

COUNTY OF YUBA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2016



COUNTY OF YUBA

Single Audit Report
For the Year Ended June 30, 2016

Table of Contents

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	3-5
Schedule of Expenditures of Federal Awards	6-9
Notes to Schedule of Expenditures of Federal Awards.....	10-11
Schedule of Findings and Questioned Costs	12-15
Summary Schedule of Prior Audit Findings	16-17
Supplementary Schedules of the Department of Community Services and Development Grant Revenues and Expenditures	18



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

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 Yuba
Marysville, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yuba (County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 27, 2017. Our report includes a reference to other auditors who audited the financial statements of Yuba County Water Agency and the Yuba First Five Commission, discretely presented component units, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a material weakness. However, other material weaknesses may exist that have not been identified.

To the Honorable Members of the Board of Supervisors
County of Yuba
Marysville, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 Standards*.

County of Yuba's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Roseville, California
March 27, 2017



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the Board of Supervisors
County of Yuba
Marysville, California

Report on Compliance for Each Major Federal Program

We have audited the County of Yuba’s (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2016. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

To the Honorable Members of the Board of Supervisors
County of Yuba

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a 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. 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 27, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Members of the Board of Supervisors
County of Yuba

Supplementary Schedules

The Schedules of the Department of Community Services and Development Grant Revenues and Expenditures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

CliftonLarsonAllen LLP

Roseville, California
March 27, 2017

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
U. S. Department of Agriculture				
Passed through CA Department of Food & Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care - GWSS	10.025	15-8506-0484-CA	\$ 2,844	\$ -
Plant and Animal Disease, Pest Control, and Animal Care - GWSS	10.025	16-8506-0484-CA	2,844	-
Subtotal CFDA Number 10.025			<u>5,688</u>	<u>-</u>
Passed through CA State Department of Education:				
School Breakfast Program	10.553	03109-SN-58-R	33,305	-
National School Lunch Program	10.555	03109-SN-58-R	63,131	-
Total - Child Nutrition Cluster			<u>96,436</u>	<u>-</u>
Passed through State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program- SNAP Education	10.561	13-20525	341,655	282,245
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program- Cal Fresh Nutritional Education	10.561		102,842	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program- NAFS	10.561		2,283,867	-
Subtotal CFDA Number 10.561			<u>2,728,364</u>	<u>282,245</u>
Passed through Department of Forestry				
Cooperative Forestry Assistance	10.664	15UFSF-SFA-37608	84,234	-
Cooperative Forestry Assistance	10.664	14-DG-11052021-221	3,180	-
Subtotal CFDA Number 10.664			<u>87,414</u>	<u>-</u>
Passed through State Controller's Office:				
Schools and Roads - Grants to States: Title III	10.665		32,000	32,000
			<u>32,000</u>	<u>32,000</u>
Total U.S. Department of Agriculture			<u>\$ 2,949,902</u>	<u>\$ 314,245</u>
U. S. Department of Housing and Urban Development				
Passed through State Department of Housing and Community Development:				
Community Development Block Grant - NSP3	14.228		\$ 882,901	\$ -
Outstanding Loan Balance - CDBG	14.228		6,498,328	-
Outstanding Loan Balance - EDBG	14.228	--	252,536	-
Subtotal CFDA Number 14.228			<u>7,633,765</u>	<u>-</u>
HOME Investment Partnerships Program - Outstanding Loan Balance	14.239		2,858,865	-
Total U.S. Department of Housing and Urban Development			<u>\$ 10,492,630</u>	<u>\$ -</u>
U. S. Department of Justice				
Direct Programs:				
Bureau of Justice Assistance:				
State Criminal Alien Assistance Program (SCAAP)	16.606		\$ 150,851	\$ -
Bulletproof Vest Partnership Program	16.607		1,571	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738		14,980	-
Equitable Sharing Program, Bulletproof Vest Partnership Local Government	16.922		65,800	-
Subtotal Direct Programs			<u>233,202</u>	<u>-</u>
Passed through California Governors Office of Emergency Services:				
Crime Victim Assistance - Child Abuse Treatment and Advocacy	16.575	AT15010580	140,185	-
Crime Victim Assistance - Victim Witness Assistance Program	16.575	VW15290580	173,487	-
Subtotal CFDA Number 16.575			<u>313,672</u>	<u>-</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
Passed through California Board of State & Community Corrections:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 617-14	\$ 205,778	\$ -
Subtotal Pass-Through			<u>205,778</u>	<u>-</u>
Total U.S. Department of Justice			<u>\$ 752,652</u>	<u>\$ -</u>
 <u>U.S. Department of Transportation, Federal Aviation Administration (FAA)</u>				
Direct Programs:				
Airport improvement Program	20.106		\$ 108,761	\$ -
Total U.S. Department of Transportation, Federal Aviation Administration			<u>\$ 108,761</u>	<u>\$ -</u>
 <u>U. S. Department of Transportation Federal Highway Administration (FHWA)</u>				
Passed through State Department of Transportation:				
Highway Planning and Construction	20.205	BRLO-5916 (074)	\$ 57,449	\$ -
Highway Planning and Construction	20.205	BRLO-5916 (084)	18,786	-
Highway Planning and Construction	20.205	BRLO-5916 (087)	30,831	-
Highway Planning and Construction	20.205	BRLO-5916 (092)	65,087	-
Highway Planning and Construction	20.205	BRLO-5916 (093)	473,249	-
Highway Planning and Construction	20.205	BRLO-5916 (104)	8,741	-
Highway Planning and Construction	20.205	BRLO-5916 (105)	24,336	-
Highway Planning and Construction	20.205	BRLO-5916 (106)	37,122	-
Highway Planning and Construction	20.205	BRLO-5916 (107)	37,496	-
Highway Planning and Construction	20.205	CML-5916 (096)	516,396	-
Highway Planning and Construction	20.205	HRRRL-5916 (109)	45,448	-
Highway Planning and Construction	20.205	HRRRL-5916 (110)	113,040	-
Highway Planning and Construction	20.205	STPL-5916 (108)	448,980	-
Highway Planning and Construction	20.205	STPL-5916 (114)	14,492	-
Highway Planning and Construction	20.205	STPLR-7500 (215)	13,229	-
Subtotal CFDA Number 20.205			<u>1,904,682</u>	<u>-</u>
Total U.S. Department of Transportation			<u>\$ 1,904,682</u>	<u>\$ -</u>
 <u>U. S. Department of Health and Human Services</u>				
Direct Programs::				
Child Support Enforcement	93.563		\$ 2,015,842	\$ -
Subtotal Pass-Through			<u>2,015,842</u>	<u>-</u>
 Passed through the State Department Community Services and Development:				
Community Services Block Grant	93.569	15F2053	194,296	-
Subtotal Pass-Through			<u>194,296</u>	<u>-</u>
 Passed through State Department of Health Care Services:				
Maternal & Child Health Federal Consolidated Programs	93.110	2015-58	108,027	-
Immunization Grant	93.268	15-10467	36,087	-
Maternal & Child Health Services Block Grant to the States	93.994	2015-58	67,470	-
Subtotal Pass-Through			<u>211,584</u>	<u>-</u>
Children's Health Insurance Program - California Children Services	93.767	490-14	24,957	-
Subtotal Pass-Through			<u>24,957</u>	<u>-</u>

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
U. S. Department of Health and Human Services (continued)				
Passed through State Department of Health Care Services:				
Temporary Assistance for Needy Families - Child Welfare Services TANF	93.558		\$ 347,084	\$ -
Temporary Assistance for Needy Families - CalWORKS, TANF	93.558	1601CATANF	5,665,896	-
Temporary Assistance for Needy Families - Timed Out, CalWORKS KINGAP	93.558		1,799,434	-
Subtotal CFDA Number 93.558			<u>7,812,414</u>	<u>-</u>
Medical Assistance Program - Public Authority	93.778		277,947	-
Medical Assistance Program - California Children Services	93.778	490-14	307,965	-
Medical Assistance Program - Targeted Case Management HLTH	93.778	58-1318A	82,672	-
Medical Assistance Program - Targeted Case Management P/G	93.778	58-0712	39,581	-
Medical Assistance Program - Adult Protective Services	93.778		152,873	-
Medical Assistance Program - Child Health and Disability Program	93.778	490-14	157,966	-
Medical Assistance Program - Child Welfare Services Health Related	93.778		315,756	-
Medical Assistance Program - Foster Care	93.778	490-14	101,965	-
Medical Assistance Program - In-Home Supportive Service	93.778		707,204	-
Medical Assistance Program - Medi-Cal Administrative	93.778		3,116,549	-
Medical Assistance Program - Medi-Cal Administrative Activities (MAA)	93.778	13-90002	18,165	-
Passed through State Department of Aging:				
Multi-Senior Services Program (MSSP)	93.778	MS-1516-36	110,543	-
Total - Medical Assistance Cluster			<u>5,389,186</u>	<u>-</u>
Passed through State Department of Public Health:				
Public Health Emergency Preparedness	93.069	14-10560A02	126,902	-
Public Health Emergency Preparedness - EBOLA	93.069	15-10401	21,628	-
Subtotal CFDA Number 93.069			<u>148,530</u>	<u>-</u>
Guardianship Assistance - KinGAP	93.090		6,956	-
Guardianship Assistance - FEDGAP	93.090		7,883	-
Subtotal CFDA Number 93.090			<u>14,839</u>	<u>-</u>
Passed through State Department of Social Services:				
Promoting Safe and Stable Families	93.556	1601CAPFSS	75,249	-
Voting Access for Individuals with Disabilities	93.617	14G26151	6,787	-
Stephanie Tubbs Jones Child Welfare Services Program - IV-B	93.645		74,287	-
Subtotal Pass-Through			<u>156,323</u>	<u>-</u>
Foster Care - Title IV-E - Child Welfare Services	93.658		1,194,159	-
Foster Care - Title IV-E - Foster Care	93.658		50,746	-
Foster Care - Title IV-E - Foster Family Home Licensing	93.658		8,135	-
Foster Care Title IV-E - Monthly Visits-Group Home	93.658		34,621	-
Foster Care Title IV-E - Non CWS Allocation	93.658		49,013	-
Foster Care Title IV-E -CSEC	93.658		3,547	-
Foster Care Assistance EA	93.658		1,594,231	-
Subtotal CFDA Number 93.658			<u>2,934,452</u>	<u>-</u>
Adoption Assistance -IV-E Administration	93.659		21,178	-
Adoption Assistance -Independent & Case Management	93.659		98,110	-
Adoption Assistance -Non-Recurring Adoption Expense	93.659		341	-
Adoption Assistance	93.659		1,835,863	-
Subtotal CFDA Number 93.659			<u>1,955,492</u>	<u>-</u>
Social Services Block Grant - CWS Title XX Ledger Shift/Augment	93.667		206,853	-
Subtotal Pass-Through			<u>206,853</u>	<u>-</u>
Chafee Foster Care Independence Program	93.674	1601CACILP	68,727	-
Subtotal Pass-Through			<u>68,727</u>	<u>-</u>
Total U.S. Department of Health & Human Services			<u>\$ 21,133,495</u>	<u>\$ -</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Homeland Security</u>				
Passed through California Governors Office of Emergency Services:				
Emergency Management Performance Grant	97.042	2015-0049	\$ 140,433	\$ -
Subtotal Pass-Through			<u>140,433</u>	<u>-</u>
Homeland Security Grant Program - 2014	97.067	2014-0093	99,230	-
Homeland Security Grant Program - 2015	97.067	2015-SS-00078	21,504	-
Subtotal CFDA Number 97.067			<u>120,734</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>\$ 261,167</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 37,603,289</u>	<u>\$ 314,245</u>

COUNTY OF YUBA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal awards programs of the County of Yuba (County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements, except for programs recorded in the County's enterprise funds. The enterprise funds are presented using the accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General, Special Revenue and Enterprise funds.

Note 4: **Loans with Continuing Compliance Requirement**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of July 1, 2015 and June 30, 2016 as follows:

Federal CFDA #	Program Title	Outstanding Loans June 30, 2016	Loans with Continuing Compliance Requirements (Restated) July 1, 2015	New Loans
14.228	Community Development Block Grant/State's Program	\$ 6,498,328	\$ 6,434,458	\$ 63,870
14.228	Community Development Block Grant/State's Program (Economic Development Initiative)	252,536	99,201	153,335
14.239	HOME Investment Partnerships Program	<u>2,858,865</u>	<u>2,858,865</u>	<u>--</u>
	Total	<u>\$ 9,609,729</u>	<u>\$ 9,392,524</u>	<u>\$ 217,205</u>

Note 5: **Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

COUNTY OF YUBA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Note 6: **Indirect Cost Rate**

The County did not elect to use the 10% de minimis indirect cost rate as covered in 2 CFR §200.414. Uniform Guidance, §200.510(6), requires the County to disclose whether or not it elected to use the 10 percent de minimis cost rate that §200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate.

Note 7: **Department of Aging Federal/State Share**

During the fiscal year ended June 30, 2016, the County expended the following amounts under grants which pass through the California Department of Aging:

<u>CFDA</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
93.778	\$ 110,543	\$ 110,543

Note 8: **Medical Assistance Program**

Except for Medi-Cal administrative expenditures, Medi-Cal and Medicare program expenditures are excluded from the Schedule. These expenditures represent fees for services; therefore, neither is considered a federal award of the County for purposes of the Schedule or in determining major federal programs. The County assists the State of California (State) in determining eligibility and provides Medi-Cal administrative expenditures are included in the Schedule as they do not represent fees for services.

Note 9: **Catalog of Federal Domestic Assistance (CFDA) Numbers**

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified not considered to be material weaknesses? | None reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |

4. Identification of major programs:

CFDA Number

Name of Federal Program

14.228	Community Development Block Grant
14.239	HOME Investment Partnerships Program
20.205	Highway Planning and Construction
93.778	Medical Assistance Program
93.563	Child Support Enforcement

- | | |
|---|--|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 1,128,099 Type A / \$282,025 Type B |
| 6. Auditee qualified as a low-risk auditee under the Uniform Guidance? | No |

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2016

Section 2

Financial Statement Findings

Finding 2016-001 GOVERNMENTAL TRUST FUNDS

Criteria

Under Governmental Accounting Standards Board (GASB) Statement No. 34, amounts formally held in trust but used to support the County's own programs should be reported as funds within the County's reporting entity so as to ensure all economic resources that can be used by the County are reported in the basic financial statements. Use of the agency fund type is limited to resources the County holds purely in a custodial capacity for individuals or other organizations, such as school districts and special districts not governed by the County Board of Supervisors.

The general ledger accounting system should produce accurate financial information in a format facilitating decision making. Department heads should review financial information relevant to their departments for accuracy and completeness. A chart of accounts providing users with sufficient detail is essential in strengthening internal controls that identify and correct misstatements.

Condition

During the audit, we identified 90 funds having cash balances of approximately \$41 million that were incorrectly accounted for as agency funds in the County's accounting system. These funds hold resources acquired to support the County's functions and activities. Nearly all of the transactions in these funds for the fiscal year ended June 30, 2016, were recorded as miscellaneous revenues. Inflows of revenues and transfers from other funds were netted against outflows of expenditures and transfers to other funds.

Cause

The County's general ledger fund structure and chart of accounts is designed to satisfy older State budgetary and legal requirements. The County's general ledger structure does not readily translate to the newer financial reporting model required by current standards.

Effect of Condition

Current financial reporting standards require the County's reporting entity to include transactions and balances in these governmental trust funds in a format substantially different than currently used on the County's general ledger accounting system. By not including these funds, assets, liabilities, revenues, and expenses are materially misstated. In order to include these funds, additional work is necessary to manually account for their transactions using a different model.

There is the potential for double reporting of revenues when resources are transferred into operating funds. Not using the accounting system to control the flow of revenues increases the potential for reporting revenues twice.

The commingling of transactions in one account, miscellaneous revenues, prevents department heads and others from the important function of reviewing and monitoring financial activity of the County. As a result, there is an increased likelihood of misstatements going undetected and uncorrected.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Finding 2016-001
GOVERNMENTAL TRUST FUNDS (continued)

Recommendation

We recommend the Auditor-Controller's Office implement the following procedures:

- 1) Modify the chart of accounts of these trust funds to allow for the proper recording of inflows and outflows to the appropriate revenue and expense accounts to provide more accurate classification of these accounts and/or
- 2) Close several of these trust funds to combine the balances and activities of these funds with existing County operating funds.

View of Responsible Official and Planned Corrective Action

Management agrees with the determination of the Auditors. As our current financial system was configured to satisfy older requirements, we are working to address the issue on a structural level. We are currently working to first ensure all funds are properly identified and second to adjust the configuration of the accounting system to reflect newer reporting requirements.

Responsible Official: Richard Eberle, Auditor/Controller; Corrective action to be implemented in the year ended June 30, 2017.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section 3

Federal Award Findings and Questioned Costs

None noted.

COUNTY OF YUBA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

Finding 2015-001
GOVERNMENTAL TRUST FUNDS

Recommendation

We recommend the Auditor-Controller's Office create new funds in its accounting system to account for these governmental trust funds either as County funds having the full chart of accounts used by County operating funds capable of reporting revenues and expenditures or by including the balances and activities in existing County funds.

Status

During our audit we examined appropriate and sufficient documentation to determine that the above recommendation has not been implemented. See Current Year Finding 2016-001.

Finding 2015-002
RECORDING AUDIT ADJUSTMENTS

Recommendation

We recommend that audit adjustments and other post-closing adjustments be posted in the general ledger. The County may choose to record them in the fiscal year under audit or in the subsequent fiscal year, depending on their policy as well as system limitations that may be in place.

Status

Corrected in the current year.

FINDING 2015-003
USE OF MISCELLANEOUS REVENUE ACCOUNTS

Recommendation

We recommend the following courses of action:

- 1) Modify each fund's chart of accounts pertaining to revenues so as to capture a majority of its revenue sources within the appropriate type of revenue source for financial reporting purposes.
- 2) Adopt and publish written guidance that ensures the accurate classification of revenues by type of revenue source.
- 3) Periodically review transactions posted to miscellaneous revenue sources to ensure that revenues for other types of revenues such as charges for services or intergovernmental revenues are reclassified to the appropriate revenue accounts.

Status

Corrected in the current year.

COUNTY OF YUBA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

FINDING 2015-004
ACCOUNTING FOR TRANSFERS BETWEEN FUNDS

Recommendation

We recommend that the Auditor-Controller's office adopt a policy that entries to the incoming transfer account may only be made if a corresponding entry is also made to an outgoing transfer account. Further, we recommend that an appropriate staff member balance the incoming and outgoing transfer accounts on a periodic basis so that any discrepancies can be quickly identified and corrected.

Status

Corrected in the current year.

FINDING 2015-005
COMMUNITY DEVELOPMENT BLOCK GRANT REPORTING

Recommendation

We recommend the adoption of a policy whereby a monitoring process of the reporting system for tracking loans is developed, procedures are written, and external staff familiar with processes is involved while overseen by the Auditor-Controller's Office. Also, we recommend that reconciliation of the general ledger to the loan aging report be performed at least once during the year to ensure accuracy. Any discrepancies found should be investigated, and the aging report updated based on historical recipient files.

Status

Corrected in the current year.

**UNAUDITED
SUPPLEMENTARY SCHEDULES
OF THE DEPARTMENT
OF
COMMUNITY SERVICES
AND DEVELOPMENT
GRANT REVENUES AND EXPENDITURES**

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 15F-2053 (CSBG - \$255,599)
 For The Period January 1, 2015 through December 31, 2015

	<u>January 1, 2015 through June 30, 2015</u>	<u>July 1, 2015 through December 31, 2015</u>	<u>Total Reported</u>	<u>Total Budget</u>
<u>Revenue</u>				
Grant revenue	\$ 109,990	\$ 145,609	\$ 255,599	\$ 357,842
Interest income	161	(56)	105	750
Total Revenue	<u>\$ 110,151</u>	<u>\$ 145,553</u>	<u>\$ 255,704</u>	<u>\$ 358,592</u>
<u>Expenditures</u>				
Administration:				
Salaries and wages	\$ 12,327	\$ 24,711	\$ 37,038	\$ 18,500
Fringe benefits	1,022	4,197	5,219	4,100
Operating expenses	--	238	238	28,116
A-87 Charges	--	1,069	1,069	4,138
Other costs	35	379	414	--
Subtotal Administrative Costs	<u>13,384</u>	<u>30,594</u>	<u>43,978</u>	<u>54,854</u>
Program Costs:				
Subcontractor services	--	--	--	304,039
Other costs	47,740	163,702	211,442	--
Subtotal Program Costs	<u>47,740</u>	<u>163,702</u>	<u>211,442</u>	<u>304,039</u>
Total Costs	<u>61,124</u>	<u>194,296</u>	<u>255,420</u>	<u>358,893</u>
Revenue over (under) costs	<u>\$ 49,027</u>	<u>\$ (48,743)</u>	<u>\$ 284</u>	<u>\$ (301)</u>