

**COUNTY OF TEHAMA,
CALIFORNIA**



**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2018**

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COUNTY OF TEHAMA
Single Audit Act
For the Year Ended June 30, 2018

Table of Contents

	Page
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.....	1-2
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.	3-5
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2018.	6-9
Notes to Schedule of Expenditures of Federal Awards.....	10-11
Schedule of Findings and Questioned Costs.	12-15
Schedule of Prior Year Findings and Questioned Costs.	16
Management’s Corrective Action Plan.	17-20
Supplemental Schedule - California Department of Aging (CDA).....	21
Supplemental Schedule - California Emergency Management Agency.	22
Supplemental Schedule - California Community Services and Development.	23-24

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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 Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, 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, each major fund and the aggregate remaining fund information of the County of Tehama, California, (County) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 22, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. (2018-002 and 2018-003)

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

Compliance and Other Matters

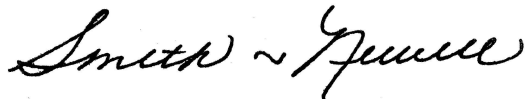
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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's Responses to Findings

The County's responses to the findings identified in our audit are described in the management's corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



Smith & Newell CPAs
Yuba City, California
February 22, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

Report on Compliance for Each Major Federal Program

We have audited the County of Tehama, California's (County) compliance with the types of compliance requirements described in the 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 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.

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

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, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

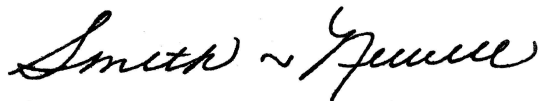
The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express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

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, each major fund and the aggregate remaining fund information of the County of Tehama, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 22, 2019, 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.

The supplemental schedules have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Smith & Newell CPAs
Yuba City, California
February 22, 2019

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COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Program/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
State Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-0484-CA	\$ -	\$ 23,233
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-0689-CA	-	6,940
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-0934-GF	-	17,766
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-1164-CA	-	4,526
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-1317-CA	-	4,686
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C002	-	8,715
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C048	-	11,700
Subtotal 10.025			-	77,566
State Department of Education:				
School Breakfast Program	10.553	02951-SN-52-R	-	16,145
National School Lunch Program	10.555	02951-SN-52-R	-	30,224
Total Child Nutrition Cluster			-	46,369
State Department of Health Services:				
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	15-10122	-	763,239
State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10-Unknown	-	1,626,245
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2016-139	-	309,722
Subtotal 10.561			-	1,935,967
State Controller's Office:				
Schools and Roads - Grants to Counties	10.666	10-Unknown	-	450,062
Total U.S. Department of Agriculture			-	3,273,203
U.S. Department of the Interior				
Direct Program:				
Payments in Lieu of Taxes	15.226	-	-	652,004
Total U.S. Department of the Interior			-	652,004
U.S. Department of Justice				
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0068	-	4,918

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Program/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice (Continued)				
Board of State and Community Corrections:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 641-17	\$ -	\$ 106,681
Subtotal 16.738			-	111,599
State Emergency Management Agency:				
Crime Victim Assistance	16.575	VW 1621 0520	-	103,513
Crime Victim Assistance	16.575	VW 1722 0520	-	109,158
Crime Victim Assistance	16.575	UV 1602 0520	-	115,845
Subtotal 16.575			-	328,516
Total U.S. Department of Justice			-	440,115
U.S. Department of Transportation				
State Department of Transportation:				
Highway Planning and Construction	20.205	BRLKS-5908(029)	-	16,270
Highway Planning and Construction	20.205	BRLO-5908(055)	-	4,104
Highway Planning and Construction	20.205	BRLO-5908(056)	-	26,200
Highway Planning and Construction	20.205	BRLO-5908(057)	-	9,980
Highway Planning and Construction	20.205	BRLOZB-5908(025)	-	175,022
Highway Planning and Construction	20.205	BRLS-5908(070)	-	651,924
Highway Planning and Construction	20.205	BRLS-5908(081)	-	380,069
Highway Planning and Construction	20.205	BRLSZD-5908(031)	-	635,201
Highway Planning and Construction	20.205	BRMP-5908(096)	-	15,741
Highway Planning and Construction	20.205	HRRRL-5908(074)	-	124,549
Highway Planning and Construction	20.205	HSIPL-5908(073)	-	148,044
Highway Planning and Construction	20.205	HSIPL-5908(078)	-	42,264
Highway Planning and Construction	20.205	HSIPL-5908(079)	-	9,022
Highway Planning and Construction	20.205	HSIPL-5908(080)	-	354
Highway Planning and Construction	20.205	HSIPL-5908(089)	-	217,796
Highway Planning and Construction	20.205	SRTSL-5908(092)	-	43,277
Highway Planning and Construction	20.205	STPLZ-5908(024)	-	232,363
Highway Planning and Construction	20.205	RPSTPL-5908(100)	-	5,354
Subtotal 20.205			-	2,737,534
Formula Grants for Rural Areas	20.509	64B17-00510	-	342,394
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	SA-64AO16-00075	-	134,755
Total U.S. Department of Transportation			-	3,214,683

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Program/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
State Department of Health Services:				
Innovative Approaches to Literacy, Full-service Community Schools; and Promis Neighborhoods	84.215	84-Unknown	\$ -	\$ 133,670
Total U.S. Department of Education			-	133,670
U.S. Department of Health and Human Services				
State Department of Social Services:				
Guardianship Assistance	93.090	93-Unknown	-	33,129
Promoting Safe and Stable Families	93.556	93-Unknown	-	62,362
Temporary Assistance for Needy Families	93.558	93-Unknown	-	6,226,808
Stephanie Tubbs Jones Child Welfare Services Program	93.645	93-Unknown	-	49,465
Foster Care - Title IV-E	93.658	93-Unknown	-	2,370,133
Adoption Assistance	93.659	93-Unknown	-	2,776,887
Social Services Block Grant	93.667	93-Unknown	-	149,424
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	93-Unknown	-	46,648
State Child Support Department:				
Child Support Enforcement	93.563	93-Unknown	-	1,206,075
State Department of Aging:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	IIIB-0712-15	-	37
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	IIIC-080-15	-	152,070
Nutrition Services Incentive Program	93.053	IIIC-080-15	-	21,366
Total Aging Cluster			-	173,473
State Department of Health Services:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	93-Unknown	-	247,054
Medical Assistance Program	93.778	93-Unknown	-	2,586,645
Tribal Maternal, Infant, and Early Childhood Home Visiting	93.872	15-10208	-	379,270
Maternal and Child Health Services Block Grant to the States	93.994	93-Unknown	-	121,871
State Department of Mental Health Services:				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	93-Unknown	-	16,304
Block Grants for Community Mental Health Services	93.958	93-Unknown	-	312,297

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Program/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
State Department of Alcohol and Drug Programs:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	93-Unknown	\$ -	\$ 434,126
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	93-Unknown	-	600,437
State Department of Community Services and Development:				
Community Services Block Grant	93.569	17F-2049	-	161,475
Community Services Block Grant	93.569	17F-5049	-	58,246
Subtotal 93.569			-	219,721
Total U.S. Department of Health and Human Services			-	18,012,129
Department of Homeland Security				
State Emergency Management Agency:				
Emergency Management Performance Grants	97.042	2016-0010	-	5,536
Emergency Management Performance Grants	97.042	2017-0007	-	77,294
Subtotal 97.042			-	82,830
Homeland Security Grant Program	97.067	2016-00102	-	53,252
Homeland Security Grant Program	97.067	2017-0083	-	39,333
Subtotal 97.067			-	92,585
Total Department of Homeland Security			-	175,415
Total			\$ -	\$ 25,901,219

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TEHAMA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Tehama, California. The County of Tehama 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 of Expenditures of Federal Awards. The information from the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the County financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements.

3. INDIRECT COST RATE

The County has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the related federal financial assistance reports.

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the County's basic financial statements.

6. 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 and the identifying number is shown as unknown.

COUNTY OF TEHAMA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

7. PROGRAM CLUSTERS

Federal programs, which must be audited together as a program cluster, include the following:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>Child Nutrition Cluster</u>		
10.553	School Breakfast Program	\$ 16,145
10.555	National School Lunch Program	<u>30,224</u>
Total		<u>\$ 46,369</u>
<u>Aging Cluster</u>		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	\$ 37
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	152,070
93.053	Nutrition Services Incentive Program	<u>21,366</u>
Total		<u>\$ 173,473</u>

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements	<u>Status</u>
1. Type of auditor's report issued	Unmodified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	No
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	No
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 2 CFR Section 200.516 (a)?	Yes
4. Identification of major programs:	
20.205 Highway Planning and Construction	
93.659 Adoption Assistance	
93.778 Medical Assistance Program	
93.872 Tribal Maternal, Infant, and Early Childhood Home Visiting	
5. Dollar threshold used to distinguish between Type A and Type B Programs?	\$777,037
6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

Infrastructure	2018-002
Schedule of Federal Expenditures	2018-003

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

20.205 Highway Planning and Construction	2018-001
93.778 Medical Assistance Program	2018-001

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

2018-001

Name: Highway Planning and Construction
Medical Assistance Program

CFDA #: 20.205
93.778

Federal Grantor: U.S. Department of Transportation
U.S. Department of Health and Human Services

Pass Through Entity: State Department of Transportation
State Department of Health Services

Award No.: Various

Year: 2017-18

Condition

During our testing of major programs we noted that the Schedule of Federal Expenditures (SEFA) provided by the County at the beginning of audit fieldwork contained errors in the federal expenditures included on the SEFA. Expenditures included on the SEFA provided at the beginning of the audit were greater than actual expenditures by \$1,224,399 in the major programs listed above.

Cause

The County departments did not provide accurate information to include on the SEFA that was provided to us at the beginning of the audit.

Criteria

Good internal control over the SEFA requires that individual County departments provide accurate Federal expenditure information to the County Auditor in a timely manner.

Effect of Condition

The SEFA provided at the beginning of fieldwork was not materially correct and adjustments were needed to accurately reflect all Federal expenditures.

Questioned Cost

No costs are questioned.

Recommendation

We recommend that the County departments provide the County Auditor with accurate federal expenditure information prior to the beginning of audit fieldwork.

Views of Responsible Officials and Planned Corrective Actions

The County concurs. Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

2018-002 Infrastructure (Material Weakness)

Condition

During our audit, we noted that support for infrastructure of the County and construction in progress related to infrastructure was not available.

Cause

The County road department does not have a system that tracks infrastructure projects in progress or keeps track of infrastructure owned by the County.

Criteria

Governmental accounting standards require that all infrastructure, including construction in progress related to infrastructure, be recorded on the County's financial statements. Good internal control requires that amounts recorded on the County's financial statements be supported by adequate documentation.

Effect of Condition

The amount by which this departure would affect the assets and net position of the government-wide financial statements of the County is not reasonably determinable.

Recommendation

We recommend that the County maintain a system that tracks all infrastructure owned by the County, including construction in progress related to infrastructure, and maintain adequate supporting documentation related to infrastructure.

2018-003 Schedule of Federal Expenditures (Material Weakness)

Condition

The Schedule of Federal Expenditures (SEFA) provided by the County at the beginning of audit fieldwork contained errors. The expenditures included on the SEFA at the beginning of the audit were greater than actual expenditures by approximately \$2.34 million.

Cause

County departments had not submitted information required for the Single Audit Report or had submitted incorrect information.

Criteria

Good internal control over the SEFA requires that individual County departments provide accurate information to the County auditor.

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

2018-003 Schedule of Federal Expenditures (Material Weakness) (Continued)

Effect of Condition

The SEFA at the beginning of fieldwork was not materially correct and required adjustment.

Recommendation

We recommend that the County review the requirements of the Uniform Guidance to ensure that the expenditures reported on the SEFA are correctly stated.



Mailing Address: P.O. Box 1515, Red Bluff CA 96080
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Corning Office t (530) 824-9182 | f (530) 527-5410 | 275 Solano Street, Corning, CA 96021

www.tcdss.org

From: Shannon Conley, Fiscal Analyst Supervisor

Re: **Status of Prior Year Recommendation (2017-001 Adoption Assistance)**

**Status of Prior Year Recommendation
For the Year Ended June 30, 2018**

STATUS OF PRIOR YEAR RECOMMENDATION

Adoption Assistance (Audit Reference: 2017-001)

Prior Year Recommendation

We recommend that the County incorporate into their monitoring process procedures to ensure that the AAP-4 documentation is maintained in each case file.

Status

Management's Corrective Action Plan (February 2, 2018) was implemented immediately upon receipt of the audit findings, and each aspect was completed within the identified timelines. Moreover, the addition of a new position focused specifically on communications, policy and procedures, quality assurance, stakeholder workgroups, etc. is being considered to further increase effectiveness of such monitoring process procedures.

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www.tcdss.org

From: Shannon Conley, Fiscal Analyst Supervisor

Re: **Management's Corrective Action Plan (2018-001)**

**Management's Corrective Action Plan
For the Year Ended June 30, 2018**

2018-001 Federal Expenditures

We recommend that the County departments provide the County Auditor with accurate federal expenditure information prior to the beginning of audit fieldwork.

Responsible Individual(s):

Deputy Director, Fiscal – Shelley Zimmerman
Fiscal Analyst Supervisor – Shannon Conley

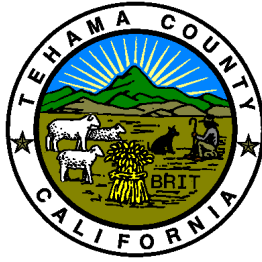
Corrective Action Plan:

Social Services has reviewed the federal expenditures noted in the audit findings, specifically CalWORKs Assistance (TANF), and has already begun implementing a Corrective Action Plan. Social Services has been in communication with the County Auditor's Office to obtain further clarification on the process related to the separation of CalWORKs assistance expenditures claimed on the CA 800. While the methodology provided by the California Department of Social Services for calculating appropriate federal funding is understood, clarification is needed regarding the County Auditor's process and expectations related to future end-of-year reporting, as this is a new request which differs from prior end-of-year reporting processes.

It should be noted that at the time of end-of-year reporting, final sharing ratios are not available. Social Services is willing and able to calculate the breakdowns according to the estimated sharing ratios available in order to better identify the estimated federal expenditures prior to submission to the County Auditor; however, final and accurate federal expenditures cannot be calculated/reported until final sharing ratios are released, which is typically (6) months after the end-of-year reporting is due.

Anticipated Completion Date:

Social Services will continue to work with the County Auditor to better define the process and expectations related to reporting of the CalWORKs assistance expenditures claimed on the CA 800 in time to provide the County Auditor with accurate federal expenditure information prior to the beginning of audit fieldwork for fiscal year 2018/2019 (by June 30, 2019).



COUNTY OF TEHAMA

DEPARTMENT OF PUBLIC WORKS

9380 San Benito Avenue

Gerber, CA 96035-9701

(530) 385-1462

(530) 385-1189 Fax

Road
Commissioner

Surveyor

Engineer
Public
Transit
Flood

Control & Water
Conservation District
Sanitation District No. 1

MEMORANDUM

FROM: Timothy J. McSorley, Public Works Director

RE: 2017-18 FY Single Audit Corrective Action Plan

2018-001

HIGHWAY PLANNING AND CONSTRUCTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY DEPARTMENT:

The problem: annual invoices to Caltrans do not match the YTD expenditures. There are several factors contributing to the problem.

Invoices produced early in the fiscal year contain, mostly, prior year expenses.

Invoices may not be submitted to Caltrans for less than \$1,000. Some projects become stagnate and there are not enough expenditures to invoice.

Caltrans compounds the issue by failing to approve invoices within the subscribed timeframe - forcing us to change invoice dates and by sending thousands of dollars and many days chasing penny discrepancies (even after we graciously ask them to keep the pennies.)

Responsible Individual:

Timothy McSorley, Director of Public Works

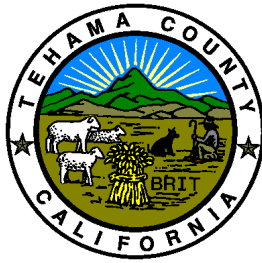
Corrective Action Plan:

Always invoice on June 30th regardless of the cost or amount.

Review project expenses in December and instruct Engineering to charge time to stagnated projects to ensure there's a minimum of \$1,000 per project for which to invoice.

Anticipated Completion Date:

June 30, 2019



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Road Commissioner
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Public Transit
Flood Control & Water
Conservation District
Sanitation District No. 1

MEMORANDUM

FROM: Timothy J. McSorley, Public Works Director

RE: 2017-18 FY Single Audit Corrective Action Plan - Supplement

2018-002 INFRASTRUCTURE (MATERIAL WEAKNESS)

In 2002 Public Works contracted with Bartig, Basler & Ray, C.P.A. to provide infrastructure values in preparation for GASB 34 reporting. The report is broken down by the following types.

Roadways: by surface type: Asphalt, Chip Seal, Un-surfaced, then by road section

Signs: by Warning, Regulatory, etc.; Guide and Information, etc.

Bridges: by Bailey Bridge; Box, Concrete, T-Beam, Grid Decks, Pony Trusses, Steel Deck, Thru Truss, Trailer Decks, Wet Crossings, Wood Deck, Box Culvert, Precast Box – each one by bridge number; and Culvert Pipes – by Road and pipe number.

The printed report we received did not include any type of updatable database which is awkward when updating values.

Historically, Public Works has reported the grand total of completed construction projects the year the project was finalized and only recently learned that the auditors contracted to perform the County's Single Audit wanted access to project costs as they occurred yearly. The data is available in our Cost Accounting Management System (CAMS) and was provided at their request.

CarteGraph was used to track infrastructure conditions for several years but did not assign dollar values. We have recently converted to Street Saver which does have that capability, but it will take a significant amount of labor to accomplish it.

CORRECTIVE ACTION PLAN:

Staff will prepare an Excel spreadsheet to include each construction project total expenditure by year along with a total Construction In Progress cost. Said spreadsheet will be submitted to the County Auditor for use by the contract auditor.

Assign staff to input values into Street Saver.

Responsible Party: Timothy J. McSorley, Public Works Director

Anticipated Completion Date: June 30, 2019



TEHAMA COUNTY AUDITOR-CONTROLLER

Re: Schedule of Findings and Questioned Costs (2018-003)

**Single Audit
Management's Corrective Action Plan
For the Year Ended June 30, 2018**

2018-003 Schedule of Federal Expenditures

Recommendation:

That the County review the requirements of the Uniform Guidance to ensure that the expenditures reported on the SEFA are correctly stated.

Responsible Individual:

Jean Arnaz – Auditor Accountant

Corrective Action Plan:

Historically the Auditor-Controller requested and received schedules of federal expenditures from all agencies who receive federal funding. The schedules were then turned over to the audit firm, without review, and the audit firm then used those numbers/schedules to complete the Single Audit report. Unbeknownst to the Auditor-Controller, the departments were using incorrect sharing ratios and co-mingled state and federal funds in their schedules and the auditing firm had been pulling the schedules apart and making the necessary corrections before completing the Single Audit.

This year the issue of incorrect reporting was brought to our attention and we were asked to review the data prior to turning it over to the audit firm.

As recommended, we reviewed the Uniform Guidance (2.CFR.00.502) to familiarize and prepare for the next fiscal year-end.

For the 18/19, and all future Schedules of Federal Expenditures, the Auditor-Controller will request the usual federal information from departments. Sharing ratios will be applied to the data submitted to ensure the numbers are accurate. Data will also be reviewed to confirm that only federal expenditures are being reported. In addition, we will use the information received to compile and complete schedules that are used in the Single Audit Report prior to submission the auditing firm.

Anticipated Completion Date:

August 31, 2019

Supplemental Schedules

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COUNTY OF TEHAMA
Supplemental Schedule
California Department of Aging (CDA)
For the Year Ended June 30, 2018

A reconciliation of accrual basis expenditures as reported on the Financial Closeout Report to cash basis expenditures confirmed as of June 30, 2018 follows:

<u>Program</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Accrual Adjustments</u>	<u>Confirmed Amount</u>
IIIB Transportation	93.044	\$ 37	\$ -	\$ 37
IIIC-1 Congregate	93.045	46,317	-	46,317
IIIC-1 Congregate Nutrition Services Incentive Program	93.053	7,493	-	7,493
IIIC-2 Home Delivered Meals	93.045	105,753	-	105,753
IIIC-2 Home Delivered Meals, Nutrition Services Incentive	93.053	<u>13,873</u>	<u>-</u>	<u>13,873</u>
Total Expenditures of CDA Federal Awards		<u>\$ 173,473</u>	<u>\$ -</u>	<u>\$ 173,473</u>

The terms and conditions of contracts with CDA require agencies to display state-funded expenditures discretely along with the related federal expenditures. The following schedule is presented to comply with these requirements.

<u>CFDA</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Total</u>
93.044	\$ 37	\$ -	\$ 37
93.045	152,070	-	152,070
93.053	<u>21,366</u>	<u>-</u>	<u>21,366</u>
Total	<u>\$ 173,473</u>	<u>\$ -</u>	<u>\$ 173,473</u>

COUNTY OF TEHAMA
Supplemental Schedule
California Emergency Management Agency
For the Year Ended June 30, 2018

The following schedule represents expenditures for U.S. Department of Justice grants passed through the State of California, Emergency Management Agency (CalEMA), as well as CalEMA funded grant expenditures for the year ended June 30, 2018. This information is included in the County's single audit report at the request of CalEMA.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Year Through June 30, 2017	For the Year Through June 30, 2018	Cumulative As of June 30, 2018	Federal Share	State Share	County Share
VW16210520 - Victim Witness Assistance						
Personal services	\$ 164,867	\$ 54,634	\$ 219,501	\$ 54,634	\$ -	\$ -
Operating expenses	12,986	12,502	25,488	12,502	-	-
Equipment	20,400	39,429	59,829	36,377	3,052	-
Totals	<u>\$ 198,253</u>	<u>\$ 106,565</u>	<u>\$ 304,818</u>	<u>\$ 103,513</u>	<u>\$ 3,052</u>	<u>\$ -</u>
VW17220520 - Victim Witness Assistance Center						
Personal services	\$ -	\$ 130,840	\$ 130,840	\$ 105,546	\$ 25,294	\$ -
Operating expenses	-	11,425	11,425	3,612	7,813	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 142,265</u>	<u>\$ 142,265</u>	<u>\$ 109,158</u>	<u>\$ 33,107</u>	<u>\$ -</u>
UV16020520 - Undeserved Victim Advocacy and Outreach Program						
Personal services	\$ 29,920	\$ 113,529	\$ 143,449	\$ 111,185	\$ -	\$ 2,344
Operating expenses	2,115	9,388	11,503	4,660	-	4,728
Equipment	-	-	-	-	-	-
Totals	<u>\$ 32,035</u>	<u>\$ 122,917</u>	<u>\$ 154,952</u>	<u>\$ 115,845</u>	<u>\$ -</u>	<u>\$ 7,072</u>

COUNTY OF TEHAMA
Supplemental Schedule
California Community Services and Development
CSD Contract No. 17F-2049 (CSBG)
For the Period of January 1, 2017 Through December 31, 2017

	<u>January 1 through June 30, 2017</u>	<u>July 1 through December 31, 2017</u>	<u>Total Audited Costs</u>	<u>Total Reported Costs</u>	<u>Total Budget</u>
REVENUE					
Grant revenue	\$ 122,715	\$ 161,475	\$ 284,190	\$ 284,190	\$ 284,190
Total Revenue	<u>122,715</u>	<u>161,475</u>	<u>284,190</u>	<u>284,190</u>	<u>284,190</u>
EXPENDITURES					
Administrative Costs:					
Operating expenses	4,158	6,300	10,458	10,458	10,737
Contract/consultant services	44,123	22,901	67,024	67,024	64,500
Total Administrative Costs	<u>48,281</u>	<u>29,201</u>	<u>77,482</u>	<u>77,482</u>	<u>75,237</u>
Program Costs:					
Salaries and wages	34,842	54,082	88,924	88,924	87,175
Fringe benefits	29,831	27,172	57,003	57,003	63,337
Operating expenses	8,345	38,382	46,727	46,727	44,053
Subcontractor/consultant services	1,416	12,638	14,054	14,054	14,388
Total Program Costs	<u>74,434</u>	<u>132,274</u>	<u>206,708</u>	<u>206,708</u>	<u>208,953</u>
Total Costs	<u>122,715</u>	<u>161,475</u>	<u>284,190</u>	<u>284,190</u>	<u>284,190</u>
Revenue Over (Under) Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF TEHAMA
Supplemental Schedule
California Community Services and Development
CSD Contract No. 18F-5049 (CSBG)
For the Period of January 1, 2018 Through December 31, 2018

	<u>January 1 through June 30, 2018</u>	<u>Total Audited Costs</u>	<u>Total Reported Costs</u>	<u>Total Budget</u>
REVENUE				
Grant revenue	\$ 58,246	\$ 58,246	\$ 58,246	\$ 281,665
Total Revenue	<u>58,246</u>	<u>58,246</u>	<u>58,246</u>	<u>281,665</u>
EXPENDITURES				
Administrative Costs:				
Salaries and wages	-	-	-	842
Fringe benefits	-	-	-	411
Operating expenses	6,354	6,354	6,354	10,445
Contract/consultant services	13,064	13,064	13,064	77,021
Total Administrative Costs	<u>19,418</u>	<u>19,418</u>	<u>19,418</u>	<u>88,719</u>
Program Costs:				
Salaries and wages	24,068	24,068	24,068	68,234
Fringe benefits	9,548	9,548	9,548	33,310
Operating expenses	5,212	5,212	5,212	65,289
Subcontractor/consultant services	-	-	-	26,113
Total Program Costs	<u>38,828</u>	<u>38,828</u>	<u>38,828</u>	<u>192,946</u>
Total Costs	<u>58,246</u>	<u>58,246</u>	<u>58,246</u>	<u>281,665</u>
Revenue Over (Under) Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>