



A Tradition of Stewardship
A Commitment to Service

**Napa County
Sheriff's Department
Sheriff's Crime Prevention and Suppression
Revolving Fund**

Internal Audit Report
For the Fiscal Year Ended June 30, 2012

Issued by
AUDITOR-CONTROLLER
Internal Audit Section
May 2, 2013

**NAPA COUNTY
SHERIFF'S DEPARTMENT
SHERIFF'S CRIME PREVENTION AND SUPPRESSION
REVOLVING FUND**

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Auditor-Controller

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Tracy A. Schulze
Auditor-Controller

INTERNAL AUDITORS' REPORT

Honorable Board of Supervisors
Napa County
Napa, California

In accordance with the requirements of section 29430 of the Government Code of the State of California, we have audited the financial statements of the Sheriff's Department (Department) – Sheriff's Crime Prevention and Suppression Revolving Fund (Fund) as of and for the fiscal year ended June 30, 2012. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audit. In connection with the audit contained herein, there are certain disclosures that are necessary pursuant to Generally Accepted Government Auditing Standards (GAGAS) general statement #2.

As required by various statutes within the California Government Code, County Auditor-Controllers are mandated to perform certain accounting, auditing, and financial reporting functions. These activities, in themselves, necessarily impair GAGAS independence standards. Specifically, "Auditors should not audit their own work or provide nonaudit services in situations where the amounts or services involved are significant/material to the subject matter of the audit."

Although the office of Auditor-Controllers are statutorily obligated to maintain the accounts of departments, districts, or funds that are contained within the County treasury, we believe that the following safeguards and division of responsibilities exist that would enable the reader of this report to rely on the information contained herein:

- The Internal Audit Section is not responsible for the input or reconciliation of any financial transactions.
- County policy requires the Board of Supervisors approval for material transactions.
- The Auditor-Controller is elected by and accountable to the Citizens of Napa County.
- Internal Audits are subject to an independent peer review every 5 years.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

As discussed in Note 1, the financial statements present only the financial position of the Fund and are not intended to present fairly the net assets and changes in net assets of Napa County in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.C., the Department prepares its Fund financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balance of the Department's Fund as of June 30, 2012, and the change in revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.C.

We have also issued our report dated May 2, 2013, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of the audit performed and should be read in conjunction with this report in considering the results of our audit.

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

Tracy A. Schulze
Auditor-Controller

By



Karen Dotson-Querin, CPA
Audit Manager

May 2, 2013

**FINANCIAL
STATEMENTS**

**NAPA COUNTY
SHERIFF'S DEPARTMENT
SHERIFF'S CRIME PREVENTION AND SUPPRESSION
REVOLVING FUND**

**BALANCE SHEET
JUNE 30, 2012**

	<u>Amount</u>
Assets	
Cash	<u>\$ 1,851</u>
 Total Assets	<u><u>\$ 1,851</u></u>
Fund Balance	
Unassigned	<u>\$ 1,851</u>
 Total Fund Balance	<u><u>\$ 1,851</u></u>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY
SHERIFF'S DEPARTMENT
SHERIFF'S CRIME PREVENTION AND SUPPRESSION
REVOLVING FUND**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Amount</u>
Revenues:	
Reimbursements	<u>\$ 2,720</u>
Total Revenues	<u>2,720</u>
Expenditures - Public Protection:	
Crime Suppression Expenditures	<u>5,016</u>
Total Expenditures	<u>5,016</u>
Deficit of Revenues	
Under Expenditures	(2,296)
Fund Balance, Beginning	<u>4,147</u>
Fund Balance, Ending	<u><u>\$ 1,851</u></u>

The accompanying notes are an integral part of these financial statements.

**NAPA COUNTY
SHERIFF'S DEPARTMENT
SHERIFF'S CRIME PREVENTION AND SUPPRESSION
REVOLVING FUND**

**NOTES TO THE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Sheriff's Department (Department) Sheriff's Crime Prevention and Suppression Revolving Fund (Fund) have been prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as applied to governmental units. The financial statements of the Fund are not intended to present fairly the net assets and changes in net assets of Napa County. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fund's accounting policies are described below.

A. Description of Reporting Entity

In evaluating how to define the Fund, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB 14. Based on this criterion, component units are reported as joint ventures, reported as related organizations, or blended with the primary government. The reporting entity has no component unit.

The Sheriff acts as the chief law enforcement officer of the county, providing a full range of public services throughout the unincorporated area, and under contract to the Town of Yountville and the City of American Canyon. The general law enforcement mission is carried out through the operation of centralized services including investigation, a crime laboratory, central records and identification, search and rescue activities, court security, process service and general patrol. The Sheriff also serves as the Coroner, a division within the department that has its own budget unit.

The Sheriff is responsible for the enforcement of boating laws as well as patrol functions at Lake Berryessa, Lake Hennessey and the Napa River. The Sheriff's Crime Prevention and Suppression Revolving Fund is under the Sheriff's budget.

The Fund is part of Napa County's General Fund. The County's complete audited financial statements are available at 1195 Third Street, Room B-10, Napa, California 94559-3097 or at the County's website www.countyofnapa.org.

B. Purpose of the Fund

Section 29430 of the Government Code authorizes the County Board of Supervisors to establish a Sheriff's special appropriation. The Fund is comprised of cash on hand used for expenses necessarily incurred in criminal cases arising in the County, for the preservation of peace and the suppression of crime in such an amount as the board determines.

**NAPA COUNTY
SHERIFF'S DEPARTMENT
SHERIFF'S CRIME PREVENTION AND SUPPRESSION
REVOLVING FUND**

**NOTES TO THE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

C. Basis of Accounting

The Fund is maintained on the cash basis. The balance of the Fund is increased when cash is received and decreased when cash is disbursed. Revolving funds use the flow of cash as a measurement focus. Under the cash basis of accounting, revenues are recognized when received, and expenditures are recognized when paid.

Note 2 – Cash

The Department holds the cash of the Fund in the Department's safe.

The cash transferred into the Fund is held in the Napa County Treasury and is part of the cash and investment pool maintained by the County. Information regarding categorization of investments can be found in Napa County's Financial Statements.

When the Fund requires cash, the Department draws money against its General Fund Budget. The check is drawn against the cash held by the Napa County Treasury and expensed to the appropriate account in the Budget Unit. The Sheriff cashes the check with the Napa County Treasurer, records the additional cash in the Expenditure Log, and deposits the cash in the Department's safe. The activity for the audit period has been reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

**OTHER
REPORT**



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Tracy A. Schulze
Auditor-Controller

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN INTERNAL AUDIT OF FINANCIAL STATEMENTS

Honorable Board of Supervisors
Napa County
Napa, California

We have audited the financial statements of the Sheriff's Department (Department) – Sheriff's Crime Prevention and Suppression Revolving Fund (Fund) as of and for the fiscal year ended June 30, 2012, and have issued our report thereon, dated May 2, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department'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 Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance 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 an instance of non-compliance that is required to be reported and which is described in the accompanying Schedule of Noncompliance.

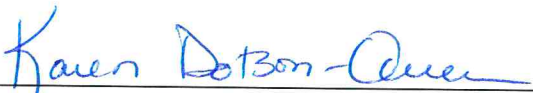
- **Revolving Fund Authority**

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

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

Tracy A. Schulze
Auditor-Controller

By


Karen Dotson-Querin, CPA
Audit Manager

**NAPA COUNTY
SHERIFF'S DEPARTMENT
SHERIFF'S CRIME PREVENTION AND SUPPRESSION
REVOLVING FUND**

**SCHEDULE OF NONCOMPLIANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Revolving Fund Authority

Finding: The Sheriff's Department has maintained a cash fund that is not recorded in the County's general ledger and was initiated at least 30 years ago for the purpose of paying for expenses incurred in criminal cases, the prevention of crime and the suppression of crime. Given the change in laws and regulations since the inception of the fund, the Sheriff's Department has requested guidance from the Auditor-Controller's Office on ensuring that the necessary steps are taken in recognizing the fund within the County's General Ledger.

Government Code Section 29430 allows for the Board of Supervisors to establish a special appropriation for the expenses incurred in criminal cases, in the prevention of crime and the suppression of crime.

Government Code Section 29321, allows the Board of Supervisors to establish revolving funds for amounts not to exceed \$250,000.

Recommendation: Given the nature and dollar amount of the expenses incurred through the fund, we recommend that the Sheriff's Department present a resolution to the Board of Supervisors to officially establish the Sheriff's Crime Prevention and Suppression Revolving Fund.

Management Response: The Sheriff's Department will present a resolution on the Board of Supervisor's consent calendar by September 30, 2013.

