

**COUNTY OF TEHAMA,
CALIFORNIA**



**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2019**

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COUNTY OF TEHAMA
Single Audit Act
For the Year Ended June 30, 2019

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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, 2019, 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 9, 2020.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. (2019-001)

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. (2019-002)

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

Compliance and Other Matters

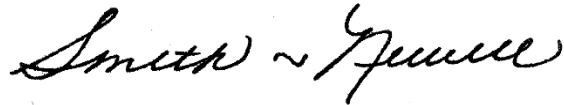
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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
March 9, 2020

**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, 2019. 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, 2019.

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.

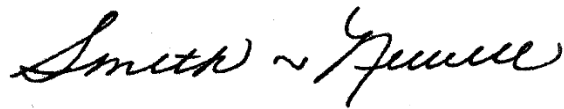
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 9, 2020, 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, as listed in the table of contents, 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
March 9, 2020

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COUNTY OF TEHAMA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

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	17-8506-1164-CA	\$ -	\$ 1,434
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C002	-	19,776
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C024	-	4,686
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C048	-	2,031
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C384	-	10,636
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C500	-	4,738
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C009	-	7,362
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C001	-	5,875
Subtotal 10.025			-	56,538
State Department of Education:				
School Breakfast Program	10.553	02951-SN-52-R	-	15,842
National School Lunch Program	10.555	02951-SN-52-R	-	29,862
Total Child Nutrition Cluster			-	45,704
State Department of Health Services:				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	15-10122	-	759,743
State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10-Unknown	-	1,605,395
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2016-139	-	196,411
Subtotal 10.561			-	1,801,806
State Controller's Office:				
Cooperative Forestry Assistance	10.664	7FG18114	-	19,999
Schools and Roads - Grants to Counties	10.666	10-Unknown	-	433,936
Total U.S. Department of Agriculture			-	3,117,726
U.S. Department of the Interior				
Direct Program:				
Payments in Lieu of Taxes	15.226	-	-	772,581
Total U.S. Department of the Interior			-	772,581

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, 2019

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				
Direct Program:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0741	\$ -	\$ 12,294
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0026	-	8,867
Subtotal 16.738			-	21,161
State Emergency Management Agency:				
Crime Victim Assistance	16.575	VW 1722 0520	-	55,457
Crime Victim Assistance	16.575	VW 1823 0520	-	145,771
Crime Victim Assistance	16.575	UV 1602 0520	-	30,481
Crime Victim Assistance	16.575	UV 1803 0520	-	93,479
Subtotal 16.575			-	325,188
Total U.S. Department of Justice			-	346,349
U.S. Department of Transportation				
State Department of Transportation:				
Highway Planning and Construction	20.205	BRLKS-5908(029)	-	6,305
Highway Planning and Construction	20.205	BRLO-5908(055)	-	2,463
Highway Planning and Construction	20.205	BRLO-5908(056)	-	65,204
Highway Planning and Construction	20.205	BRLO-5908(057)	-	57,595
Highway Planning and Construction	20.205	BRLOZB-5908(025)	-	163,459
Highway Planning and Construction	20.205	BRLS-5908(070)	-	152,228
Highway Planning and Construction	20.205	BRLS-5908(081)	-	1,327
Highway Planning and Construction	20.205	BRLSZD-5908(031)	-	749,177
Highway Planning and Construction	20.205	BPMP-5908(096)	-	8,014
Highway Planning and Construction	20.205	HSIPL-5908(073)	-	109
Highway Planning and Construction	20.205	HSIPL-5908(079)	-	22,010
Highway Planning and Construction	20.205	HSIPL-5908(080)	-	417
Highway Planning and Construction	20.205	HSIPL-5908(104)	-	40
Highway Planning and Construction	20.205	HSIPL-5908(105)	-	40
Highway Planning and Construction	20.205	HSIPL-5908(106)	-	1,759
Highway Planning and Construction	20.205	SRTSL-5908(092)	-	57,560
Highway Planning and Construction	20.205	RPSTPL-5908(100)	-	33,512
Highway Planning and Construction	20.205	RPSTPL-5908(102)	-	1,122
Subtotal 20.205			-	1,322,341
Total U.S. Department of Transportation			-	1,322,341

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, 2019

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: Fund for the Improvement of Education	84.215	84-Unknown	\$ -	\$ 133,720
Total U.S. Department of Education			-	133,720
Elections Assistance Commission				
Secretary of State: Help America Vote Act Requirements Payments	90.401	17G26143	-	9,427
Total Elections Assistance Commission			-	9,427
U.S. Department of Health and Human Services				
State Department of Social Services:				
Guardianship Assistance	93.090	93-Unknown	-	38,388
Promoting Safe and Stable Families	93.556	93-Unknown	-	63,779
Temporary Assistance for Needy Families	93.558	93-Unknown	-	5,684,911
Adoption Incentive Payments	93.603	93-Unknown	-	38,358
Stephanie Tubbs Jones Child Welfare Services Program	93.645	93-Unknown	-	48,267
Foster Care - Title IV-E	93.658	93-Unknown	-	2,209,701
Adoption Assistance	93.659	93-Unknown	-	3,309,820
Social Services Block Grant	93.667	93-Unknown	-	149,424
Chafee Foster Care Independence Program	93.674	93-Unknown	-	43,697
State Child Support Department:				
Child Support Enforcement	93.563	93-Unknown	-	1,236,390
State Department of Aging:				
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	IIC-080-15	-	165,969
Nutrition Services Incentive Program	93.053	IIC-080-15	-	24,278
Total Aging Cluster			-	190,247
State Department of Alcohol and Drug Programs:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	93-Unknown	-	836,694
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	93-Unknown	-	393,290

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, 2019

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 Health Services:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	93-Unknown	\$ -	\$ 263,255
Childhood Lead Preventions Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	18-10211	-	2,659
Medical Assistance Program	93.778	93-Unknown	-	2,805,137
Tribal Maternal, Infant, and Early Childhood Home Visiting	93.872	15-10208	-	354,020
Maternal and Child Health Services Block Grant to the States	93.994	93-Unknown	-	120,410
State Department of Community Services and Development:				
Community Services Block Grant	93.569	18F-5049	-	230,607
Community Services Block Grant	93.569	18F-5049 Discretionary	-	35,000
Community Services Block Grant	93.569	19F-4049	-	72,095
Subtotal 93.569			-	337,702
State Department of Mental Health Services:				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	93-Unknown	-	16,309
Block Grants for Community Mental Health Services	93.958	93-Unknown	-	413,418
Total U.S. Department of Health and Human Services			-	18,555,876
Department of Homeland Security				
State Emergency Management Agency:				
Emergency Management Performance Grants	97.042	2017-0007	-	49,425
Emergency Management Performance Grants	97.042	2018-0008	-	82,353
Subtotal 97.042			-	131,778
Homeland Security Grant Program	97.067	2016-00102	-	5,220
Homeland Security Grant Program	97.067	2017-0083	-	69,771
Subtotal 97.067			-	74,991
Total Department of Homeland Security			-	206,769
Total			\$ -	\$ 24,464,789

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, 2019

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 minimis 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, 2019

7. PROGRAM CLUSTERS

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

<u>Federal CFDA No.</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>Child Nutrition Cluster</u>		
10.553	School Breakfast Program	\$ 15,842
10.555	National School Lunch Program	<u>29,862</u>
Total		<u>\$ 45,704</u>
<u>Aging Cluster</u>		
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services	\$ 165,969
93.053	Nutrition Services Incentive Program	<u>24,278</u>
Total		<u>\$ 190,247</u>

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

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 and 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 and 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)?	No
4. Identification of major programs:	
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children	
10.666 Schools and Roads – Grants to Counties	
15.226 Payments in Lieu of Taxes	
93.558 Temporary Assistance for Needy Families	
93.958 Block Grants for Community Mental Health Services	
93.959 Block Grants for Prevention and Treatment of Substance Abuse	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

Prior Period Adjustment	2019-001
Audit Adjustments	2019-002

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

2019-001 Prior Period Adjustment (Material Weakness)

Criteria

Generally Accepted Accounting Principles require that material errors in the prior year ending balances be corrected by a prior period adjustment to beginning net position.

Condition

During our audit we noted the County made material prior period adjustments to current prior year understatements of construction in progress and infrastructure in the government-wide financial statements.

Cause

During the year, the County reviewed prior year costs related to road construction in progress and infrastructure that were expensed in the government-wide financial statements that should have been capitalized.

Effect

Beginning net position was misstated and required adjustment.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

Not a repeat finding.

Recommendation

We recommend that the County review the financial records and ensure that all items are recorded correctly.

Views of Responsible Officials and Planned Corrective Action

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, 2019

2019-002 Audit Adjustments (Significant Deficiency)

Criteria

Government auditing standards require independent auditors to evaluate all unadjusted misstatements of financial statements.

Condition

At the time of our audit, we noted that accounts receivable, unearned revenues, deferred revenues and capital assets required significant adjustments.

Cause

The County had not reconciled and adjusted all accounts on the general ledger to adequate documentation.

Effect

The financial statements as presented to us contained misstatements and required adjustment.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

Not a repeat finding.

Recommendation

We recommend that the County reconcile all accounts to adequate documentation in a timely manner prior to the start of the annual audit.

Views of Responsible Officials and Planned Corrective Action

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

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LEROY M. ANDERSON
Auditor-Controller



KRISTA K. PETERSON
Assistant Auditor-Controller

TEHAMA COUNTY AUDITOR-CONTROLLER

COUNTY OF TEHAMA, CALIFORNIA

Status of Prior Year Findings and Questioned Costs

And

Corrective Action Plan

For the Year Ended June 30, 2019

Compiled by: Krista Peterson
Assistant Auditor-Controller

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COUNTY OF TEHAMA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2019

<u>Audit Reference</u>	<u>Status of Prior Year Recommendations</u>
2018-001	Highway Planning and Construction, Medical Assistance Program Recommendation We recommend that the County departments provide the County Auditor with accurate federal expenditure information prior to the beginning of audit fieldwork. Status Implemented
2018-002	Infrastructure 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. Status Implemented
2018-003	Schedule of Federal Expenditures 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. Status Implemented

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COUNTY OF TEHAMA
Management's Corrective Action Plan
For the Year Ended June 30, 2019

Finding 2019-001 Prior Period Adjustment (Material Weakness)

We recommend that the County review the financial records and ensure that all items are recorded correctly.

Management's Response: During the 17/18 audit process, it was discovered that there was no distinction between construction in progress and capitalization. Assets were being recognized upon completion of the project rather than on an annual basis when the expense occurred. Thus, projects that spanned multiple years were being recognized in the year in which the department finalized the project. In order to reconcile and recognize the infrastructure's correct value, a prior period adjustment is necessary in the 18/19 audit.

Responsible Individual: Road Department fiscal staff with oversight, guidance and review by Auditor Accountant.

Corrective Action Plan: In order to identify/classify construction in progress and infrastructure, the Auditor Accountant requested detailed listings, by project and by year, from the Road Department's Cost Accounting Management System (CAMS). She then tied and reconciled that data to the County's financial record of expenses by year.

After careful review of the information provided, and multiple meetings with fiscal staff at the Road Dept, a process for year-end reporting was established, a value for infrastructure was determined, and a year-end audit adjustment was made to the Capital Asset Footnote. In addition, guidelines for recognizing construction in progress and capitalization were agreed upon by Road Department and Auditor staff.

Going forward, the Road Department will be required to submit back up documentation from CAMS to substantiate construction in progress and changes in infrastructure values. This documentation, as well as related schedules, will be provided by the Road Department and carefully audited by the Auditor Accountant to ensure accuracy prior to turning the documentation over to the outside auditing firm.

Anticipated Completion Date: The new process has been established and the prior year adjustment has been made in the 18/19 audit. Fully implemented as of February 27, 2020.

Finding 2019-002 Audit Adjustments (Significant Deficiency)

We recommend that the County reconcile all accounts to adequate documentation in a timely manner prior to the start of the annual audit.

COUNTY OF TEHAMA
Management's Corrective Action Plan
For the Year Ended June 30, 2019

Finding 2019-002 Audit Adjustments (Significant Deficiency) (Continued)

Management's Response: The Auditor's office requests year-end information the first week of August from departments to include, but not limited to, accounts payable, accounts receivable, encumbrances and a listing of monies still due from the state or federal government. The Auditor's office creates schedules from the provided information and records the accruals in the financial software. There is a very short time frame for collection data from the departments, recording the information in the financial software, doing a soft close for the year, creating schedules, and getting information ready for the outside audit firms' first visit in mid-August. Back up documentation for accounts receivable and monies still due from state and federal agencies is also requested from the departments, and Auditor staff make a conscious effort to ensure the back-up matches the schedules provided by the departments.

Each department has fiscal staff which are responsible for claiming expenses for reimbursements from outside agencies. This not at all the responsibility of the Auditor staff. Moreover, Auditor staff must assume that what is being included on the schedules is accurate and complete.

During the field visit, the auditors select several items from the various schedules for further testing. The Auditor-Accountant makes multiple phone calls and sends numerous emails to solicit this information from departments and once the information is received, it is turned over the audit firm. Unfortunately, this testing and communication also gives departments an "opportunity" to realize that they have forgotten to include something on one of their schedules. This was the case for both the Road Department and the Health Agency. Each had to modify their Schedule of Receivables. As stated earlier, this is not something that Auditor staff could be aware of ahead of time. What was initially provided to the auditor's, did indeed reconcile to the general ledger.

During the request for additional information, it was also discovered that a Medi-Cal adjustment had been received and not recorded properly and an insurance settlement had not been recorded by the departments as an accrual for FY 18/19. The result of these findings was that monies held in Unearned Revenues hadn't been recognized and that a receipt needed to be backed out of the current year revenue and marked as an accrual. When this was brought to our attention, journals were completed by Auditor staff to record the revenue in FY 18/19.

Also noted, and addressed, in finding response 2019-001, Prior Period Adjustments, was the issue of capital assets for the Road Department. The result of the construction in progress and recognition of changes to infrastructure for prior years resulted in significant changes to our capital assets.

Responsible Individual: Fiscal staff at all departments with oversight, guidance and review by Auditor Accountant

COUNTY OF TEHAMA
Management's Corrective Action Plan
For the Year Ended June 30, 2019

Finding 2019-002 Audit Adjustments (Significant Deficiency) (Continued)

Corrective Action Plan: Although the Auditor's office relies on departments to record accurate information, additional auditor staff can, and will, be assigned to assist in the year-end process. Specifically, someone will be tasked with reviewing the back up documentation for what has been recorded as "due from state federal agencies" to ensure that it matches the schedules provided. Auditor staff will also review all documents requested during the testing phase to ensure accuracy prior to turning the documents over to the outside audit firm.

Lastly, the Auditor staff will convey to departments the importance for complete and accurate reporting at year-end.

Anticipated Completion Date: August 15, 2020

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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, 2019

A reconciliation of accrual basis expenditures as reported on the Financial Closeout Report to cash basis expenditures confirmed as of June 30, 2019 follows:

<u>Program</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>	<u>Accrual Adjustments</u>	<u>Confirmed Amount</u>
IIC-1 Congregate	93.045	\$ 55,392	\$ -	\$ 55,392
IIC-1 Congregate Nutrition Services Incentive Program	93.053	7,984	-	7,984
IIC-2 Home Delivered Meals	93.045	110,577	-	110,577
IIC-2 Home Delivered Meals, Nutrition Services Incentive	93.053	<u>16,294</u>	-	<u>16,294</u>
Total Expenditures of CDA Federal Awards		<u>\$ 190,247</u>	<u>\$ -</u>	<u>\$ 190,247</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>Federal CFDA No.</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Total</u>
93.045	\$ 165,969	\$ -	\$ 165,969
93.053	<u>24,278</u>	-	<u>24,278</u>
Total	<u>\$ 190,247</u>	<u>\$ -</u>	<u>\$ 190,247</u>

COUNTY OF TEHAMA
Supplemental Schedule
California Emergency Management Agency
For the Year Ended June 30, 2019

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, 2019. 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, 2018	For the Year Through June 30, 2019	Cumulative As of June 30, 2019	Federal Share	State Share	County Share
<u>VW 1722 0520 – Victim Witness Assistance</u>						
Personal services	\$ 130,840	\$ 43,824	\$ 174,664	\$ 43,824	\$ -	\$ -
Operating expenses	11,425	11,633	23,058	11,633	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ 142,265</u>	<u>\$ 55,457</u>	<u>\$ 197,722</u>	<u>\$ 55,457</u>	<u>\$ -</u>	<u>\$ -</u>
<u>VW 1823 0520 – Victim Witness Assistance</u>						
Personal services	\$ -	\$ 129,972	\$ 129,972	\$ 129,972	\$ -	\$ -
Operating expenses	-	40,943	40,943	15,799	17,626	7,518
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 170,915</u>	<u>\$ 170,915</u>	<u>\$ 145,771</u>	<u>\$ 17,626</u>	<u>\$ 7,518</u>
<u>UV 1602 0520– Undeserved Victim Advocacy and Outreach Program</u>						
Personal services	\$ 143,449	\$ 24,068	\$ 167,517	\$ 13,488	\$ -	\$ 10,580
Operating expenses	11,503	22,485	33,988	16,993	-	5,492
Equipment	-	-	-	-	-	-
Totals	<u>\$ 154,952</u>	<u>\$ 46,553</u>	<u>\$ 201,505</u>	<u>\$ 30,481</u>	<u>\$ -</u>	<u>\$ 16,072</u>
<u>UV 1803 0520– Undeserved Victim Advocacy and Outreach Program</u>						
Personal services	\$ -	\$ 96,518	\$ 96,518	\$ 92,252	\$ -	\$ 4,266
Operating expenses	-	10,495	10,495	1,227	-	9,268
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 107,013</u>	<u>\$ 107,013</u>	<u>\$ 93,479</u>	<u>\$ -</u>	<u>\$ 13,534</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>July 1 through December 31, 2018</u>	<u>Total Audited Costs</u>	<u>Total Reported Costs</u>	<u>Total Budget</u>
REVENUE					
Grant revenue	\$ 58,246	\$ 230,607	\$ 288,853		\$ 288,853
Total Revenue	<u>58,246</u>	<u>230,607</u>	<u>288,853</u>		<u>288,853</u>
EXPENDITURES					
Administrative Costs:					
Operating expenses	6,354	9,131	15,485	15,485	15,978
Contract/consultant services	13,064	33,941	47,005	47,005	45,000
Total Administrative Costs	<u>19,418</u>	<u>43,072</u>	<u>62,490</u>	<u>62,490</u>	<u>60,978</u>
Program Costs:					
Salaries and wages	24,068	34,484	58,552	58,552	58,702
Fringe benefits	9,548	15,716	25,264	25,264	26,158
Operating expenses	5,212	77,625	82,837	82,837	85,700
Subcontractor/consultant services	-	59,710	59,710	59,710	57,315
Total Program Costs	<u>38,828</u>	<u>187,535</u>	<u>226,363</u>	<u>226,363</u>	<u>227,875</u>
Total Expenses	<u>\$ 58,246</u>	<u>\$ 230,607</u>	<u>\$ 288,853</u>	<u>\$ 288,853</u>	<u>\$ 288,853</u>

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

	<u>January 1 through June 30, 2018</u>	<u>July 1 through December 31, 2018</u>	<u>Total Audited Costs</u>	<u>Total Reported Costs</u>	<u>Total Budget</u>
REVENUE					
Grant revenue	\$ -	\$ 35,000	\$ 35,000		\$ 35,000
Total Revenue	-	35,000	35,000		35,000
EXPENDITURES					
Program Costs:					
Salaries and wages	-	10,938	10,938	10,938	10,938
Fringe benefits	-	2,833	2,833	2,833	2,833
Equipment	-	21,229	21,229	21,229	21,229
Total Program Costs	-	35,000	35,000	35,000	35,000
Total Expenses	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>

COUNTY OF TEHAMA
Supplemental Schedule
California Community Services and Development
CSD Contract No. 19F-4049 (CSBG)
For the Period of January 1, 2019 Through December 31, 2019

	January 1 through June 30, 2019	Total Audited Costs	Total Reported Costs	Total Budget
REVENUE				
Grant revenue	\$ 72,095	\$ 72,095		\$ 285,566
Total Revenue	72,095	72,095		285,566
EXPENDITURES				
Administrative Costs:				
Operating expenses	7,582	7,582	7,582	19,943
Contract/consultant services	19,463	19,463	19,463	45,000
Total Administrative Costs	27,045	27,045	27,045	64,943
Program Costs:				
Salaries and wages	21,598	21,598	21,598	88,203
Fringe benefits	8,615	8,615	8,615	28,441
Operating expenses	8,217	8,217	8,217	71,579
Subcontractor/consultant services	6,620	6,620	6,620	32,400
Total Program Costs	45,050	45,050	45,050	220,623
Total Expenses	\$ 72,095	\$ 72,095	\$ 72,095	\$ 285,566

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