

BROWN ARMSTRONG
Certified Public Accountants

AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS AND/OR FINANCIAL REPORTING

Honorable Board of Supervisors
of the County of Santa Barbara, California

We have audited the basic financial statements of the County of Santa Barbara, California, (the County) for the year ended June 30, 2011, and have issued our report thereon dated August 29, 2011. In planning and performing our audit of the financial statements of the County, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

As a result of our audit, we noted certain agreed upon conditions. These conditions and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control structure or result in other efficiencies and are summarized as follows:

Current Year Agreed Upon Conditions and Recommendations

Agreed Upon Condition 1 – Allowable Cost

Condition

Out of 60 samples selected for testing, the County failed to agree the data recorded per the claim for payment to the supporting documentation for one invoice. The invoice date was incorrectly reported. For one timesheet, the supervisor signed for the employee and as the supervisor.

Recommendation

We recommend that the County properly report the information per the invoice to its claim for payment accurately. For the timesheet, the employee should adhere to the County's policy that requires an employee who was absent to sign off on a physical copy of the timesheet.

Management Response

One invoice date:

The Department of Social Services acknowledges one instance whereby the County did not record the correct date for an invoice. The date the authorization form was written and approved was used rather than the invoice date. As there was only one occurrence, this instance appears to be anomalous and we do not anticipate its reoccurrence in the future.

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One timesheet signature:

The Department of Social Services (DSS) acknowledges one instance whereby the County did not obtain a follow-up timesheet signature. In the instance cited, the employee was absent during timesheet submittal. Supervisor instructions on how to properly submit the timesheet under these circumstances are posted on the DSS Intranet, readily available, and common knowledge for supervisors. As there was only one occurrence, this instance appears to be anomalous. However, the Department of Social Services takes seriously the importance of accurate timesheet completion. The oversight on this one timesheet has been remedied.

The Department of Social Services has the following procedures in place to ensure employees receive proper training on timesheet processing.

- Timesheets are reviewed for accuracy each pay period by supervisors.
- Payroll staff conducts a secondary review of timesheet accuracy.

The Department of Social Services has the following procedures in place for timesheet and RMS coding.

- The Department of Social Services' Staff Development Division includes timesheet/time study/RMS information in their inductions training for new employees.
- Instructions for timesheets and RMS input are available to employees on the DSS intranet for their ongoing review.
- Specific instructions are available in the DSS Manual of Administrative Policy and Procedures, Section C-59.

Agreed Upon Condition 2 – Workforce Investment Act (WIA) Eligibility

Condition

Out of 40 samples selected for testing, the County had one instance whereby the County failed to obtain sufficient supporting documentation to establish identity via form I-9. There was also an instance whereby the case manager failed to review the case file in a timely manner.

Recommendation

We recommend that the County follow the established formal policies that require support for verifying eligibility be maintained in the case files.

Management Response

The Department acknowledges one instance whereby the County did not obtain sufficient supporting documentation to establish identity, and one instance where supervisor review was not documented.

The Department has policies and procedures in place to ensure that sufficient supporting documentation is obtained to establish identity. In this instance, the youth participant was homeless and lost his social security card prior to submitting a copy to the Department. We have subsequently obtained a copy of the social security card and placed it in the participant's case file as well as provided to County Internal Audit personnel. The WIA Department Business Specialist will review these policies and procedures with WIA Staff during refresher training, and ensure that sufficient documentation is obtained in alignment with the I-9 form. Additionally, the WIA Department Business Specialist will conduct a case file review (sampling), and if deficiencies are reported, will expand scope (100% testing).

Although the case in question was reviewed by a supervisor, the reviewer signature was not properly recorded. The Department has policies and procedures requiring case review by a case manager or supervisor. The WIA Department Business Specialist will conduct refresher training with WIA staff regarding "Reviewer Signature" policies and procedures to ensure standardized documentation. Additionally, the WIA Department Business Specialist will conduct a case file review (sampling), and if deficiencies are reported, will expand scope (100% testing).

Agreed Upon Condition 3 – Foster Care, Eligibility

Condition

Out of 60 samples selected for testing, the County improperly charged a non-Federal case to a Federal grant. The total questionable cost is \$3,071, which is immaterial.

Recommendation

We recommend that the County follow its policy that requires the case files to be reviewed for correct coding so that the grants are properly charged.

Management Response

The Department of Social Services acknowledges one instance whereby the AFDC-FC case was coded with the incorrect funding source (federal payment issued rather than state).

The Department of Social Services has existing policies and procedures in place to ensure that all AFDC case grantings are reviewed by AFDC-FC eligibility supervisors. This finding supports the need for continued detailed documentation and review and approval of case grantings by the Intake Supervisor.

Agreed Upon Condition 4 – Medi-Cal, Eligibility

Condition

Out of 60 samples selected for testing, the County failed to obtain the Systematic Alien Verification for Entitlement of the client's qualified alien status from immigration in one case. Also, in another case, the County failed to verify that the individual is a California resident.

Recommendation

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Management Response

The Department of Social Services acknowledges one instance whereby the county did not obtain the Systematic Alien Verification for Entitlement (SAVE) of the client's qualified alien status from immigration.

The Department of Social Services has policies and procedures in place to ensure that SAVE is obtained at application. When the SAVE report was run for the client, a positive SAVE response was obtained and it was determined benefits were issued appropriately. Eligibility supervisors will be reminded of SAVE process and requirements during the January 2012 Medi-Cal TEAM meeting. Supervisors will be required to remind their staff of the SAVE process to ensure staff complies with SAVE. Subsequent to the TEAM discussion, a Medi-Cal program bulletin regarding SAVE reports will be issued for all eligibility staff during February 2012.

Agreed Upon Condition 5 – In-Home Supportive Services (IHSS), Eligibility

Condition

Out of 60 samples selected for testing, the County failed to obtain a form W-186 R & R to redetermine the recipient's eligibility within the 12-month renewal period in one case. In another case, the participant's form SOC 295 application was not retained in the file.

Recommendation

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations and redeterminations are supported by the proper documentation in the participant file.

Management Response

The Department of Social Services acknowledges one instance whereby the form W-186 was not obtained, and once instance whereby the participant's form SOC 295 application was not retained in the file.

The Department of Social Services has existing policies and procedures in place with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files. IHSS has also standardized both initial and reassessment packets in order to ensure that all mandatory forms are completed during home visits. We believe these two incidents are an anomaly due to changes in the way we are handling case files. In the past, IHSS had hard case files. Over the past year, the Department of Social Services has converted to a document imaging system and no longer maintains actual hard files. Although we believe the form W-186 was signed at the reassessment, we believe it was scanned into an incorrect file. In order to correct this exception, the social workers (SW) sent out a form, which is now scanned into the correct file. Staff has been reminded of the importance of scanning documents into the correct cases. Staff is now more familiar with the scanning process and we do not expect a reoccurrence of this issue.

The other condition identified was related to a missing form SOC 295. Staff has also been reminded of the need to scan the form SOC 295 into DocSTAR prior to sending the hard file to storage. Staff is now more familiar with the scanning process and we do not expect a reoccurrence of this issue.

Agreed Upon Condition 6 – State Administrative for Food Stamp, Eligibility

Condition

Out of 60 samples selected for testing, the County failed to pay out the correct supplemental benefit amount in one case. The supplement was never paid due to CalWIN not authorizing the payment correctly.

Recommendation

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file and benefits are calculated accurately.

Management Response

The Department of Social Services acknowledges the failure to pay out the correct supplemental benefit amount in one case due to CalWIN not authorizing the payment correctly. This case has been corrected.

The Department of Social Services has existing policies and procedures in place with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files. The findings and corrective action plan will be reviewed with supervisory staff, with expectations that the supervisors provide unit training/review of the applicable policies and procedures. Administrative Directive (AD) 09-102 Case Review Policy Multiple Programs CalWORKs, CalFresh (Food Stamps) and Medi-Cal was revised on October 6, 2010, to reflect the importance of this process. The Department of Social Services utilizes supervisory case reviews to ensure the integrity of the eligibility determinations and to ensure the correct results from the CalWIN system. The current case review policy will be reviewed with supervisors at our next Countywide CalFresh (Food Stamps) Team meeting on February 8, 2012.

Agreed Upon Condition 7 – Temporary Assistance for Needy Families (TANF), Eligibility and Special Test and Provisions

Condition

Out of 60 samples selected for testing, the County failed to terminate benefits in two cases when the applicants were in noncompliance with Welfare-to-Work. In one case, the date MEDS was verified by the case worker could not be determined. Also, in one case, the “absent parent window” was not completed when an unborn child was born into a TANF home.

Recommendation

We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility verification. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Management Response

The Department of Social Services acknowledges one instance whereby the date the case worker verified MEDS could not be determined, and one instance whereby the “absent parent window” was not completed when an unborn child was born.

In response to the two cases that were not financially sanctioned due to non-compliance with the Welfare-to-Work Program, we acknowledge that expedient action to address non-compliance issues is required by regulation in order to rectify participation problems and identify barriers. In September 2011, our case review policy (ADMIN AD 09-102) was revised to include instructions for specific review of Welfare-to-Work participation and case management. Each Career Employment Specialist Supervisor is required to review two cases per worker per month and to report their findings to the Welfare-to-Work Department.

Agreed Upon Condition 8 – Child Support, Special Test and Provisions

Condition

Out of the 60 participants selected for eligibility testing, we noted two cases whereby the County failed to serve process and/or establish an order for support obligation within 90 days of locating the non-custodial parent.

Recommendation

The County should follow the established formal policies to require that cases be monitored within a specific timeframe and establishing paternity and support obligation.

Management Response

We concur with this finding. We have identified two areas for improvement in processes that involve verifying addresses. We will have our “case creation” team review and refine our procedures in regards to determining whether or not “locate” information we are receiving from other agencies (via system interfaces) is valid and we will conduct refresher training with our child support officers regarding the correct manner and timeframes involved with updating address information for our case participants.

We did not perform procedures in a timely manner. There are very tight timeframes governing UIFSA cases and we will continue to review processes in order to make sure we remain in compliance with these requirements. We continue to use department-wide training as an opportunity to review policies, procedures, and the importance of meeting mandated timeframes. We have specialized teams managing specific caseloads and that includes our UIFSA cases. We recently had a new caseworker join the UIFSA team and took the opportunity to conduct training refreshers. In addition, we will continue to utilize the “Case Management Tool” developed to assist Child Support Officers to manage their caseload more

efficiently. With this tool, they can review their caseload to make sure they are taking an action on all their cases; complete outstanding tasks timely; and it also enables them to segment their caseload into like functions so they can better focus the actions they are implementing. As caseworkers become more proficient with this tool, they are also able to make suggestions about enhancements that can be made to help them with case management efficiencies.

Agreed Upon Condition 9 – Title IV-E, Eligibility

Condition

Out of the 60 participants selected for eligibility testing, we noted two cases whereby the County billed Title IV-E when the cases were ineligible to received funding.

Recommendation

The County should follow the established formal policies to require that cases be monitored for eligibility.

Management Response

The Probation Department agrees with the recommendation. In one instance, the minor was determined to be Title IV-E eligible based on the offense, risk, and needs of the minor; however, it was later determined that the minor was not a legal U.S. citizen and therefore not eligible. In the other instance, the minor was initially determined to be a reasonable candidate; however, after completing the risk and needs assessment, it was determined that the minor would not be placed on formal probation. The supervision officer failed to change the minor's Title IV-E status. When these instances occur, staff receive instruction and training to ensure that they do not occur again.

Status of Prior Year Agreed Upon Conditions

Agreed Upon Condition 1 – Random Moment Sampling (RMS)

Condition

The County failed to agree the data recorded per the timecard to the information in RMS records. The RMS system, implemented by the Department of Social Services, is used to accurately allocate indirect costs among the various programs.

Recommendation

We recommend that the County properly train its employees to input their information on their timecard accurately. In addition, we recommend that the County implement monitoring and review procedures by supervisors to cross check the accuracy of the timecard input.

Management Response

The Department of Social Services has the following procedures in place to ensure employees receive proper training on RMS data input.

- Timesheets are reviewed for accuracy each pay period by supervisors.
- RMS workers are emailed quarterly with instructions on how to input RMS data.
- Supervisors are sent quarterly a listing of their workers' responses (sample date/time and activity code/description) to review for accuracy before finalizing RMS results in relation to their timecard coding.
- The Department of Social Services' Staff Development Division includes time study/RMS information in their inductions training for new employees.
- Instructions for timesheets and RMS input are available to employees on the DSS intranet for their ongoing review.

In subsequent quarterly RMS instructions, as in prior, the importance of corresponding timesheet information and RMS data will continue to be strongly stressed.

Current Year Status

Resolved.

Agreed Upon Condition 2 – Workforce Investment Act (WIA) Eligibility

Condition

The County had one instance whereby the County failed to obtain sufficient supporting documentation to establish identity via form I-9. There is also an instance where the case file is missing evidence of review by a case manager or a supervisor.

Recommendation

We recommend that the County follow the established formal policies that require support for verifying eligibility be in the case files.

Management Response

The Department acknowledges one instance whereby the County did not obtain sufficient supporting documentation to establish identity, and one instance where supervisor review was not documented.

The Department has policies and procedures in place to ensure that sufficient supporting documentation is obtained to establish identity. The WIA Department Business Specialist will review these policies and procedures with WIA Staff during refresher training and ensure that sufficient documentation is obtained in alignment with the I-9 form.

Although the case in question was reviewed by a supervisor, the reviewer signature was not properly recorded. The Department has policies and procedures requiring case review by a case manager or supervisor. The WIA Department Business Specialist will conduct refresher training with WIA staff regarding “Reviewer Signature” policies and procedures to ensure standardized documentation.

Current Year Status

See Agreed Upon Condition 2 in the current year section of this report.

Agreed Upon Condition 3 – Community Development Block Grants (CDBG) – Monitoring Policy

Condition

The County’s monitoring policy for CDBG lacks a requirement for documentations that provide evidence of the monitoring of the subrecipients. The monitoring files lack adequate supporting documents that proper procedures have been performed.

Recommendation

We recommend that the County establish a policy whereby supporting documents are requested and provided to show that the monitoring has been performed.

Management Response

The County will establish a monitoring policy under the CDBG program, whereby subrecipients receiving CDBG funding through the County for projects and/or programs will be monitored to verify that CDBG program regulations and additional Federal requirements are complied with during the duration of the

County agreement with the subrecipient. Monitoring will be conducted by County staff specializing in the CDBG program. Supporting documentation will be collected and maintained in a project file with a monitoring report issued by the County, demonstrating compliance with applicable laws and regulations.

Current Year Status

Resolved.

Agreed Upon Condition 4 – Special Supplement Nutrition Program for Women, Infants, and Children (WIC), Eligibility

Condition

The County failed to assess the participant's height and weight as required by Federal law in one instance. In another instance, the County failed to verify the address of a participant during the intake.

Recommendation

We recommend that the County follow the policy of requiring a nutrition assessment as well as verifying that the participant is a resident of the County.

Management Response

The Department concurs with this finding. To help prevent future findings, all WIC staff will be retrained on the California WIC Program policy and procedure regarding eligibility requiring:

1. Each WIC applicant/participant provide proof of residency at each certification to ensure they are residents of Santa Barbara County and
2. A complete nutrition assessment be provided to ensure a nutrition need is documented at each certification.

In order to ensure staff is adhering to the above mentioned policies regarding eligibility, training will be provided by the WIC Training Coordinator and ongoing adherence to the policies will be monitored by WIC Site Supervisors.

Current Year Status

Resolved.

Agreed Upon Condition 5 – Foster Care, Eligibility

Condition

The County failed to maintain a copy of the birth certificate in the case file. Maintaining a birth certificate is critical since eligibility ceases at the child's 18th birthday or 19th birthday if the child is enrolled in secondary education or equivalent vocational or technical training institution. Also, we noted one case where the parental income verification, upon initial removal from the home, was missing from the file. Upon review of IEVS reports processed at a later date, it was determined that no impact to eligibility resulted.

Recommendation

We recommend that the County follow the policy of requiring the case files to include copies of supporting documentation.

Management Response

The Department acknowledges the importance of retaining a copy of the birth certificate before returning the original to the child at emancipation, and the importance of maintaining the IEVS report in the case file. Birth verification is required for the granting of AFDC-Foster Care. In many cases the verification is obtained from other Income Maintenance files pending receipt of the actual birth certificate. The finding highlights the need to set controls for follow up for pending verifications. These findings support the need for continued use of a documents checklist by the Intake Eligibility Worker and review and documentation of case grantings by the Intake Supervisor.

Current Year Status

Resolved.

Agreed Upon Condition 6 – Medi-Cal, Eligibility

Condition

The County failed to obtain the Systematic Alien Verification for Entitlement of the client's qualified alien status from immigration in two instances. Also in one instance, the County failed to terminate benefits even though a redetermination was not performed timely.

Recommendation

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Management Response

The Department acknowledges the lack of Systematic Alien Verification for Entitlement (SAVE) in two instances, and one instance of failure to terminate benefits timely. Staff will be reminded to review the SAVE report for accuracy and follow-up on discrepancies found, including transposed Alien numbers. In the two SAVE instances, when the correct Alien number was used, a positive SAVE response was obtained. Staff is encouraged to utilize CalWIN when requesting a SAVE since this will ensure the department received an automated SAVE response.

In the instance regarding failure to terminate benefits timely discontinued cases will continue to be reviewed to ensure the benefits get properly terminated.

The Systematic Alien Verification For Entitlement (SAVE) process will be discussed during the next Medi-Cal Team meeting scheduled January 2011 to ensure staff complies with the SAVE processing

Current Year Status

See Agreed Upon Condition 4 in the current year section of this report.

Agreed Upon Condition 7 – In-Home Supportive Services (IHSS), Eligibility

Condition

The County failed to process MEDS to redetermine the recipient's eligibility within the 12-month renewal period in one case. In another case, the participant's signature page of the form SOC 295 application was not retained in the file.

Recommendation

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Management Response

The Department acknowledges the MEDS eligibility was not reviewed timely. The MEDS screens in question were subsequently obtained and no impact to eligibility resulted. In August 2010, a formal procedure was re-established to standardize the initial forms and packets that need to be completed during an initial or re-assessment, including the need to review and update MEDS screens (IHSS AD 10-04). This process will be emphasized with staff and compliance will be monitored through case reviews.

The Department acknowledges that Social Workers (SW) are required to obtain a completed and signed form SOC 295 on all new applications. Administrative Directive (IHSS AD 10-04) was developed regarding standardizing forms and packets which need to be completed at each initial assessment and reassessment. A company has been contracted to make initial packets, including the form SOC 295, to ensure this standardization. In April 2010, IHSS also initiated a document imaging policy so all forms will be scanned, reducing the number of forms that may be lost or misfiled. IHSS AD 10-04 was reviewed with Supervisors, who in turn reviewed with IHSS staff in November 2010 and December 2010. The SWs have been reminded of the need to ensure forms are completed fully and signed by the recipient at home visits.

Current Year Status

See Agreed Upon Condition 5 in the current year section of this report.

Agreed Upon Condition 8 – State Administrative for Food Stamp, Eligibility

Condition

The County failed to process the form QR-7 (quarterly reporting form informing the County of the participant's circumstances) in one case. In another case, the County failed to transfer an overpayment to the Treasurer Tax Collector for collection.

Recommendation

We recommend that the County establish formal policies and procedures with regards to initial and ongoing eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented and strictly adhered to by County personnel. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Management Response

The Department acknowledges one failure to process form QR7, and one failure to transfer an overpayment to the Treasurer Tax Collector in a timely fashion. The findings and corrective action plan will be reviewed with supervisory staff, with expectations that the supervisors provide unit training/review of the applicable policies and procedures. The current form QR7 guidelines FS AD 04-01 and ADMIN AD 06-23 Processing Overpayments directives will be reviewed with supervisors at our next countywide CalFresh Team Meeting on February 8, 2011.

Current Year Status

Resolved.

Agreed Upon Condition 9 – Temporary Assistance for Needy Families (TANF), Eligibility and Special Test and Provisions

Condition

The County failed to maintain required medical verification for an unborn child in one instance. In two cases, the time-clock limit for receiving benefits was misstated in the system. In two other cases, the County failed to investigate a discrepancy between IEVS and CalWin.

Recommendation

We recommend that the County strictly adhere to the established policies and procedures with regards to ongoing eligibility verification. This could prevent TANF benefit payments made to ineligible participants.

Management Response

The Department acknowledges one instance of failure to maintain required medical verification for an unborn child, two instances of time clock limit system errors, and two instances of failure to investigate an IEVS discrepancy. The findings and corrective action plan will be reviewed with supervisory staff during the CalWORKs Team Meeting on January 25, 2011. Supervisors will be given a list of focused case reviews for the next six months. Case review forms will be sent to the program support division and the Compliance Unit to identify any potential error trends. Training will be provided if errors are identified.

Current Year Status

See Agreed Upon Condition 7 in the current year section of this report.

Agreed Upon Condition 10 – Child Support, Special Test and Provisions

Condition

Out of the 60 participants selected for eligibility testing, we noted two cases whereby the County failed to monitor or perform enforcement actions within the required timeframes.

Recommendation

The County should follow the established formal policies to require that cases be monitored within a specific timeframe.

Management Response

We concur with the conditions found on the two case files whereby the County failed to monitor or perform enforcement actions within the required timeframes.

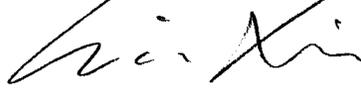
Our County recently developed a Case Management Tool that Child Support Officers use to review their caseload to make sure they are taking an action on all their cases. This tool enables them to segment their caseload into like functions so they can better focus the actions they are implementing. For example, if a Child Support Officer wants to review only their cases that have not had a payment within the last 60 days the tool can filter out just those cases; or a Child Support Officer in the Early Intervention team can filter out only the cases where the Noncustodial Parent has not been located. Prior to the development of this tool, there was no way to stratify the caseload in such a manner and we saw that we had cases that were falling through the cracks.

Current Year Status

See Agreed Upon Condition 8 in the current year section of this report.

This report is intended solely for the use of the Board of Supervisors and management of the County and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in black ink, appearing to read "Eric H. Xin", written over the company name.

By: Eric H. Xin

Bakersfield, California
August 29, 2011