>\$ 1,027,777</u></b>

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

\$ (667)

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  
 \$522,955

For The Period January 1, 2010 through June 30, 2011

	January 1, 2010 through June 30, 2010	July 1, 2010 through June 30, 2011	Total Costs	Total Reported Expenditures	Total Budget
<b><u>REVENUE</u></b>					
Grant revenue	\$ 158,146	\$ --	\$ 158,146		\$ 522,955
<b>TOTAL REVENUE</b>	<b>\$ 158,146</b>	<b>\$ --</b>	<b>\$ 158,146</b>		<b>\$ 522,955</b>
<b><u>EXPENDITURES</u></b>					
Administrative Costs	\$ 10,978	\$ --	\$ 10,978	\$ 10,978	\$ 41,836
Weatherization Program Costs:					
Intake	\$ --	\$ --	\$ --	\$ --	\$ 10,459
Outreach	--	--	--	--	26,149
Training and Technical Assistance	--	--	--	--	10,459
Direct Program Activities	149,786	--	149,786	145,287	425,152
Liability Insurance	1,120	--	1,120	1,120	5,200
Worker's Compensation	761	--	761	761	3,700
<b>Total Program Costs</b>	<b>151,667</b>	<b>--</b>	<b>151,667</b>	<b>147,168</b>	<b>481,119</b>
<b>TOTAL COSTS</b>	<b>\$ 162,645</b>	<b>\$ --</b>	<b>\$ 162,645</b>	<b>\$ 158,146</b>	<b>\$ 522,955</b>

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

\$ (4,499)

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  
\$867,358

For The Period January 1, 2010 through June 30, 2011

	January 1, 2010 through June 30, 2010	July 1, 2010 through June 30, 2011	Total Costs	Total Reported Expenditures	Total Budget
<b><u>REVENUE</u></b>					
Grant revenue	\$ 261,151	\$ --	\$ 261,151		\$ 867,358
<b>TOTAL REVENUE</b>	<b>\$ 261,151</b>	<b>\$ --</b>	<b>\$ 261,151</b>		<b>\$ 867,358</b>
<b><u>EXPENDITURES</u></b>					
Assurance 16 Costs	\$ 14,116	\$ --	\$ 14,116	\$ 14,116	\$ 104,724
Administrative Costs EHA 16	17,162	--	17,162	17,162	62,887
Intake Costs ECIP and HEAP	15,019	--	15,019	15,019	27,335
Outreach Costs ECIP and HEAP	4,956	--	4,956	4,956	68,335
Subtotal	51,253	--	51,253	51,253	263,281
ECIP HEAP Costs:					
Cooling Service Repair/Replacement	\$ --	\$ --	\$ --	\$ --	\$ 12,244
Heating Service Repair/Replacement	--	--	--	--	20,000
Water Heater Repair/Replacement and Transportation Service	--	--	--	--	4,000 12,082
HEAP Wood, Propane and Oil	209,098	--	209,098	209,898	550,251
Liability Insurance	--	--	--	--	3,200
Worker's Compensation	--	--	--	--	2,300
Subtotal	209,098	--	209,098	209,898	604,077
<b>TOTAL COSTS</b>	<b>\$ 260,351</b>	<b>\$ --</b>	<b>\$ 260,351</b>	<b>\$ 261,151</b>	<b>\$ 867,358</b>

Excess Revenue Earned will be reported at the time of close out \$ 800  
(See Notes 4 and 5).

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 ARRA) Weatherization ( WX)  
CSD Contract Number 09C-1808  
\$93,518  
For The Period June30, 2009 through September 30, 2011  
\*(Withdrawn from contract as of January 20, 2010)

	June 30, 2009 through January 20, 2010	Total Costs	Total Reported Expenditures	Total Budget
<b><u>REVENUE</u></b>				
Grant revenue	\$ 45,159	\$ 45,159		\$ 93,518
<b>TOTAL REVENUE</b>	<b>\$ 45,159</b>	<b>\$ 45,159</b>		<b>\$ 93,518</b>
<b><u>EXPENDITURES</u></b>				
Administrative Costs	\$ 3,535	\$ 3,535	\$ 3,535	\$ 4,676
Weatherization Program Costs:				
Liability Insurance	\$ --	\$ --	\$ --	\$ 500
Outreach	6,149	6,149	6,149	18,404
Training and Technical Assistance	35,475	35,475	35,475	51,138
Minor Vehicle and Field Equipment	--	--	--	18,000
Worker's Compensation	--	--	--	800
<b>Total Program Costs</b>	<b>41,624</b>	<b>41,624</b>	<b>41,624</b>	<b>88,842</b>
<b>TOTAL COSTS</b>	<b>\$ 45,159</b>	<b>\$ 45,159</b>	<b>\$ 45,159</b>	<b>\$ 93,518</b>

See accompanying Notes to Supplemental Statements.

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

Notes to Supplemental Statement of Revenue and Expenditures  
For the Year Ended June 30, 2010

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, 2009 through June 30, 2010 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  
AND DEVELOPMENT PROGRAMS**

Notes to Supplemental Statement of Revenue and Expenditures  
For the Year Ended June 30, 2010

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>
<b>09B-5508 (LIHEAP/WX)</b>			
Jan 1, 2009-June 30, 2009	\$ 166,528	\$ (8,764) b	\$ 157,764
July 1 2009-June 30, 2010	400,510	(85,138) b	315,372
Total Costs	<u>\$ 567,038</u>	<u>\$ (93,902) b</u>	<u>\$ 473,136</u>
<b>09B-5508 (LIHEAP/ECIP/A16/HEAP)</b>			
Jan 1, 2009-June 30, 2009	\$ 255,320	\$ (935) a	\$ 254,385
July 1 2009-June 30, 2010	672,887	268 c	673,155
Total Costs	<u>\$ 928,207</u>	<u>\$ (667) b</u>	<u>\$ 927,540</u>
<b>10B-5608 (LIHEAP/WX)</b>			
Jan 1, 2010-June 30, 2010	\$ 162,645	\$ (4,499) b	\$ 158,146
Total Costs	<u>\$ 162,645</u>	<u>\$ (4,499) b</u>	<u>\$ 158,146</u>
<b>10B-5608 (LIHEAP/ECIP/A16/HEAP)</b>			
Jan 1, 2010-June 30, 2010	\$ 260,351	\$ 800 d	\$ 261,151
Total Costs	<u>\$ 260,351</u>	<u>\$ 800 d</u>	<u>\$ 261,151</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 (\$667) Excess Revenue Used.
- d) Excess Revenue Earned will be reported at the time of close out.

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.

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

Notes to Supplemental Statement of Revenue and Expenditures  
For the Year Ended June 30, 2010

Note 5: **Excess Revenue and Interest Income from Weatherization** (continued)

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	\$ 121,497
Excess Revenue Adjustment (TR09-032)	<u>3,993</u>
Ending Balance	<u><u>\$ 125,490</u></u>

	<u>Cumulative through 6/30/09</u>	<u>For the Period Ended 6/30/10</u>	<u>Cumulative through 6/30/10</u>
Open contracts			
Excess Revenues Used			
09B-5508 (LIHEAP/WX)	\$ (8,764)	\$ (85,138)	\$ (93,902)
09B-5508 (LIHEAP/ECIP/A16/HEAP)	--	(667)	(667)
10B-5608 (LIHEAP/WX)	--	(4,499)	(4,499)
Excess Revenue Earned			
10B-5608 (LIHEAP/ECIP/A16/HEAP)	--	800	800
Interest	37	--	37 <sup>e</sup>
	<u><u>\$ (8,727)</u></u>	<u><u>\$ (89,504)</u></u>	<u><u>\$ (98,231)</u></u>

e) Interest will be reported on next Close-Out Reconciliation Report to State.



GALLINA<sup>LLP</sup>

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, 2010, and have issued our report thereon dated March 9, 2011. 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 10-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 item 10-CSD-1 that we 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 9, 2011



**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, 2010. 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, 2010. 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 10-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 10-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 9, 2011

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

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

*[Signature]*  
County Auditor  
June 1, 2011

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

Schedule of Findings  
For the Year Ended June 30, 2010

<u>Finding/Program</u>	<u>Finding/Noncompliance</u>
<b>10-CSD-1</b>	<u>Criteria</u>
<i>Awards:</i> 09B-5508 (WX) 10B-5608 (WX)	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.
Year: 2009-10	<u>Condition</u>
	The department preparing billings for reimbursement does not reconcile the hours reported to supporting documentation.
	<u>Cause</u>
	There is no review process in place that reconciles the hours reported and used for billing to supporting documentation to ensure accuracy.
	<u>Effect</u>
	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.
	<u>Recommendation</u>
	We recommend the Program reconcile charges based on labor to actual labor hours spent.
	<u>Management Response</u>
	We concur with the finding and recommendation.
	<u>Corrective Action Plan</u>
	Effective April 2010, a new protocol was initiated that created a unified way of double-checking the Weatherization files. Prior to files going to final billing status and entered in State Computerized Billing System (EARS), all weatherization files are now reviewed by a Senior Weatherization Technician and then again by administrative staff. Gathering and documenting information in this integrated manner has both facilitated program planning and has created an appropriate audit trail for future reference.

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

**Summary Schedule of Prior Year Findings  
 For the Year Ended June 30, 2010**

<u>Audit Reference Number</u>	<u>Status of Prior Year Audit Findings</u>
<b>09-CSD-01</b>	<b>Prior year finding 09-CSD-01 was renumbered to current year finding 10-CSD-1.</b>