

COUNTY OF SUTTER
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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COUNTY OF SUTTER
SINGLE AUDIT REPORT
For The Year Ended June 30, 2018

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COUNTY OF SUTTER

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2018**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of major programs:

CFDA#(s)	Name of Federal Program or Cluster
10.561	Supplemental Nutrition Assistance Program Administrative Match (Public Health)
14.228	Community Development Block Grants State’s Program and Non-Entitlement Grants in Hawaii
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.959	Substance Abuse Prevention & Treatment Grant (SAPT)
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: \$923,112

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated March 29, 2019 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit disclosed the following findings and questioned costs required to be reported in accordance with Uniform Guidance.

Finding SA# 2018-001: Accurate Preparation of the Schedule of Expenditures of Federal Awards

CFDA Number: 14.228, 93.658

CFDA Title: Community Development Block Grants/ State’s Program and Non-Entitlement Grants in Hawaii, Foster Care— Title IV-E

Federal Agency: Department of Housing and Urban Development, Department of Health and Human Services

Federal Award Identification Number: N/A

Name of passthrough Entity: State Department of Housing and Community Development/State Department of Social Services

Criteria: In accordance with the requirements of Uniform Guidance and the Single Audit Act, the County should report all Federal expenditures in the Schedule of Expenditures of Federal Awards (SEFA) each fiscal year.

Condition: In reviewing the expenditure details and supporting documentation for the Schedule of Expenditures of Federal Awards (SEFA), we noted the following:

- Community Development Block Grants/ State’s Program and Non-Entitlement Grants in Hawaii – When inquiring County staff to provide supporting documentation for the grant, it was noted the County include grant expenditures in the amount of \$78,038 two times on the SEFA.
- Foster Care— Title IV-E – During our testing of the grant it was noted that the expenditures reported on the SEFA for this grant included various other grants which were overstated by \$437,957.

Effect: The County’s SEFA was overstated.

Cause: Due to staff oversight.

Recommendation: The County should develop policies and procedures for County departments to ensure that they are reporting the correct total expenditures based on the award agreements.

COUNTY OF SUTTER

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor Award Number	Federal Expenditures	Pass-through To Subrecipients
<u>U.S. Department of Agriculture</u>				
Passed through State Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-1211-CA	\$ 195	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-0689-CA	1,438	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C048	9,790	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-0934-GR	21,113	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C047	1,500	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-0484-CA	12,115	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C002	8,270	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-8506-1164-CA	552	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-1164-CA	2,118	-
Program Subtotal			57,091	-
Passed through State Department of Public Health:				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10121	987,405	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16-10172	1,465,684	-
Passed through State Department of Food and Agriculture:				
Cooperative Forestry Assistance	10.664	Not Available	28,186	-
Total U.S. Department of Food and Agriculture			\$ 2,538,366	\$ -
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State Department of Housing and Community Development:				
Community Development Block Grants (Outstanding Loan Balance)	14.228	Not Available	1,573,392	1,573,392
Community Development Block Grants	14.228	Not Available	13,630	-
Program Subtotal			1,587,022	1,573,392
Passed through State Department of Housing and Community Development (Continued):				
Home Investment Partnerships Program				
2010 Home Program (Outstanding Loan Balance)	14.239	Not Available	49,612	-
Total U.S. Department of Housing and Urban Development			\$ 1,636,634	\$ 1,573,392
<u>U.S. Department of Interior</u>				
Passed through State Department of Fish and Wildlife:				
Cooperative Endangered Species Conservation Fund	15.615	P1482018	8,400	-
Total U.S. Department of Interior			\$ 8,400	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SUTTER

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor Award Number	Federal Expenditures	Pass-through To Subrecipients
<u>U.S. Department of Justice</u>				
Direct Programs:				
Bulletproof Vest Partnership	16.607		2,969	-
Subtotal Direct Programs			<u>2,969</u>	<u>-</u>
Passed through Governor's Office of Emergency Services:				
Victim Witness Assistance Program	16.575	VW17310510	158,672	-
Victim Witness Assistance Program	16.575	VW16300510	62,024	-
County Victim Service Program	16.575	XC16010510	107,729	-
Passed through Programs Subtotal			<u>328,425</u>	<u>-</u>
Total U.S. Department of Justice			<u>331,394</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Passed through State Department of Transportation:	20.205			
Highway Planning and Construction - Larkin Road Bridge & Sutter Buttes Bridge		B0105	43,441	-
Highway Planning and Construction - Pennington Road Bridge Replacement		B0650	2,686,251	-
Highway Planning and Construction - Nicolaus Avenue & Coon Creek Bridge		B0700	35,987	-
Highway Planning and Construction - Tisdale Road Bridge Replacement		B1525	184,561	-
Highway Planning and Construction - Howsley Road Bridge Replacement		B1629	190,305	-
Highway Planning and Construction - Kent Avenue Bridge Replacement		B1630	208,431	-
Highway Planning and Construction - Bridge Preventative Maintenance		BR31001413R	2,348	-
Highway Planning and Construction - Reflective Safety Improvement - HSIP		GF31001524R	37,626	-
Highway Planning and Construction - Pavement Marking HSIP		GF31001723R	31,328	-
Highway Planning and Construction - Federal Exchange		RSTP2016/17	185,383	-
Total U.S. Department of Transportation			<u>3,605,661</u>	<u>-</u>
<u>U.S. Department of Education</u>				
Passed through State Department of Education:	84.002			
Adult Education - Basic Grants to States		Not Available	32,325	-
Adult Education - Basic Grants to States		Not Available	30,521	-
Adult Education - Basic Grants to States		Not Available	34,546	-
Adult Education - Basic Grants to States		Not Available	103,893	-
Total U.S. Department of Education			<u>201,285</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SUTTER

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor Award Number	Federal Expenditures	Pass-through To Subrecipients
<u>U.S. Department of Health and Human Services</u>				
Passed through State Department of Public Health:				
Public Healthy Emergency Preparedness	93.069	14-10552 A01	143,433	-
Program Subtotal			<u>143,433</u>	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Not Available	41,835	-
State and Local Childhood Lead Poisoning Prevention	93.197	14-10054	73,998	-
Immunization Grants	93.268	13-20316	43,607	-
Preventive Health Services Sexually Transmitted Disease Control Grants (Chlamydia)	93.977	11-10068 A01	1,423	-
Passed through State Department of Mental Health:				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Not Available	60,269	-
Mental Health Block Grant (MHBG)	93.958	Not Available	434,965	-
Substance Abuse Prevention & Treatment Block Grant (SAPT)	93.959	Not Available	1,199,631	-
Passed through State Department of Social Services:				
Guardianship Assistance	93.090	Not Available	27,105	-
Promoting Safe and Stable Families	93.556	Not Available	71,492	-
Promoting Safe and Stable Families - Caseworker Visit	93.556	Not Available	6,942	-
Program Subtotal			<u>78,434</u>	-
Temporary Assistance for Needy Families - Admin Costs	93.558	Not Available	3,958,753	-
Temporary Assistance for Needy Families - CWS Admin Costs	93.558	Not Available	173,429	-
Temporary Assistance for Needy Families - Assistance Claims	93.558	Not Available	2,390,726	-
Program Subtotal			<u>6,522,908</u>	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Available	56,945	-
Foster Care Title IV-E DSS Admin Costs	93.658	Not Available	1,199,259	-
Foster Care Title IV-E Admin Costs	93.658	Not Available	106,940	-
Foster Care Title IV-E	93.658	Not Available	84,644	-
Foster Care Title IV-E SACWIS Costs	93.658	Not Available	6,457	-
Foster Care Title IV-E Child Welfare Outcome Improvement Project	93.658	Not Available	1,152	-
Foster Care Title IV-E Probation IV-E Group Home Monthly Visits Admin	93.658	Not Available	135,007	-
Foster Care Title IV-E Assistance Claims	93.658	Not Available	1,446,692	-
Program Subtotal			<u>2,980,151</u>	-
Adoption Assistance Program- Admin Costs	93.659	Not Available	42,896	-
Adoption Assistance Program- Assistance Claims	93.659	Not Available	1,916,824	-
Program Subtotal			<u>1,959,720</u>	-
Social Services Block Grant	93.667	Not Available	88,494	-
Chafee Foster Care Independence Program	93.674	Not Available	36,587	-
Passed through State Department of Child Support Services:				
Department of Child Support Services	93.563	Not Available	1,937,283	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SUTTER

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor Award Number	Federal Expenditures	Pass-through To Subrecipients
<u>U.S. Department of Health and Human Services (Continued):</u>				
Passed through State Department of Health Care Services (Continued):				
Medical Assistance Program/Children's Health Insurance Program (Medi-Cal/TLICP/CCS)	93.778	Not Applicable	512,021	-
Medical Assistance Program-CHDP	93.778	Not Applicable	130,198	-
Medical Assistance Program - Medi-Cal Outreach and Enrollment	93.778	Not Applicable	16,876	-
Medical Assistance Program-Foster Care (Health)	93.778	Not Applicable	121,769	-
IHSS- Admin Costs	93.778	Not Applicable	496,481	-
Medical Assistance Program	93.778	Not Applicable	4,502,603	-
Public Authority- Admin Costs	93.778	Not Applicable	167,723	-
Program Subtotal			<u>5,947,671</u>	<u>-</u>
Maternal and Child Health Services Block Grant to the States (MCH)	93.994	2016-51	124,494	-
Total U.S. Department of Health and Human Services			<u>21,758,953</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Pass through California Emergency Management Agency:				
Public Assistance Grants	97.036	FEMA-4301-DR-CA, OES ID:101-00000/FEMA- 4308-DR-CA, OES ID: 101-00000	487,893	-
2017 Emergency Management Performance Grant	97.042	2017-0007, OES ID: 101- 00000	65,539	-
2015 Homeland Security Grant	97.067	2015-0078, OES ID: 101- 00000	109,532	-
2016 Homeland Security Grant	97.067	2016-0102, OES ID: 101- 00000	26,740	-
Program Subtotal			<u>136,272</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>689,704</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 30,770,397</u>	<u>\$ 1,573,392</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SUTTER

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2018**

NOTE 1 – REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the County of Sutter (County), California and its component units as disclosed in the notes to the Basic Financial Statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3 – INDIRECT COST ELECTION

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

NOTE 4 – LOAN WITH CONTINUING COMPLIANCE REQUIREMENT

The following loan programs balances and transactions relating to these programs are included in County's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2018 consists of the following:

CFDA Number	Program Name	Outstanding Balance at June 30, 2018
14.228	Community Development Block Grants	\$1,343,787
14.239	2010 Home Program	\$49,612
14.228	Economic Development Block Grant	\$229,605

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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 Honorable Grand Jury and Board of Supervisors
County of Sutter, 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 Sutter (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 March 29, 2019. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principle.

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 County’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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control to be significant deficiencies, as listed on the Schedule of Significant Deficiencies item# 2018-01 in our separately issued Memorandum on Internal Control dated March 29, 2019, which is an integral part of our audits and should be read in conjunction with this report.

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 that are required to be reported under *Government Auditing Standards*. We have also issued a separate Memorandum on Internal Control dated March 29, 2019, which is an integral part of our audit and should be read in conjunction with this report.

County's Response to Findings

The County's response to the findings identified in our audit are described in in our separately issued Memorandum on Internal Control dated March 29, 2019, which is an integral part of our audits and should be read in conjunction with this report. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California
March 29, 2019

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

To the Honorable Grand Jury and Board of Supervisors
County of Sutter, California

Report on Compliance for Each Major Federal Program

We have audited County of Sutter'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 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 County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as SA 2018-0/1. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit are 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.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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. We issued our report thereon dated March 29, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 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 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 financial statements or to the 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 financial statements as a whole.

Maze + Associates

Pleasant Hill, California
March 29, 2019

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COUNTY OF SUTTER



SINGLE AUDIT FOR THE YEAR ENDED JUNE 30, 2018

NATHAN M. BLACK, CPA

AUDITOR-CONTROLLER

CORRECTIVE ACTION PLANS

FINANCIAL STATEMENT FINDINGS - CURRENT YEAR

Finding Reference Number: FS2018-01 *Bank Reconciliation Procedures for Departmental Cash Accounts*

- Name(s) of the contact person: Ronda Putman
- Corrective Action Plan: We partially concur and partially disagree. The County of Sutter Cash Handling Procedures Manual, section B.(2) provides "Bank accounts should be reconciled not less than monthly by someone other than the employee performing the functions of cashier and bookkeeper or the person who makes the bank deposit." Departments are currently expected to reconcile bank statements monthly and provide the auditor-controller with the final reconciliation at year end. A policy will be established requiring departments to submit bank reconciliations to the auditor-controller's office monthly.
- Anticipated Completion Date: July 1, 2019

Finding Reference Number: SA2018-001 *Accurate Preparation of the Schedule of Expenditures of Federal Awards*

Community Development Block Grants/ State’s Program and Non-Entitlement Grants in Hawaii – When inquiring County staff to provide supporting documentation for the grant, it was noted the County include grant expenditures in the amount of \$78,038 two times on the SEFA.

- Name(s) of the contact person: Ronda Putman
- Corrective Action Plan: Provide reconciliation and review of expenditures before submission.
- Anticipated Completion Date: June 30, 2019

Foster Care— Title IV-E – During our testing of the grant it was noted that the expenditures reported on the SEFA for this grant included various other grants which were overstated by \$437,957.

We agree with Finding SA#2018-001. Regarding the Foster Care-Title IV-E overstatement, \$402,403 of the \$437,957 was reported on the SEFA under CFDA 93.658 but should have been reported to CFDA 93.558 (\$377,409) and CFDA 93.090 (\$24,994), thereby understating those balances. We agree the remaining balance of \$35,554 was overstated.

- Name(s) of the contact person:
 - Nancy O’Hara-Director of Health and Human Services
 - Tami Lukens-Administration and Finance Manager
 - Melinda Aure-Catbagan-Senior Staff Services Manager
 - Kirn Johl-Accountant II
- Corrective Action Plan:
 - Ensure programs are reported with the appropriate CFDA by implementing a more thorough internal review process prior to submitting the SEFA.
 - Update the department’s internal SEFA schedule with the correct CFDA as follows:

Emergency Assistance Foster Care (Aid Code 5k)	93.558
KinGap (Aid Cod 4T)	93.090
- Anticipated Completion Date: Health and Human Services Staff have already corrected the internal spreadsheets used to develop the SEFA.

COUNTY OF SUTTER



NATHAN M. BLACK, CPA

AUDITOR-CONTROLLER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDINGS – PRIOR AUDIT

Finding Reference Number: 2017-01 Schedule of Federal Expenditures (SEFA) Preparation

- Fiscal Year of Initial Finding: 2017
- Current Status: Corrected

FEDERAL AWARD FINDINGS – PRIOR AUDIT

There were no federal award findings in the prior year.