

**COUNTY OF SHASTA**  
**SINGLE AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**COUNTY OF SHASTA  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2017**

<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>1</b>
<b>INDEPENDENT AUDITORS' 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</b>	<b>3</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>11</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>11</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>13</b>
<b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</b>	<b>15</b>
<b>SUPPLEMENTARY SCHEDULES OF THE DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT</b>	<b>16</b>



**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  
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 (the County), as of and for the year ended June 30, 2017, 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 11, 2017. Our report includes a reference to other auditors who audited the the financial statements of the Children and Families First Commission (Commission), as described in our report on the County of Shasta's financial statements. This report does not include the result of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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 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 entity'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*.

**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.



**CliftonLarsonAllen LLP**

Roseville, California  
December 11, 2017



**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  
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, 2017. 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 (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, 2017.

**Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

**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, 2017, and have issued our report thereon dated December 11, 2017, that contained an unmodified opinion on those financial statements. We did not audit the financial statements of the Children and Families First Commission (Commission), which represents 100% of the assets, net position, and revenue of the County's discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Commission, is based solely on the report of the other auditors. 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 schedules of the Department of Community Services and Development have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



**CliftonLarsonAllen LLP**

Roseville, California  
December 11, 2017

**COUNTY OF SHASTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures 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				
Glassy-Winged Sharpshooter-GWSS	10.025	16-8506-0484-CA	\$ 43,682	\$ --
Light Brown Apple Moth Program (LBAM)	10.025	16-8506-1164-CA	2,561	-
Asian Defoliating Moth	10.025	15-8506-0689-CA	12,327	-
Integrated Pest Control/Exotic Fruit Fly	10.025	15-8506-0934-GR	24,020	-
Exhanced Exotic Pest Detection	10.025	KB-1617-45	4,924	-
Subtotal CFDA 10.025			<u>87,514</u>	<u>-</u>
USFS State & Private Forestry Weed Control	10.680	14-DG-11052021-204	15,119	-
Passed through State Department of Education:				
School Breakfast Program	10.553		16,742	-
National School Lunch Program	10.555		30,960	-
Total - Child Nutrition Cluster			<u>47,702</u>	<u>-</u>
Passed through State Department of Forestry and Fire:				
Cooperative Forestry Assistance:				
Volunteer Fire Assistance	10.664	7FG15107	19,830	-
Passed through State Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children - Administrative	10.557		1,769,203	-
Passed through State Department of Health Services:				
California Nutrition Network	10.561		668,864	59,293
Passed through State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Food Stamp Program	10.561		5,163,293	-
Total - SNAP Cluster			<u>5,832,157</u>	<u>59,293</u>
Passed through the State of California:				
Schools and Roads - Grants to States	10.665		189,058	-
Total U.S. Department of Agriculture			<u>7,960,583</u>	<u>59,293</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Section 8 Housing Choice Vouchers	14.871	CA096	5,124,106	-
Family Self-Sufficiency Program	14.896	CA096FSH698A015	13,908	-
Family Self-Sufficiency Program	14.896	CA096FSH082A016	9,866	-
Passed through the State Department of Housing and Community Development:				
Community Development Block Grant/State's Program	14.228		17,287	-
CDBG Outstanding Loans:				
CDBG Individual Housing Rehabilitation Loans	14.228		2,291,725	-
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	-
Total - CDBG Cluster			<u>4,176,838</u>	<u>-</u>
HOME Investment Partnerships Program	14.239		459,707	-
HOME Investment Partnerships Program - Outstanding Loans	14.239		5,152,682	-
Subtotal CFDA 14.239			<u>5,612,389</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>14,937,107</u>	<u>-</u>

**COUNTY OF SHASTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Justice</u>				
Direct Programs:				
Equitable Sharing Agreement - Asset Forfeiture	16.922		\$ 130,411	\$ -
Organized Crime Drug Enforcement Task Forces	16.922		1,234	-
Subtotal CFDA 16.922			<u>131,645</u>	<u>-</u>
State Criminal Alien Assistance Program	16.606		7,502	-
Edward Byrne Memorial Justice Assistance Grant Program				
Local Law Enforcement Block Grant	16.738		177,645	-
Edward Byrne Memorial Formula Grant Program				
Domestic Cannabis Eradication/Suppression	16.738		101,169	-
Passed through Board of State and Comm Corrections:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC607-15	141,060	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC607-17	66,248	-
Subtotal CFDA 16.738			<u>486,122</u>	<u>-</u>
Title II Formula Grants-Prevention and Intervention	16.540	BSCC412-16	130,585	-
Passed through California Emergency Management Agency:				
Crime Victim Assistance				
County Victim Services Program XC	16.575	XC16010450	133,940	-
Victim Witness Assistance Program VOCA	16.575	VW13320450	320,835	-
Subtotal CFDA 16.575			<u>454,775</u>	<u>-</u>
Total U.S. Department of Justice			<u>1,210,629</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Direct Program:				
Airport Improvement Program	20.106		4,565	-
Passed through State Department of Transportation:				
Highway Planning and Construction	20.205	ATPL-5906(130)	37,000	-
Highway Planning and Construction	20.205	ATPL-5906(131)	27,768	-
Highway Planning and Construction	20.205	BRLO-5906(104)	84,084	-
Highway Planning and Construction	20.205	BRLS-5906(107)	190,166	-
Highway Planning and Construction	20.205	BRLO-5906(106)	126,470	-
Highway Planning and Construction	20.205	BRLS-5906(105)	43,781	-
Highway Planning and Construction	20.205	BRLS-5906(129)	200,946	-
Highway Planning and Construction	20.205	BRLS-5906(123)	28,592	-
Highway Planning and Construction	20.205	BRLO-5906(087)	68,192	-
Highway Planning and Construction	20.205	BRLO-5906(117)	51,567	-
Highway Planning and Construction	20.205	BRLO-5906(100)	1,076,560	-
Highway Planning and Construction	20.205	BRLS-5906(119)	27,760	-
Highway Planning and Construction	20.205	BRLS-5906(124)	64,970	-
Highway Planning and Construction	20.205	BRLS-5906(111)	9,009	-
Highway Planning and Construction	20.205	BRLS-5906(088)	455,208	-
Highway Planning and Construction	20.205	HSIPL-5906(118)	10,719	-
Highway Planning and Construction	20.205	HSIPL-5906(122)	86,818	-
Highway Planning and Construction	20.205	HRRRL-5906(115)	15,396	-
Highway Planning and Construction	20.205	HSIPL-5906(120)	9,099	-
Highway Planning and Construction	20.205	HSIPL-5906(128)	60,797	-
Subtotal CFDA 20.205			<u>2,674,902</u>	<u>-</u>
Passed through State Department of Transportation:				
Formula Grants for Other Than Urbanized Areas	20.509		664,335	-

**COUNTY OF SHASTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Transportation</u> (continued)				
Passed through State Office of Traffic Safety:				
National Highway Safety Administration - State and Highway Safety				
Alcohol and Drug Impaired Vertical Prosecution Program	20.616	DI1602	\$ 61,065	\$ -
Alcohol Impaired Driving Countermeasures Incentive Grant I				
Drive Safe and Sober Education Program	20.616	AL1603	132,243	-
Subtotal CFDA 20.616			<u>193,308</u>	<u>-</u>
Total U.S. Department of Transportation			<u>3,537,110</u>	<u>-</u>
 <u>U.S. Environmental Protection Agency</u>				
Passed through Air Pollution Control Officers Association:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose				
EPA Particulate Monitoring 2.5	66.034	AQS060890004	7,100	-
Total U.S. Environmental Protection Agency			<u>7,100</u>	<u>-</u>
 <u>U.S. Department of Education</u>				
Passed through State Department of Rehabilitation:				
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126		176,207	-
Total U.S. Department of Education			<u>176,207</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		1,267,379	-
Passed through the State Department of Mental Health:				
Projects for Assistance in Transition from Homelessness	93.150		45,092	-
Passed through State Department of Health Care Services:				
Childhood Lead Poisoning Prevention Projects	93.197	51701	64	-
Childhood Lead Poisoning Prevention Projects	93.197	51702	29,002	-
Childhood Lead Poisoning Prevention Projects	93.197	51703	15,035	-
Subtotal CFDA 93.197			<u>44,101</u>	<u>-</u>
Immunization Grants	93.268		76,485	-
Tuberculosis Real-Time Allotment	93.116		6,711	-
HIV / AIDS Surveillance	93.944		12,160	-
Centers for Disease Control and Prevention Investigation and Technical				
Bioterrorism Preparedness	93.074	14-10544	744,721	-
Block Grants for Community Mental Health Services	93.958		349,493	-
Medical Assistance Program:				
Psychotropic Medication Monitoring and Oversight (PMM&O)	93.778		7,915	-
Children's Medical Services	93.778		810,985	-
Child Health and Disability Program (CHDP)	93.778		268,692	-
Medi-Cal Administrative Activities (MAA)	93.778		1,400,328	-
Targeted Case Management (TCM)	93.778	95922	35,738	35,738
Health Care and Other Facilities				
Medi-Cal Administrative Activities (MAA)	93.778	95918	363,687	-
Passed through State Department of Social Services:				
Medical Assistance Program Administration	93.778		8,962,753	-
IHSS Public Authority	93.778		200,181	-
Total - Medical Assistance Program Cluster			<u>12,050,279</u>	<u>35,738</u>
CDCB/Lifetime of Wellness	93.757		440,209	-
Preventive Health Services-Sexually Transmitted Diseases Research,	93.978	53117	26,975	-
Preventive Health And Health Services Block Grant:				

**COUNTY OF SHASTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Health and Human Services</u> (continued)				
Passed through State Department of Social Services (continued):				
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53107	\$ 118,253	\$ -
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53112	3,000	-
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994		674,941	-
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53117	110,533	-
Maternal and Child Health Services Block Grant to the States (MCAH)	93.994	53118	161,111	-
Subtotal CFDA 93.994			<u>1,067,838</u>	<u>-</u>
Passed through State Department of Social Services:				
Kin-Gap IVE	93.090		316,712	-
CalWORKS Assitance / ARC	93.558		3,568,773	-
CalWORKS, Child Welfare Services TANF	93.558		10,650,949	1,992,969
Total - TANF Cluster			<u>14,219,722</u>	<u>1,992,969</u>
Commercially Sexually Exploited Children	93.598		47,319	-
Foster Care - Title IV-E:				
CWS - Title IV-E, Foster Care, State Automated Child Welfare Information	93.658		3,399,915	116,599
Foster Care - Title IV-E - AFDC Foster Care, Wraparound □Foster Care Placement	93.658		2,899,459	-
Foster Care - Title IV-E (Probation)	93.658		103,128	-
Subtotal CFDA 93.658			<u>6,402,502</u>	<u>116,599</u>
Promoting Safe and Stable Families (PSSF)	93.556		140,624	74,426
Refugee and Entrant Assistance - State Administered Programs				
Child Welfare Services State Grants	93.645		154,424	-
Community Based Child Abuse Prevention	93.590		14,864	14,864
Adoption Assistance	93.659		7,401,157	84,767
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		353,516	-
Subtotal CFDA 93.667			<u>900,000</u>	<u>-</u>
Chafee Foster Care Independence Program	93.674		85,271	-
Passed through State Department of Child Support Services:				
Child Support Enforcement	93.563		4,691,792	-
Passed through State Department of Community Services and Development:				
Community Services Block Grant	93.569	16F-5555	32,078	-
Community Services Block Grant	93.569	16F-5044	171,076	-
Community Services Block Grant	93.569	17F-2044	148,884	-
Subtotal CFDA 93.569			<u>352,038</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>50,857,868</u>	<u>2,319,363</u>
<u>Executive Office of the President</u>				
Pass-Through Central Valley California HIDTA				
High Intensity Drug Trafficking Areas Program	95.001		2,288	-
Total Executive Office of the President			<u>2,288</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Direct Programs:				
Emergency Food and Shelter National Board Program	97.024		2,032	-
Staffing for Adequate Fire and Emergency Response	97.083		45,983	-
Passed through California Division of Boating and Waterways				
Boating Safety Financial Assistance	97.012		82,569	-

**COUNTY OF SHASTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Homeland Security</u> (continued)				
Passed through California Emergency Management Agency:				
Emergency Management Performance Grants	97.042		\$ 162,066	\$ -
Homeland Security Grant Program	97.067	2014-0093	33,882	-
Passed through Shasta County Public Health:				
Homeland Security Grant 2014	97.067		4,948	-
Homeland Security Grant 2013	97.067		1,881	-
Subtotal CFDA 97.067			<u>40,711</u>	<u>-</u>
Passed Through California Office of Homeland Security:				
State Homeland Security Program - SHSP (FY 2016)	97.073		6,822	-
Total U.S. Department of Homeland Security			<u>340,183</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 79,029,075</u>	<u>\$ 2,378,656</u>

**COUNTY OF SHASTA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

**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 (County) for the year ended June 30, 2017. 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 information in this schedule is presented in accordance with the 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).

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. 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. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 CATALOG OF FEDERAL DOMESTIC (CFDA) NUMBERS**

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2017 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

**NOTE 4 INDIRECT COST RATE**

The County did not elect to use the 10 percent 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 PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

When federal awards were received from a pass-through entity, the schedule of expenditures of federal awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

**COUNTY OF SHASTA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

**NOTE 6 LOANS WITH CONTINUING COMPLIANCE REQUIREMENT**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2017 as follows:

Federal CFDA No.	Program Title	SEFA June 30, 2017	FY 16/17 Paydowns	County Balance June 30, 2017
14.228	Community Development Block Grants/ States Program	\$ 4,159,551	\$ 188,121	\$ 3,971,430
14.239	HOME Investment Partnerships Program	\$ 5,152,682	\$ 154,250	\$ 4,998,432

**NOTE 7 OTHER LOANS**

Outstanding federally-funded program loans, carried balances as of June 30, 2017 as follows:

Federal CFDA No.	Program Title	Amount Outstanding	
		July 1, 2016	June 30, 2017
10.760	Water and Waste Disposal Systems for Rural Counties	\$ 700,000	\$ 683,400
66.468	Capitalization Grants for Drinking Water State Revolving Funds	\$ 3,472,881	\$ 3,343,650
81.041	State Energy Program	\$ 385,956	\$ 345,451

**COUNTY OF SHASTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

***Section I – Summary of Auditors' Results***

***Financial Statements***

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

***Identification of Major Federal Programs***

CFDA Number(s)	Name of Federal Program or Cluster
14.871	Section 8 Housing Choice Vouchers
14.239	Home Investment Partnerships Program
14.228	Community Development Block Grants/ State's Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 2,370,872

Auditee qualified as low-risk auditee?

  x   yes      \_\_\_\_\_ no

**COUNTY OF SHASTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**Recommendation**

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

**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

**Status:**

Implemented in current year.

**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  
 (See Independent Auditors' Report, pages 1 and 2)

	January 1, 2016 through June 30, 2016	July 1, 2016 through December 31, 2016	Total Reported	Total Budget
<u>Revenue</u>				
Grant revenue	\$ 126,979	\$ 171,076	\$ 298,055	\$ 280,883
Total Revenue	<u>\$ 126,979</u>	<u>\$ 171,076</u>	<u>\$ 298,055</u>	<u>\$ 280,883</u>
<u>Expenditures</u>				
Administration:				
Salaries and wages	\$ 24,030	\$ 47,049	\$ 71,079	\$ 54,013
Fringe benefits	11,647	\$ 17,917	29,564	23,929
Operating expenses	26,877	\$ 25,740	52,617	51,219
Subtotal Administrative Costs	<u>62,554</u>	<u>90,706</u>	<u>153,260</u>	<u>129,161</u>
Program Costs:				
Salaries and wages	38,325	\$ 46,146	84,471	85,247
Fringe benefits	17,269	\$ 22,012	39,281	40,232
Operating expenses	8,831	\$ 11,462	20,293	22,630
Subcontractor services	--	\$ 750	750	3,613
Subtotal Program Costs	<u>64,425</u>	<u>80,370</u>	<u>144,795</u>	<u>151,722</u>
Total Costs	<u>126,979</u>	<u>171,076</u>	<u>298,055</u>	<u>280,883</u>
Revenue over (under) costs	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**COUNTY OF SHASTA**

Supplemental Statement of Revenue and Expenditures  
 CSD Contract No. 17F-2044 (CSBG - \$298,055)  
 For The Period January 1, 2017 through December 31, 2017  
 (See Independent Auditors' Report, pages 1 and 2)

	<u>January 1, 2017 through June 30, 2017</u>	<u>Total Reported</u>	<u>Total Budget</u>
<u>Revenue</u>			
Grant revenue	\$ 148,884	\$ 148,884	\$ 298,055
Total Revenue	<u>\$ 148,884</u>	<u>\$ 148,884</u>	<u>\$ 298,055</u>
<u>Expenditures</u>			
Administration:			
Salaries and wages	\$ 39,019	\$ 39,019	\$ 68,941
Fringe benefits	14,876	14,876	27,329
Operating expenses	<u>28,255</u>	<u>28,255</u>	<u>53,856</u>
Subtotal Administrative Costs	<u>82,150</u>	<u>82,150</u>	<u>150,126</u>
Program Costs:			
Salaries and wages	40,699	40,699	82,924
Fringe benefits	20,569	20,569	38,355
Operating expenses	5,466	5,466	23,150
Subcontractor services	--	--	3,500
Subtotal Program Costs	<u>66,734</u>	<u>66,734</u>	<u>147,929</u>
Total Costs	<u>148,884</u>	<u>148,884</u>	<u>298,055</u>
Revenue over (under) costs	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**COUNTY OF SHASTA**

Supplemental Statement of Revenue and Expenditures  
 CSD Contract No. 16F-5555 (CSBG - \$32,078)  
 For The Period June 15, 2016 through May 31, 2017  
 (See Independent Auditors' Report, pages 1 and 2)

	<u>July 1, 2016 through May 31, 2017</u>	<u>Total Reported</u>	<u>Total Budget</u>
<u>Revenue</u>			
Grant revenue	\$ 32,078	\$ 32,078	\$ 32,078
Total Revenue	<u>\$ 32,078</u>	<u>\$ 32,078</u>	<u>\$ 32,078</u>
<u>Expenditures</u>			
Administration:			
Salaries and wages	\$ 2,484	\$ 2,484	\$ 2,345
Fringe benefits	1,402	1,402	1,450
Operating expenses	16	16	16
Subtotal Administrative Costs	<u>3,902</u>	<u>3,902</u>	<u>3,811</u>
Program Costs:			
Salaries and wages	21,413	21,413	21,367
Fringe benefits	4,852	4,852	4,847
Operating expenses	1,911	1,911	2,053
Subcontractor/consultant services	--	--	--
Subtotal Program Costs	<u>28,176</u>	<u>28,176</u>	<u>28,267</u>
Total Costs	<u>32,078</u>	<u>32,078</u>	<u>32,078</u>
Revenue over (under) costs	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>