

COUNTY OF SHASTA
SINGLE AUDIT REPORT
JUNE 30, 2016

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COUNTY OF SHASTA

Single Audit Report
For the Year Ended June 30, 2016

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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**

Board of Supervisors and Grand Jury
County of Shasta
Redding, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Shasta, California (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Board of Supervisors and Grand Jury
County of Shasta

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.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
December 13, 2016

**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**

Board of Supervisors and Grand Jury
County of Shasta
Redding, California

Report on Compliance for Each Major Federal Program

We have audited the County of Shasta’s (the “County”) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (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, 2016. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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.

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, 2016.

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. However, material weakness may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item (2016-001) that we consider to be significant deficiencies.

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.

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

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2016, and have issued our report thereon dated December 13, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The Supplementary Schedule of the Governor's Office of Emergency Services Grant Expenditures and the Supplementary Schedules of the Department of Community Services and Development Grant Revenues and Expenditures have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Roseville, California
December 6, 2016,
except for the Schedule of
Expenditures of Federal Awards
as to which the date is December 13, 2016

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COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed 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				
		15-8506-0484-CA		
Glassy-Winged Sharpshooter-GWSS	10.025	16-8506-0484-CA	\$ 45,552	\$ -
		15-8506-1164-CA		
Light Brown Apple Moth Program (LBAM)	10.025	16-8506-1164-CA	3,043	-
Asian Defoliating Moth	10.025	15-8506-0689-CA	8,680	-
Phytophthora Ramorum (Sudden Oak Death)	10.025	15-8506-0572-CA	61	-
Integrated Pest Control/Exotic Fruit Fly	10.025	15-8506-0934-GR	40,734	-
Subtotal CFDA 10.025			<u>98,069</u>	<u>-</u>
USFS State & Private Forestry Weed Control	10.680	14-DG-11052021-204	18,575	-
Passed through State Department of Education:				
School Breakfast Program	10.553	--	10,730	-
National School Lunch Program	10.555	--	19,882	-
Total - Child Nutrition Cluster			<u>30,612</u>	<u>-</u>
Passed through State Department of Forestry and Fire:				
Cooperative Forestry Assistance:				
Volunteer Fire Assistance	10.664	7FG15107	9,901	-
Passed through State Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children - Administrative	10.557	--	1,528,485	-
Passed through State Department of Health Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
California Nutrition Network	10.561	--	735,177	181,047
Passed through State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Food Stamp Program	10.561	--	4,612,152	-
Total - SNAP Cluster CFDA 10.561			<u>5,347,329</u>	<u>181,047</u>
Passed through the State of California:				
Schools and Roads - Grants to States	10.665	--	818,657	29,095
Total U.S. Department of Agriculture			<u>\$ 7,851,628</u>	<u>\$ 210,142</u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed through to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Section 8 Housing Choice Vouchers	14.871	CA096 CA096FSH103A014	\$ 5,185,707	\$ -
Family Self-Sufficiency Program	14.896	CA096FSH698A015	30,783	-
Passed through the State Department of Housing and Community Development:				
Community Development Block Grant/State's Program	14.228	14-CDBG-9887	7,303	-
Community Development Block Grant/State's Program	14.228	--	16,710	-
Community Development Block Grant/State's Program	14.228	13-CDBG-8966	3,026	-
CDBG Outstanding Loans:				
CDBG Individual Housing Rehabilitation Loans	14.228	--	2,324,154	-
CDBG Rehab Loan - Shingletown Activities Council	14.228	--	94,829	-
CDBG Rehab Loan - Happy Valley Comm Found	14.228	--	278,456	-
CDBG Rehab Loan - Whitmore Comm Ctr	14.228	--	104,404	-
CDBG Rehab Loan - Fall River Lions Club	14.228	--	90,000	-
CDBG Rehab Loan - Cottonwood Comm Ctr	14.228	--	296,868	-
CDBG Neighborhood Stabilization Program	14.228	--	1,003,269	-
Subtotal CFDA 14.228			<u>4,219,019</u>	<u>-</u>
HOME Investment Partnerships Program	14.239	--	429,040	-
HOME Investment Partnerships Program - Outstanding Loans	14.239	--	5,237,282	-
Subtotal CFDA 14.239			<u>5,666,322</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 15,101,831</u>	<u>\$ -</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Equitable Sharing Agreement - Asset Forfeiture	16.922	--	325,162	-
Organized Crime Drug Enforcement Task Forces	16.922	--	2,424	-
Subtotal CFDA 16.922			<u>327,586</u>	<u>-</u>
State Criminal Alien Assistance Program	16.606	--	4,190	-
Edward Byrne Memorial Justice Assistance Grant Program				
Local Law Enforcement Block Grant	16.738	--	44,044	-
Passed through Board of State and Comm Corrections:				
Title II Formula Grants-Prevention and Intervention	16.540		47,142	-
Passed through California Emergency Management Agency:				
Crime Victim Assistance				
Victim Witness Assistance Program VOCA	16.575	VW13320450	129,889	-
Edward Byrne Memorial Justice Assistance Grant Program				
Anti-Drug Abuse Program	16.738	DC10230450	142,821	-
Total U.S. Department of Justice			<u>\$ 695,672</u>	<u>\$ -</u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed through to Subrecipients
<u>U.S. Department of Transportation</u>				
Passed through State Department of Transportation:				
Safe Routes to School	20.205		\$ 8,311	\$ -
Highway Planning and Construction	20.205	BRLO-5906(104)	116,073	-
Highway Planning and Construction	20.205	BRLS-5906(107)	115,782	-
Highway Planning and Construction	20.205	BRLO-5906(106)	80,796	-
Highway Planning and Construction	20.205	BRLS-5906(105)	30,896	-
Highway Planning and Construction	20.205	BRLS-5906(129)	15,001	-
Highway Planning and Construction	20.205	BRLS-5906(123)	3,956	-
Highway Planning and Construction	20.205	BRLO-5906(087)	26,492	-
Highway Planning and Construction	20.205	BRLO-5906(117)	69,552	-
Highway Planning and Construction	20.205	BRLO-5906(100)	151,080	-
Highway Planning and Construction	20.205	BRLS-5906(119)	34,682	-
Highway Planning and Construction	20.205	BRLS-5906(124)	53,152	-
Highway Planning and Construction	20.205	BRLS-5906(111)	13,319	-
Highway Planning and Construction	20.205	BRLS-5906(088)	313,813	-
Highway Planning and Construction	20.205	HSIPL-5906(118)	29,159	-
Highway Planning and Construction	20.205	HSIPL-5906(122)	89,478	-
Highway Planning and Construction	20.205	HRRRL-5906(092)	660,905	-
Highway Planning and Construction	20.205	HRRRL-5906(115)	6,204	-
Highway Planning and Construction	20.205	HRRRL-5906(093)	66,804	-
Highway Planning and Construction	20.205	HSIPL-5906(120)	79,137	-
Highway Planning and Construction	20.205	HSIPL-5906(128)	36,710	-
Subtotal CFDA 20.205			2,001,302	-
Passed through State Department of Transportation:				
Formula Grants for Other Than Urbanized Areas	20.509	--	170,492	-
Passed through State Office of Traffic Safety:				
National Highway Safety Administration - State and Highway Safety				
Alcohol and Drug Impaired Vertical Prosecution Program	20.616	DI1502	67,344	-
Alcohol and Drug Impaired Vertical Prosecution Program	20.616	DI1602	175,677	-
Felony & Recidivist DUI Vertical Prosecution Program	20.600	AL1389/AL0836/EM1601	98,000	-
Alcohol Impaired Driving Countermeasures Incentive Grant I				
Drive Safe and Sober Education Program	20.616	AL1415, AL1528	22,620	-
Drive Safe and Sober Education Program	20.616	AL1603	92,705	-
Total - Highway Safety Cluster			456,346	-
Total U.S. Department of Transportation			\$ 2,628,140	\$ -
<u>U.S. Environmental Protection Agency</u>				
Passed through Air Pollution Control Officers Association:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				
EPA Particulate Monitoring 2.5	66.034	AQS060890004	5,100	-
Total U.S. Environmental Protection Agency			\$ 5,100	\$ -

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed through to Subrecipients
<u>U.S. Department of Education</u>				
Passed through State Department of Rehabilitation:				
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	--	\$ 220,000	\$ -
Total U.S. Department of Education			<u>\$ 220,000</u>	<u>\$ -</u>
<u>U.S. Election Assistance Commission</u>				
Passed through Secretary of State:				
Help America Vote Act Requirements Payments				
HAVA Section 301 Voting Systems Program	90.401	13G26129	7,569	-
HAVA Section 301 Voting Systems Program	93.617	14G26141	12,505	-
Total U.S. General Service Administration			<u>\$ 20,074</u>	<u>\$ -</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through State Department of Alcohol & Drug Prevention:				
Block Grants for Prevention & Treatment of Substance Abuse	93.959	--	1,678,799	-
Passed through the State Department of Mental Health:				
Projects for Assistance in Transition from Homelessness	93.150	--	64,567	5,248
Passed through State Department of Health Care Services:				
Childhood Lead Poisoning Prevention Projects	93.197	51701	107	-
Childhood Lead Poisoning Prevention Projects	93.197	51702	22,469	-
Childhood Lead Poisoning Prevention Projects	93.197	51703	6,906	-
Subtotal CFDA 93.197			<u>29,482</u>	<u>-</u>
Immunization Grants	93.268	--	76,519	-
Tuberculosis Real-Time Allotment	93.116	--	31,177	-
HIV / AIDS Surveillance	93.944	--	14,051	-
Centers for Disease Control and Prevention Investigation and Technical Assistance				
Bioterrorism Preparedness	93.074	14-10544	664,563	-
Block Grants for Community Mental Health Services	93.958	--	300,405	-
Medical Assistance Program:				
Children's Medical Services	93.778	--	670,677	-
Child Health and Disability Program (CHDP)	93.778	--	374,623	-
Medi-Cal Administrative Activities (MAA)	93.778	--	1,413,940	-
Targeted Case Management (TCM)	93.778	95922	89,687	89,687
Medical Assistance Program Administration	93.778	--	8,383,914	-
IHSS Public Authority	93.778	--	208,078	-
Health Care and Other Facilities				
Medi-Cal Administrative Activities (MAA)	93.778	95918	231,140	-
Total - Medi-Cal Cluster CFDA 93.778			<u>11,372,059</u>	<u>89,687</u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed through to Subrecipients
<u>U.S. Department of Health and Human Services</u> (continued)				
Passed through State Department of Health Care Services (continued):				
Preventive Health Services-Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education	93.978	53117	\$ 10,264	\$ -
CDCB/Lifetime of Wellness	93.945	--	54,877	-
CDCB/Lifetime of Wellness	93.757	--	264,430	-
Maternal and Child Health Services Block Grant (MCAH)	93.994	53107	909,680	-
Maternal and Child Health Services Block Grant (MCAH)	93.994	53117	70,828	-
Maternal and Child Health Services Block Grant (MCAH)	93.994	53118	138,840	-
Subtotal CFDA 93.994			<u>1,119,348</u>	<u>-</u>
Passed through State Department of Social Services:				
Kin-Gap IVE	93.090	--	263,047	-
Temporary Assistance for Needy Families:				
CalWORKS Assistance / ARC	93.558	--	2,909,357	-
CalWORKS, Child Welfare Services TANF	93.558	--	10,770,598	-
Subtotal CFDA 93.558			<u>13,679,955</u>	<u>-</u>
Commercially Sexually Exploited Children	93.598	--	49,798	-
Foster Care - Title IV-E:				
CWS - Title IV-E, Foster Care, State Automated Child Welfare Information System, Non-CWS Programs, Licensing	93.658	--	3,163,551	-
Foster Care - Title IV-E - AFDC Foster Care, Wraparound Foster Care Placement	93.658	--	3,300,846	-
Foster Care - Title IV-E (Probation)	93.658	--	131,168	-
Subtotal CFDA 93.658			<u>6,595,565</u>	<u>-</u>
Promoting Safe and Stable Families (PSSF)	93.556	--	147,511	-
Child Welfare Services State Grants	93.645	--	157,208	-
Community Based Child Abuse Prevention	93.590	--	14,672	-
Adoption Assistance	93.659	--	6,472,789	-
Social Services Block Grant				
Child Welfare Services (CWS) Title XX - Calworks Single Title XX	93.667	--	546,484	-
Foster Care Assistance Title XX	93.667	--	353,515	-
Subtotal CFDA 93.667			<u>899,999</u>	<u>-</u>
Chafee Foster Care Independence Program	93.674	--	88,114	-
Passed through State Department of Child Support Services:				
Child Support Enforcement	93.563	--	4,657,657	-

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed through to Subrecipients
<u>U.S. Department of Health and Human Services</u> (continued)				
Passed through State Department of Community Services and Development:				
Community Services Block Grant	93.569	16F-6055	\$ 126,979	\$ -
Community Services Block Grant	93.569	15F-2044	146,877	-
Community Services Block Grant	93.569	15F-2427	45,000	-
Subtotal CFDA 93.569			<u>318,856</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>\$ 49,025,712</u>	<u>\$ 94,935</u>
<u>Executive Office of the President</u>				
Passed through Central Valley California HIDTA				
High Intensity Drug Trafficking Areas Program	95.001	--	46,692	-
Total Executive Office of the President			<u>\$ 46,692</u>	<u>\$ -</u>
<u>U.S. Department of Homeland Security</u>				
Direct Programs:				
Staffing for Adequate Fire and Emergency Response	97.083	--	640,071	-
Passed through California Division of Boating and Waterways				
Boating Safety Financial Assistance	97.012	--	7,195	-
Passed through California Emergency Management Agency:				
Emergency Management Performance Grants	97.042	--	162,579	-
Homeland Security Grant Program	97.067	2014-0093	209,754	199,151
Passed through Shasta County Public Health:				
Homeland Security Grant 2014	97.067	--	51,590	-
Total Homeland Security Grant Cluster			<u>261,344</u>	<u>199,151</u>
Passed Through California Office of Homeland Security:				
State Homeland Security - SHSP (FY 2014)	97.073	--	41,218	-
Total U.S. Department of Homeland Security			<u>\$ 1,112,407</u>	<u>\$ 199,151</u>
Total Expenditures of Federal Awards			<u>\$ 76,707,256</u>	<u>\$ 504,228</u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

NOTE 1: REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Shasta. The County of Shasta's 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.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds and grant revenue in the Enterprise funds.

NOTE 4: INDIRECT COST RATE

The County did not elect to use the 10% de minimis indirect cost rate as covered in 2 CFR §200.414. Uniform Guidance, §200.510(6), requires the County to disclose whether or not it elected to use the 10 percent de minimis cost rate that §200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate.

NOTE 5: LOANS WITH CONTINUING COMPLIANCE REQUIREMENT

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2016 as follows:

Federal CFDA #	Program Title	SEFA June 30, 2016	FY 15/16 Paydowns	County Balance June 30, 2016
14.228	Community Development Block Grants/States Program	\$ 4,191,980	\$ 32,429	\$ 4,159,551
14.239	HOME Investment Partnerships Program	\$ 5,237,282	\$ 84,600	\$ 5,152,682

COUNTY OF SHASTA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

NOTE 6: **OTHER LOANS**

Outstanding federally-funded program loans, carried balances as of June 30, 2016 as follows:

Federal CFDA No.	Program Title	Amount Outstanding	
		July 1, 2015	June 30, 2016
10.760	Water and Waste Disposal Systems for Rural Counties	\$ 715,500	\$ 700,000
66.468	Capitalization Grants for Drinking Water State Revolving Funds	\$ 3,602,114	\$ 3,472,881
81.041	State Energy Program	\$ 385,956	\$ 385,956

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 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 the Uniform Guidance? | Yes |
| 4. Identification of major programs: | |

CFDA Number

Name of Federal Program

10.561
93.563
93.778

Supplemental Nutrition Assistance Program
Child Support Enforcement
Medical Assistance Program

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 2,297,707 |
| 6. Auditee qualified as a low-risk auditee under the Uniform Guidance, Section 520? | Yes |

Section 2

Financial Statement Findings

None Reported.

Section 3

Federal Award Findings and Questioned Costs

CFDA Number 93.778	2016-001
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COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Reference Number	2016-001
Federal Program Title	Medical Assistance Program
CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Pass Through Entity	California Department of Health Care Services
Compliance Requirement	Eligibility

Criteria

42 CFR §435.916 – Periodic Renewal of Medicaid Eligibility

(a) Renewal of individuals whose Medicaid eligibility is based on modified adjusted gross income methods (MAGI). (1) Except as provided in paragraph (d) of this section, the eligibility of Medicaid beneficiaries whose financial eligibility is determined using MAGI-based income must be renewed once every 12 months, and no more frequently than once every 12 months

(b) Redetermination of individuals whose Medicaid eligibility is determined on a basis other than modified adjusted gross income. The agency must redetermine the eligibility of Medicaid beneficiaries excepted from modified adjusted gross income under §435.603(j) of this part, for circumstances that may change, at least every 12 months. The agency must make a redetermination of eligibility in accordance with the provisions of paragraph (a)(2) of this section, if sufficient information is available to do so. The agency may adopt the procedures described at §435.916(a)(3) for individuals whose eligibility cannot be renewed in accordance with paragraph (a)(2) of this section.

Condition

During our eligibility testing compliance requirement, we noted four cases in which the 12 month redetermination had not been completed while the participants still received benefits.

Cause

The County is aware of this requirement but experienced system errors which has delayed some of the case redeterminations.

Effect of Condition

The County is not in compliance with eligibility compliance, which can result in ineligible participants receiving benefits.

Questioned Costs

There are no questioned costs associated with this condition.

Recommendation

We recommend that the County continue to review cases with outstanding redeterminations to address the non-compliance.

COUNTY OF SHASTA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

Corrective Action Plan

The County will inform Supervisors and lead workers to utilize the new Medi-Cal redetermination ad hoc report that is available monthly and includes all pending Medi-Cal redeterminations. The County created a unit to process the overdue redeterminations now that additional tools are in place to review the outstanding redeterminations on a monthly basis.

COUNTY OF SHASTA

Summary Schedule of Prior Audit Findings
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2016

There were no prior audit findings.

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**SUPPLEMENTARY SCHEDULES
OF THE DEPARTMENT
OF
COMMUNITY SERVICES
AND DEVELOPMENT
GRANT REVENUES AND EXPENDITURES**

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COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 15F-2044 (CSBG - \$280,883)
 For The Period January 1, 2015 through December 31, 2015

	January 1, 2015 through June 30, 2015	July 1, 2015 through December 31, 2015	Totals
Revenue			
Grant revenue	\$ 134,006	\$ 146,877	\$ 280,883
Total Revenue	<u>\$ 134,006</u>	<u>\$ 146,877</u>	<u>\$ 280,883</u>
Expenditures			
Administrative Costs:			
Salaries and wages	\$ 23,244	\$ 30,803	\$ 54,047
Fringe benefits	10,327	13,297	23,624
Operating Expenses & Equipment	25,251	24,447	49,698
Subtotal Administrative Costs	<u>58,822</u>	<u>68,547</u>	<u>127,369</u>
Program Costs:			
Salaries and wages	\$ 42,546	\$ 43,190	\$ 85,736
Fringe benefits	20,164	20,398	40,562
Operating Expenses & Equipment	9,237	14,442	23,679
Subcontractor Services	3,237	300	3,537
Subtotal Program Costs	<u>75,184</u>	<u>78,330</u>	<u>153,514</u>
Total Expenditures	<u>\$ 134,006</u>	<u>\$ 146,877</u>	<u>\$ 280,883</u>

COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures
 CSD Contract No. 15F-2427 (CSBG - \$45,000)
 For The Period July 1, 2015 through May 31, 2016

	July 1, 2015 through May 31, 2016	Totals
Revenue		
Grant revenue	\$ 45,000	\$ 45,000
Total Revenue	<u>\$ 45,000</u>	<u>\$ 45,000</u>
Expenditures		
Administrative Costs:		
Salaries and wages	\$ 3,215	\$ 3,215
Fringe benefits	1,391	1,391
Operating Expenses & Equipment	<u>12</u>	<u>12</u>
Subtotal Administrative Costs	<u>4,618</u>	<u>4,618</u>
Program Costs:		
Salaries and wages	\$ 31,665	\$ 31,665
Fringe benefits	4,346	4,346
Operating Expenses & Equipment	<u>4,371</u>	<u>4,371</u>
Subtotal Program Costs	<u>40,382</u>	<u>40,382</u>
Total Expenditures	<u>\$ 45,000</u>	<u>\$ 45,000</u>

COUNTY OF SHASTA

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 16F-5044 (CSBG - \$298,055)
For The Period January 1, 2016 through December 31, 2016

	January 1, 2016 through June 30, 2016	Totals
Revenue		
Grant revenue	\$ 126,979	\$ 126,979
Total Revenue	<u>\$ 126,979</u>	<u>\$ 126,979</u>
Expenditures		
Administrative Costs:		
Salaries and wages	\$ 24,030	\$ 24,030
Fringe benefits	11,647	11,647
Operating Expenses & Equipment	<u>26,877</u>	<u>26,877</u>
Subtotal Administrative Costs	<u>62,554</u>	<u>62,554</u>
Program Costs:		
Salaries and wages	\$ 38,324	\$ 38,324
Fringe benefits	17,269	17,269
Operating Expenses & Equipment	<u>8,832</u>	<u>8,832</u>
Subtotal Program Costs	<u>64,425</u>	<u>64,425</u>
Total Expenditures	<u>\$ 126,979</u>	<u>\$ 126,979</u>