

**COUNTY OF TEHAMA,
CALIFORNIA**



**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2015**

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COUNTY OF TEHAMA
Single Audit Act
For the Year Ended June 30, 2015

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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, 2015, 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, 2016.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 significant deficiencies. (2015-001 through 2015-003)

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

Compliance and Other Matters

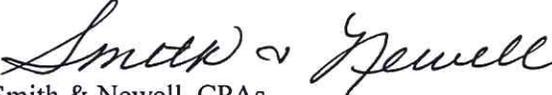
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

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 Circular A-133 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, 2015. 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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.

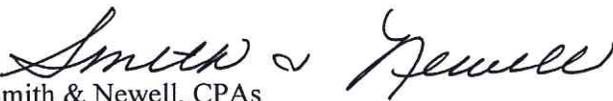
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, 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, 2015 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, 2016, 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 OMB Circular A-133 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, 2016

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COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

<u>Federal Program/Pass Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Passed through State Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8506-0689-CA	\$ 5,225
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8506-0484-CA	6,430
Plant and Animal Disease, Pest Control, and Animal Care	10.025	14-8506-0484-CA	16,432
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-8506-0484-CA	5,880
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-8506-1164-CA	<u>856</u>
Subtotal 10.025			<u>34,823</u>
Technical Assistance for Specialty Crops Program	10.604	2013-37	5,813
Passed through State Department of Education:			
School Breakfast Program	10.553	02951-SN-52-R	11,329
National School Lunch Program	10.555	02951-SN-52-R	21,168
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CEC-52-2015	1,574,318
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	215-2012	<u>128,356</u>
Subtotal 10.561			<u>1,702,674</u>
Passed through State Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	14-10289	651,468
Passed through State Controller's Office:			
Cooperative Forestry Assistance	10.664	7FG14099	11,840
Schools and Roads - Grants to Counties	10.666	None	<u>515,326</u>
Total U.S. Department of Agriculture			<u>2,954,441</u>
U.S. Department of Housing and Urban Development			
Passed through State Department of Housing and Community Development:			
Emergency Solutions Grant Program	14.231	13-ESG-9635	<u>61,668</u>
Total U.S. Department of Housing and Urban Development			<u>61,668</u>
U.S. Department of the Interior			
Direct Program:			
Payments in Lieu of Taxes	15.226	-	<u>546,109</u>
Total U.S. Department of the Interior			<u>546,109</u>

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, 2015

<u>Federal Program/Pass Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Justice			
Direct Program:			
Drug Court Discretionary Grant Program	16.585	-	\$ 120,106
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	5,542
Passed through Board of State and Community Corrections:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 641-13	14,992
Passed through State Emergency Management Agency:			
Crime Victim Assistance	16.575	VW 1419 0520	55,689
Crime Victim Assistance	16.575	UV 1304 0520	37,338
Crime Victim Assistance	16.575	UV 1405 0520	54,193
Subtotal 16.575			<u>147,220</u>
Total U.S. Department of Justice			<u>287,860</u>
U.S. Department of Transportation			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BRLKS-5908(029)	57,520
Highway Planning and Construction	20.205	BRLO-5908(055)	69,972
Highway Planning and Construction	20.205	BRLO-5908(056)	93,174
Highway Planning and Construction	20.205	BRLO-5908(057)	101,138
Highway Planning and Construction	20.205	BRLOZB-5908(025)	98,543
Highway Planning and Construction	20.205	BRLS-5908(070)	2,899,315
Highway Planning and Construction	20.205	BRLS-5908(081)	8,005
Highway Planning and Construction	20.205	BRLSZD-5908(031)	749,978
Highway Planning and Construction	20.205	BRMPL-5908(096)	580
Highway Planning and Construction	20.205	HRRRL-5908(074)	512,451
Highway Planning and Construction	20.205	HSIPL-5908(073)	495,027
Highway Planning and Construction	20.205	HSIPL-5908(079)	456,052
Highway Planning and Construction	20.205	HSIPL-5908(080)	542,257
Highway Planning and Construction	20.205	HSIPL-5908(089)	752,868
Highway Planning and Construction	20.205	SRTSL-5908(092)	3,743
Highway Planning and Construction	20.205	STPLZ-5908(024)	145,363
Subtotal 20.205			<u>6,985,986</u>
Formula Grants for Rural Areas	20.509	FTA 5311	357,179
State Planning and Research	20.515	None	17,376
Total U.S. Department of Transportation			<u>7,360,541</u>
U.S. Election Assistance Commission			
Passed through California Secretary of State:			
Help America Vote Act Requirements Payments	90.401	13G30354	1,328
Total U.S. Department of Transportation			<u>1,328</u>

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, 2015

<u>Federal Program/Pass Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services			
Passed through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	CEC-52-2015	\$ 80,615
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CEC-52-2015	50,968
Social Services Block Grant	93.667	CEC-52-2015	162,159
Chafee Foster Care Independence Program	93.674	CEC-52-2015	50,137
Guardianship Assistance	93.090	CEC-52-2015	49
Guardianship Assistance	93.090	800-52-2015	15,202
Subtotal 93.090			<u>15,251</u>
Temporary Assistance for Needy Families	93.558	CEC-52-2015	4,389,515
Temporary Assistance for Needy Families	93.558	800-52-2015	2,607,974
Subtotal 93.558			<u>6,997,489</u>
Foster Care - Title IV-E	93.658	CEC-52-2015	1,000,002
Foster Care - Title IV-E	93.658	800-52-2015	1,427,045
Subtotal 93.658			<u>2,427,047</u>
Adoption Assistance	93.659	CEC-52-2015	176,577
Adoption Assistance	93.659	800-52-2015	1,978,395
Subtotal 93.659			<u>2,154,972</u>
Passed through California Secretary of State:			
Voting Access for Individuals with Disabilities - Grants to States	93.617	13G26134	26,002
Passed through State Child Support Department:			
Child Support Enforcement	93.563	Tehama	1,181,171
Passed through 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	4,651
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	IIIC-080-15	133,959
Nutrition Services Incentive Program	93.053	IIIC-080-15	28,296
Passed through California Family Resource Association:			
Affordable Care Act (ACA) Grants for Capital Development in Health Centers	93.526	None	5,432
Passed through State Department of Health Services:			
Public Health Emergency Preparedness	93.069	14-10553	103,661
National Bioterrorism Hospital Preparedness Program	93.889	14-10553	145,085
Medical Assistance Program	93.778	HCPCFC	40,841
Medical Assistance Program	93.778	IHSS	75,792
Medical Assistance Program	93.778	CEC-52-2015	1,877,214
Subtotal 93.778			<u>1,993,847</u>

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, 2015

<u>Federal Program/Pass Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services (Continued)			
Passed through State Department of Health Services (Continued):			
Maternal and Child Health Services Block Grant to the States	93.994	CHDP	\$ 63,097
Maternal and Child Health Services Block Grant to the States	93.994	CCS	120,773
Maternal and Child Health Services Block Grant to the States	93.994	MCH	<u>118,970</u>
Subtotal 93.994			<u>302,840</u>
Passed through State Department of Mental Health Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	PATH	16,131
Block Grants for Community Mental Health Services	93.958	MHBG	234,960
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	SAPT	796,290
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	RCDCP	284,279
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	14F-3049	180,365
Community Services Block Grant	93.569	15F-2049	<u>84,822</u>
Subtotal 93.569			<u>265,187</u>
Community Services Block Grant - Discretionary Awards	93.570	14F-3085	<u>65,210</u>
Total U.S. Department of Health and Human Services			<u>17,525,639</u>
Department of Homeland Security			
Direct Program:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	-	<u>544,870</u>
Total Department of Homeland Security			<u>544,870</u>
Total			<u><u>\$ 29,282,456</u></u>

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, 2015

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. 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.

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.

3. 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.

4. 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.

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 TEHAMA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

6. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County of Tehama provided federal awards to subrecipients as follows:

Federal CFDA	Subrecipient	Amount
93.044	City of Red Bluff	\$ 4,651
93.045	City of Red Bluff	133,959
93.053	City of Red Bluff	28,296
93.569	Catherine Marshall	7,920
93.569	Tehama Together	1,700
93.569	Poor and the Homeless	14,951
93.569	CSU Research Foundation	2,682
93.570	North Valley Catholic	4,588
93.570	Goodwill Industries	1,655
93.570	Alternatives to Violence	300
Total		<u>\$ 200,702</u>

7. PROGRAM CLUSTERS

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

Federal CFDA	Program Title	Federal Expenditures
<u>Child Nutrition Cluster</u>		
10.553	School Breakfast Program	\$ 11,329
10.555	National School Lunch Program	21,168
Total		<u>\$ 32,497</u>
<u>Aging Cluster</u>		
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	\$ 4,651
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	133,959
93.053	Nutrition Services Incentive Program	28,296
Total		<u>\$ 166,906</u>

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

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

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section 510(a)?	No
4. Identification of major programs:	
10.561 State Administrative Matching Grant for the Supplemental	
20.205 Highway Planning and Construction	
93.658 Foster Care - Title IV- E	
93.659 Adoption Assistance	
93.778 Medical Assistance Program	
5. Dollar threshold used to distinguish between Type A and Type B Programs?	\$878,474
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

Capital Assets	2015-001
Fund Classification	2015-002
Fund Balance	2015-003

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

2015-001 Capital Assets (Significant Deficiency)

Condition

During our audit we noted that the County's capital asset schedule at June 30, 2015 included equipment of \$27,282 net of accumulated depreciation for the Tehama County Transportation Commission, which is not a part of the County.

Cause

The County included assets purchased by agency funds on the County's capital asset schedule.

Criteria

Good internal control requires that the County only add assets it owns.

Effect of Condition

There are assets on the County's depreciation schedule that were purchased by agency funds.

Recommendation

We recommend that the County review the capital assets schedules to ensure that only assets owned by the County are included.

Corrective Action Plan

The County will create a new entity within the fixed asset software. All assets and depreciation associated with Tehama County Transportation Commission will be removed from the County's "equipment" and "structure" listings.

2015-002 Fund Classification (Significant Deficiency)

Condition

During our audit we noted that the County reclassified one agency fund to the General fund (Fund 407). This reclassification resulted in an adjustment to beginning fund balance/net position of \$35,617 .

Cause

During the year the County analyzed several funds and determined that one fund was not properly classified.

Criteria

GASB Statement No. 34, paragraphs 64-73, require governments to report governmental, proprietary, and fiduciary funds to the extent that they have activities that meet the criteria for using those funds.

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

2015-002 Fund Classification (Significant Deficiency) (Continued)

Effect of Condition

The County may be inappropriately classifying various funds when classification to another fund type would more appropriately reflect the activity.

Recommendation

We recommend that the County analyze all funds to evaluate whether they are properly classified according to GASB Statement Nos. 34 and 54.

Corrective Action Plan

In the process of reviewing all funds for proper classification, the County identified an error in reporting for Fund 407 - Recorder Truncation during the 2014-15 fiscal year. The fund was reclassified as a Special Revenue fund associated with the General fund. Unfortunately, because this fund was reported in a different manner in the previous year, the beginning balance for combined funds was not consistent with ending fund balances for the 2013/14 fiscal year. All adjustments have been made, auditors were made aware of the change during the audit, and balances associated with Fund 407 are being combined with the General fund in the 2014-15 audit. The County will continue to monitor and analyze funds for proper classification.

2015-003 Fund Balance (Significant Deficiency)

Condition

During our audit we noted that beginning fund balance in eleven funds was misstated due to posting of current year activity directly to fund balance. The total amount of activity posted directly to fund balance was \$93,360.

Cause

The County recorded current year revenues, transfers to other funds, and deposits from others as a direct adjustment to fund balance.

Criteria

According to Governmental Accounting, Auditing, and Financial Reporting (Blue Book), "It is presumed that all changes to equity should be reported as part of the results of operations for the current period rather than treated as a direct adjustment to equity - beginning of the fiscal year." There are four exceptions to this rule: 1) Prior-period adjustment, 2) Change in accounting principle, 3) Change in estimate, and 4) Change in entity.

Effect of Condition

Fund balance, revenues, transfers to other funds, and deposits from others were misstated and required adjustment.

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

2015-003 Fund Balance (Significant Deficiency) (Continued)

Recommendation

We recommend that the County properly record revenues, transfers to other funds, and deposits from others, and only report adjustments to fund balance for accounting changes and corrections of an error as described above.

Corrective Action Plan

The County didn't post directly to fund balance with the intention of misstating revenue or expense. In total, there were eleven funds that had postings directly to fund balance. Reasons for those entries ranged from trying to adjust to accounting practice changes made in previous years, to voided warrants from the prior year going unnoticed. There was also a misunderstanding with proposed journal entries sent by the auditors. It appeared that the County had to make those entries in our financial system, when in fact, the auditors had made the adjustments already. Duplicating the journals resulted in the bulk of the \$93,360 directly posted to fund balance.

The County will make every effort to review activity in fund balance accounts in the upcoming fiscal year to ensure fund balances remain as stated in the financial statements. A more careful review of the draft documents and consideration of the impacts of proposed journals will also assist in eliminating the potential for duplicate journal entries.

COUNTY OF TEHAMA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2015

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
2014-001	<p>Capital Assets</p> <p>Recommendation</p> <p>We recommend that the County review the capital assets schedules to ensure that all acquisitions and dispositions are included, that accumulated depreciation is properly calculated, and that only assets owned by the County are included.</p> <p>Status</p> <p>Partially Implemented</p>
2014-002	<p>Fund Classification</p> <p>Recommendation</p> <p>We recommend that the County analyze all funds to evaluate whether they are properly classified according to GASB Statement No. 34 and No. 54.</p> <p>Status</p> <p>In Progress</p>
2014-003	<p>Revenue Recognition</p> <p>Recommendation</p> <p>We recommend that the County analyze revenues received after year-end for proper recording of receivables, unavailable revenues, and revenues on the governmental fund financial statements.</p> <p>Status</p> <p>Implemented</p>
2014-004	<p>Fund Balance</p> <p>Recommendation</p> <p>We recommend that the County properly record revenues, transfer to other funds, and deposits from others, and only report adjustments to fund balance for accounting changes and corrections of an error as described above.</p> <p>Status</p> <p>Not Implemented</p>

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Supplemental Schedules

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COUNTY OF TEHAMA
Supplemental Schedule
California Department of Aging (CDA)
For the Year Ended June 30, 2015

A reconciliation of accrual basis expenditures as reported on the Financial Closeout Report to cash basis expenditures confirmed as of June 30, 2015 follows:

Program	Federal CFDA Number	Total Expenditures	Accrual Adjustments	Confirmed Amount
IIIB Transportation	93.044	\$ 4,651	(\$ 546)	\$ 4,105
IIIC-1 Congregate	93.045	42,106	8,569	50,675
IIIC-1 Congregate One Time Only	93.045	5,886	-	5,886
IIIC-1 Congregate Nutrition Services Incentive Program	93.053	11,167	-	11,167
IIIC-2 Home Delivered Meals	92.045	80,585	1,120	81,705
IIIC-2 Home Delivered Meals One Time Only	93.045	5,382	-	5,382
IIIC-2 Home Delivered Meals, Nutrition Services Incentive	93.053	<u>17,129</u>	<u>-</u>	<u>17,129</u>
Total Expenditures of CDA Federal Awards		<u>\$ 166,906</u>	<u>\$ 9,143</u>	<u>\$ 176,049</u>

COUNTY OF TEHAMA
Supplemental Schedule
California Emergency Management Agency
For the Year Ended June 30, 2015

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, 2015. 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 Period Through June 30, 2014	For the Year Through June 30, 2015	Cumulative As Of June 30, 2015	Federal Share	State Share	County Share
<u>VW14190520 - Victim Witness Assistance</u>						
Personal services	\$ -	\$ 92,101	\$ 92,101	\$ 54,793	\$ 37,308	\$ -
Operating expenses	-	9,297	9,297	-	9,297	-
Equipment	-	23,041	23,041	896	22,145	-
Totals	<u>\$ -</u>	<u>\$ 124,439</u>	<u>\$ 124,439</u>	<u>\$ 55,689</u>	<u>\$ 68,780</u>	<u>\$ -</u>
<u>UV13040520 - Undeserved Victim Advocacy and Outreach Program</u>						
Personal services	\$ 102,900	\$ 35,292	\$ 138,192	\$ 28,234	\$ -	\$ 7,058
Operating expenses	6,848	11,380	18,228	9,104	-	2,276
Equipment	-	-	-	-	-	-
Totals	<u>\$ 109,748</u>	<u>\$ 46,672</u>	<u>\$ 156,420</u>	<u>\$ 37,338</u>	<u>\$ -</u>	<u>\$ 9,334</u>
<u>UV14050520 - Undeserved Victim Advocacy and Outreach Program</u>						
Personal services	\$ -	\$ 60,373	\$ 60,373	\$ 48,298	\$ -	\$ 12,075
Operating expenses	-	7,368	7,368	5,895	-	1,473
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 67,741</u>	<u>\$ 67,741</u>	<u>\$ 54,193</u>	<u>\$ -</u>	<u>\$ 13,548</u>

COUNTY OF TEHAMA
Supplemental Schedule
California Community Services and Development
CSD Contract No. 14F-3049 (CSBG)
For the Period January 1, 2014 Through December 31, 2014

	<u>January 1 through June 30, 2014</u>	<u>July 1 through December 31, 2014</u>	<u>Total Audited Costs</u>	<u>Total Reported Costs</u>	<u>Total Budget</u>
REVENUE					
Grant revenue	\$ 84,842	\$ 180,594	\$ 265,436	\$ 265,436	\$ 265,436
Total Revenue	<u>84,842</u>	<u>180,594</u>	<u>265,436</u>	<u>265,436</u>	<u>265,436</u>
EXPENDITURES					
Administrative Costs:					
Operating expenses	1,588	3,669	5,257	5,257	5,135
Contract/consultant services	4,237	58,772	63,009	63,009	57,281
Total Administrative Costs	<u>5,825</u>	<u>62,441</u>	<u>68,266</u>	<u>68,266</u>	<u>62,416</u>
Program Costs:					
Salaries and wages	38,804	23,410	62,214	62,214	64,581
Fringe benefits	19,338	14,670	34,008	34,008	41,178
Operating expenses	15,328	37,026	52,354	52,354	52,000
Equipment	-	9,807	9,807	9,807	10,000
Subcontractor/consultant services	5,776	33,011	38,787	38,787	35,261
Total Program Costs	<u>79,246</u>	<u>117,924</u>	<u>197,170</u>	<u>197,170</u>	<u>203,020</u>
Total Costs	<u>85,071</u>	<u>180,365</u>	<u>265,436</u>	<u>265,436</u>	<u>265,436</u>
Revenue Over (Under) Costs	<u>\$ (229)</u>	<u>\$ 229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF TEHAMA
Supplemental Schedule
California Community Services and Development
CSD Contract No. 15F-3049 (CSBG)
For the Period of January 1, 2015 Through June 30, 2015

	<u>January 1 through June 30, 2015</u>	<u>Total Audited Costs</u>	<u>Total Reported Costs</u>	<u>Total Budget</u>
REVENUE				
Grant revenue	\$ 84,822	\$ 84,822	\$ 84,822	\$ 267,816
Total Revenue	<u>84,822</u>	<u>84,822</u>	<u>84,822</u>	<u>267,816</u>
EXPENDITURES				
Administrative Costs:				
Operating expenses	520	520	520	4,814
Contract/consultant services	36,531	36,531	36,531	85,574
Total Administrative Costs	<u>37,051</u>	<u>37,051</u>	<u>37,051</u>	<u>90,388</u>
Program Costs:				
Salaries and wages	12,174	12,174	12,174	64,369
Fringe benefits	6,742	6,742	6,742	43,277
Operating expenses	12,147	12,147	12,147	37,635
Subcontractor/consultant services	16,708	16,708	16,708	32,147
Total Program Costs	<u>47,771</u>	<u>47,771</u>	<u>47,771</u>	<u>177,428</u>
Total Costs	<u>84,822</u>	<u>84,822</u>	<u>84,822</u>	<u>267,816</u>
Revenue Over (Under) Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF TEHAMA
Supplemental Schedule
California Community Services and Development
CSD Contract No. 14F-3085 (CSBG)
For the Period of January 1, 2015 Through June 30, 2015

	January 1 through June 30, 2015	Totals	Totals	Budget
REVENUE				
Grant revenue	\$ 65,210	\$ 65,210	\$ 65,210	\$ 65,210
Total Revenue	65,210	65,210	65,210	65,210
EXPENDITURES				
Administrative Costs:				
Contract/consultant services	7,000	7,000	7,000	7,000
Total Administrative Costs	7,000	7,000	7,000	7,000
Program Costs:				
Salaries and wages	26,102	26,102	26,102	27,951
Fringe benefits	11,470	11,470	11,470	10,861
Operating expenses	13,638	13,638	13,638	12,398
Subcontractor/consultant services	7,000	7,000	7,000	7,000
Total Program Costs	58,210	58,210	58,210	58,210
Total Costs	65,210	65,210	65,210	65,210
Revenue Over (Under) Costs	\$ -	\$ -	\$ -	\$ -

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