



COUNTY OF SUTTER, CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SINGLE AUDIT REPORT

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COUNTY OF SUTTER, CALIFORNIA

Single Audit Report

For the Fiscal Year Ended June 30, 2023

COUNTY OF SUTTER, CALIFORNIA

Single Audit Report

For the Fiscal Year Ended June 30, 2023

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INDEPENDENT AUDITORS' 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 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 County of Sutter, California (the "County"), as of and for the year ended June 30, 2023, 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 28, 2024.

Report on 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) as a basis for designing 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified 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. 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 as item 2023-001 to be a material weakness.

Report on 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 financial statements.



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

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Sutter's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 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.

A handwritten signature in black ink that reads "Lance, Solt & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
March 28, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Sutter, California (the "County")'s compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards,



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

Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 items 2023-002.

Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.



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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 28, 2024, which contained unmodified opinions on those financial statements. Our audit was performed 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.

A handwritten signature in cursive script that reads "Lance, Soll & Loughard, LLP".

Sacramento, California
March 28, 2024

COUNTY OF SUTTER
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Entity Unique Identifier Number</i>	<i>Total Federal Expenditures</i>
SNAP Cluster*			
Department of Agriculture Pass-Through Programs from:			
State of California Department of Public Health			
Special Supplemental Nutrition Program	10.551	KD2JSY6LNMW7	\$ 99,957
Special Supplemental Nutrition Programs for Women, Infants, & Children	10.557	KD2JSY6LNMW7	807,634
Supplemental Nutrition Assistance Program	10.561	KD2JSY6LNMW7	<u>1,556,820</u>
Subtotal - Assistance Listings 10.551, 10.557, and 10.561			<u>2,464,411</u>
Total Department of Agriculture Programs			<u>2,464,411</u>
Total SNAP Cluster			<u>2,464,411</u>
477 Cluster			
Department of Health and Human Services Pass-Through Programs from:			
State of California Department of Social Services			
Temporary Assistance for Needy Families	93.558	LDJ1MM9L56K7	<u>8,491,727</u>
Subtotal 93.558			<u>8,491,727</u>
Total Department of Health and Human Services Programs			<u>8,491,727</u>
Total 477 Cluster			<u>8,491,727</u>
Medicaid Cluster			
Department of Health and Human Services Pass-Through Programs from:			
State of California Department of Health Care Services			
Medical Assistance Program DHS	93.778	JE73CDQUAPA7	3,499,559
Medical Assistance Program *	93.778	JE73CDQUAPA7	401,770
State of California Department of Social Services			
Medical Assistance Program *	93.778	LDJ1MM9L56K7	<u>338,101</u>
Subtotal 93.778			<u>4,239,430</u>
Total Department of Health and Human Services Programs			<u>4,239,430</u>
Total Medicaid Cluster			<u>4,239,430</u>
Other Programs			
Department of Agriculture Pass-Through Programs from:			
State of California Department of Food and Agriculture			
Cooperative Forestry Assistance	10.664	HHPELJCJ4381	<u>142,594</u>
Subtotal Assistance Listing 10.664			<u>142,594</u>
Department of Housing and Urban Development Pass-Through Programs from:			
State of California Department of Housing and Community Development			
Community Development Block Grants (Beginning Loans Balance) *	14.228	L4JQPJ7N5NT4	1,173,211
COVID-19 - Community Development Block Grants*	14.228	L4JQPJ7N5NT4	<u>97,457</u>
Subtotal Assistance Listing 14.228			<u>1,270,668</u>
Home Investments Partnerships Program			
2010 HOME Program (Beginning Loans Balance)	14.239	N/A	<u>47,775</u>
Total Department of Housing and Urban Development Programs			<u>1,318,443</u>
Department of Justice Direct Programs:			
State Criminal Alien Assistance Program	16.606	N/A	116,721
Bulletproof Vest Partnership	16.607	N/A	<u>8,661</u>
Total Department of Justice Direct Programs			<u>125,382</u>
Department of Justice Pass-Through Programs from:			
State of California's Office of Emergency Services			
Crime Victim Assistance	16.575	UTM3S7LKYQZ4	<u>602,434</u>
Total Department of Justice Pass-Through Programs			<u>602,434</u>
Department of Treasury Pass-Through Programs from:			
State of California Treasurer's Office			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds *	21.027	NUDGYLBB4S99	<u>12,508,629</u>
Subtotal - Assistance Listing 21.027			<u>12,508,629</u>
Total Department of Treasury			<u>12,508,629</u>

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF SUTTER
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Entity Unique Identifier Number</i>	<i>Total Federal Expenditures</i>
Department of Health and Human Services Pass-Through Programs from:			
State of California Department of Public Health			
Maternal and Child Health Federal Consolidated Programs	93.110	KD2JSY6LNMW7	62,257
Injury Prevention and Control Research and State and Community Based Programs	93.136	KD2JSY6LNMW7	30,888
Project Grants and Cooperative Agreements for Tuberculosis Control programs	93.116	KD2JSY6LNMW7	12,332
Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	KD2JSY6LNMW7	20,160
Immunization Cooperative Grants	93.268	KD2JSY6LNMW7	435,684
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases Enhancing	93.323	KD2JSY6LNMW7	174,032
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases Expansion	93.323	KD2JSY6LNMW7	1,087,128
Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	KD2JSY6LNMW7	160,993
Activities to Support State, Tribal, Local and Territorial Health Department	93.391	KD2JSY6LNMW7	110,399
Centers for Medicare and Medicaid Services	93.779	KD2JSY6LNMW7	64,302
Centers for Medicare and Medicaid Services	93.779	KD2JSY6LNMW7	84,282
National Bioterrorism Hospital Preparedness Program	93.889	KD2JSY6LNMW7	144,341
State of California Department of Social Services			
Guardianship Assistance	93.090	LDJ1MM9L56K7	22,420
Promoting Safe and Stable Families	93.556	LDJ1MM9L56K7	60,134
Refugee Cash Assistance	93.566	LDJ1MM9L56K7	71,940
Refugee Cash Assistance Admin	93.566	LDJ1MM9L56K7	13,413
Stephanie Tubbs Jones Child Welfare Services Program	93.645	LDJ1MM9L56K7	45,799
Foster Care Title IV-E*	93.658	LDJ1MM9L56K7	9,596,242
Adoption Assistance *	93.659	LDJ1MM9L56K7	2,709,495
Social Services Block Grant - Title XX Assistance	93.667	LDJ1MM9L56K7	96,045
Social Services Block Grant - CWS Title XX	93.667	LDJ1MM9L56K7	88,494
Subtotal - Assistance Listing 93.667			<u>184,539</u>
Chafee Foster Care Independence Program	93.674	LDJ1MM9L56K7	39,466
State of California Work Opportunity and Responsibility			
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	Not Available	238,565
State of California Department of Health Care Services			
Project for Assistance in Transition for Homelessness	93.150	JE73CDQUAPA7	60,432
Block Grants for Community Mental Health Services	93.958	JE73CDQUAPA7	98,671
State of California Department of Alcohol and Drug Program			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not Available	<u>75,100</u>
Total Department of Health and Human Services Programs			<u>15,603,014</u>
Department of Homeland Security Direct Programs:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	N/A	265,663
Assistance for Firefighters Grant	97.044	N/A	18,036
Department of Homeland Security Pass-Through Programs from:			
California Governor's Office of Emergency Services			
Emergency Management Performance Grant	97.042	UTM3S7LKYQZ4	246,418
Homeland Security Grant Program	97.067	UTM3S7LKYQZ4	<u>150,321</u>
Subtotal - Assistance Listing 97.067			<u>150,321</u>
Total Department of Homeland Security Programs			<u>680,438</u>
Total Other Programs			<u>30,980,934</u>
Total Expenditures of Federal Awards			<u>\$ 46,176,502</u>

* Major Program

¹ There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

² The amount provided to subrecipients during the year was \$0.

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF SUTTER
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Scope of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the County of Sutter, California (the “County”) under programs of the federal government for the year ended June 30, 2023. The information in this 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.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the County becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2: MEDICAID CLUSTER

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

NOTE 3: LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The following schedule presents the amount of outstanding loans receivable by Assistance Listing number. All loans with continuing compliance requirements are included on the accompanying Schedule. 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, 2023, consists of:

Assistance Listing No.	Federal Program	Outstanding Loans at June 30, 2023
14.228	Community Development Block Grants	\$ 794,049
14.228	Economic Development Block Grant	379,162
14.239	2010 Home Program	47,775
	Total	<u>\$ 1,220,986</u>

COUNTY OF SUTTER
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified? _yes _no
- Significant deficiencies identified? _yes _none reported

Noncompliance material to financial statements noted? _yes _no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _yes _no
- Significant deficiencies identified? _yes _none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _yes _no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.558	Temporary Assistance to Needy Families
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B program \$1,382,101

Auditee qualified as low-risk auditee? _yes _no

SECTION II - FINANCIAL STATEMENT FINDINGS

Reference Number

2023-001 – Financial Reporting

Evaluation of Finding

Material Weakness

Condition

The year-end closing process did not ensure that account balances were reconciled and accurate in advance of the audit requiring a significant number of adjusting journal entries provided by the County to correct the final financial statements. Several entries related to the correction of beginning equity, as the fund balance and net position recorded on the preliminary trial balance provided to begin the audit required adjustments.

Additionally, through our search for unrecorded liabilities audit procedures to ensure the completeness of accounts payable balances, we identified an amount of \$407,327 that was improperly excluded from the Road SB1 RMRA Fund at June 30, 2023, as it relates to services performed during 2023 fiscal year. This activity, however, was immaterial to the State Grants fund, but significant enough to merit attention.

Criteria

Management is responsible for the preparation and fair presentation, as well as the accuracy of its financial statements, including disclosures in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. An important element of control over financial reporting is for management to ensure the year-end close process incorporates an evaluation over beginning fund balances and net positions agreeing to the prior year issued financial statements.

Cause of Condition

The established yearend closing procedures did not capture all corrections required to present final financial statements in a timely manner.

Effect or Potential Effect of Condition

Adjustments were required to be made to accurately reflect the beginning fund balance/net position, and current year activity, within the County funds, that if not corrected, would misstate the County's financial condition. Prior period adjustments were also required to correct reconciled activity that was recorded in error within previous years.

Context

Various financial statement accounts were not accurate and were either under or overstated by a financially significant amount after the audit began. Misstatements in financial statements can rise to a material amount when aggregated and/or when they can reasonably be expected to influence the decisions of the financial statement users.

Repeat Finding

No

Recommendation

We recommend the City evaluate their year-end closing procedures for possibilities of adjustments that can provide stronger assurance and strengthen reliability on financial reports. Efforts should be made to enhance the County's year-end closing procedures to also include a thorough review of final trial balance and fund balance amounts from previous years.

Management's Response and Corrective Action

The County agrees with the finding. The Auditor-Controller will perform additional analysis of balances and reconciliation of fund balances and net position. Additionally the County Auditor-Controller will provide additional training to departmental staff regarding year-end procedures as provided in our Year-End Closing Checklist and Calendar.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number

2023-002 Continuing Loan Compliance

Evaluation of Finding

Significant Deficiency/Noncompliance

Federal Award Information

Assistance Listing Number: 14.228

Program Title: Community Development Block Grant (CDBG)

Federal Award Year(s): FY 2022-23

Name of Federal Agency: U.S. Department of Housing and Urban Development

Passed through: State of California Department of Housing and Community Development

Criteria or Specific Requirement

The County is required to meet continuing loan compliance requirements for the loans disbursed under the CDBG grant program. These continuing loan compliance requirements include maintaining loan documentation and obtaining confirmation of insurance and address associated with the loans and their recipients.

Condition

We noted that of the 19 loan balances we sampled over the course of our audit, the County was unable to provide supporting documentation relating to proof of insurance and/or address for 13 of the selected loans.

Cause of the Condition

Per our inquiries with the County, due to the significant age of the selected loans, County personnel was unable to obtain the supporting documentation as a significant number of the selected loans had inception dates of ten years or more.

Effect or Possible Effect

Adequate supporting documentation of outstanding loans is not being effectively maintained and archived by County personnel. Additionally, the County was unable to provide proof of confirmation attempts to verify insurance and address associated with the loans and their recipients to meet compliance requirements.

Questioned Costs

None.

Context

Without maintaining current information surrounding ongoing loans the County is unable to best monitor grant recipients and evaluate the accuracy and reasonableness of the outstanding loan balances each year.

Repeat Finding

This is a repeat finding for the year ended June 30, 2022. See prior year finding 2022-001.

Recommendation

We recommend that management monitors each loan to ensure that the County maintains the most up-to-date information. Additionally, we recommend attempts are made annually to confirm insurance and address associated with the loans and their recipients to meet compliance requirements.

Management's Response and Corrective Action

The County agrees with the finding. The Auditor-Controller will work with Development Services to show proof of attempts to collect current insurance certificates and proof of address from loan recipients.

COUNTY OF SUTTER



NATHAN M. BLACK, CPA

AUDITOR-CONTROLLER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Finding: 2022-001: Loan Compliance

Reason for Recurrence:

The Development Services Department was unable to supply documentation supporting the attempt made by the department to collect proof of insurance and/or proof of address for the loans that must comply with continuing loan compliance requirements.

Planned Corrective Action:

The County agrees with the finding. The Auditor-Controller will work with Development Services to show proof of attempts to collect current insurance certificates and proof of address from loan recipients.

Current Year Reference Number:

2023-002