

**COUNTY OF SIERRA,
CALIFORNIA**



**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2014**

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COUNTY OF SIERRA
Single Audit Act
For the Year Ended June 30, 2014

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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 the Grand Jury
County of Sierra
Downieville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sierra, California, (County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 22, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weaknesses. (2014-001)

Board of Supervisors and the Grand Jury
County of Sierra
Downieville, California

Compliance and Other Matters

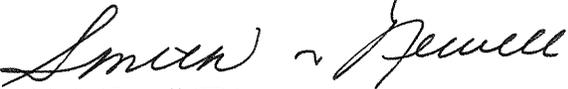
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

County's Response to Findings

The County of Sierra's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Smith & Newell CPAs
Yuba City, California
January 22, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Supervisors and the Grand Jury
County of Sierra
Downieville, California

Report on Compliance for Each Major Federal Program

We have audited the County of Sierra, California's (County) compliance with the types of compliance requirements described in the OMB Circular A-133 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, 2014. 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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, 2014.

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 OMB Circular A-133, 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.

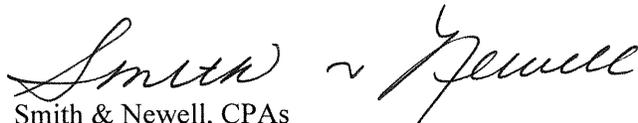
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Board of Supervisors and the Grand Jury
County of Sierra
Downieville, California

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County of Sierra, California, (County) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 22, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

Handwritten signature in cursive script, appearing to read "Smith & Newell".

Smith & Newell, CPAs
Yuba City, California
January 22, 2015

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COUNTY OF SIERRA
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Passed through State Department of Social Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CEC-49-2014	\$ 95,845
Passed through State Department of Health Services: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10476	<u>141,841</u>
Total U.S. Department of Agriculture			<u>237,686</u>
U.S. Department of Justice			
Passed through Board of State and Community Corrections: Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 604-12	49,060
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 604-13	<u>26,800</u>
Subtotal 16.738			<u>75,860</u>
Passed through State Emergency Management Agency: Crime Victim Assistance	16.575	VW 1319 0460	<u>24,809</u>
Total U.S. Department of Justice			<u>100,669</u>
U.S. Department of Transportation			
Passed through State Department of Transportation: Formula Grants for Rural Areas	20.509	None	40,000
Highway Planning and Construction	20.205	RPSTPL-5913 (018)	1,161,383
Highway Planning and Construction	20.205	BRLO-5913 (046)	1,884,748
Highway Planning and Construction	20.205	BRLO-5913 (055)	<u>43,342</u>
Subtotal 20.205			<u>3,089,473</u>
Total U.S. Department of Transportation			<u>3,129,473</u>
U.S. Department of Health and Human Services			
Passed through State Department of Social Services: Immunization Cooperative Agreements	93.268	13-20311	21,484
Centers for Disease Control and Prevention - Investigations and Technic	93.283	EPO 13-49	71,691
Promoting Safe and Stable Families	93.556	CEC-49-2014	4,761
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CEC-49-2014	8,866
Social Services Block Grant	93.667	CEC-49-2014	15,005
Chafee Foster Care Independence Program	93.674	CEC-49-2014	372

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF SIERRA
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services (Continued)			
Passed through State Department of Social Services: (Continued)			
Temporary Assistance for Needy Families	93.558	CEC-49-2014	\$ 175,747
Temporary Assistance for Needy Families	93.558	800-49-2014	<u>31,616</u>
Subtotal 93.558			<u>207,363</u>
Foster Care - Title IV-E	93.658	CEC-49-2014	70,337
Foster Care - Title IV-E	93.658	800-49-2014	<u>1,007</u>
Subtotal 93.658			<u>71,344</u>
Adoption Assistance	93.659	CEC-49-2014	2,793
Adoption Assistance	93.659	800-49-2014	<u>20,938</u>
Subtotal 93.659			<u>23,731</u>
Passed through State Department of Health Care Services:			
Children's Health Insurance Program	93.767	CCS Admin	6,680
Passed through State Department of Health Services:			
Family Planning - Services	93.217	9520	17,465
National Bioterrorism Hospital Preparedness Program	93.889	EPO 13.-49	130,174
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	-	1,084
Maternal and Child Health Services Block Grant to the States	93.994	MCAH	47,139
Passed through State Department of Mental Health Services:			
Maternal and Child Health Services Block Grant to the States	93.994	CHDP	12,885
Block Grants for Community Mental Health Services	93.958	MHBG	48,655
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	<u>386,980</u>
Total U.S. Department of Health and Human Services			<u>1,075,679</u>
U.S. Department of Homeland Security			
Passed through State Office of Emergency Services:			
Emergency Management Performance Grants	97.042	2013-0047	125,644
Homeland Security Grant Program	97.067	2011-SS-0077	3,681
Homeland Security Grant Program	97.067	2012-SS-00123	11,291
Homeland Security Grant Program	97.067	2013-001100	<u>7,500</u>
Subtotal 97.067			<u>22,472</u>
Total U.S. Department of Homeland Security			<u>148,116</u>
Total			<u>\$ 4,691,623</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF SIERRA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Sierra. The County of Sierra reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the County financial statements.

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the related federal financial assistance reports.

4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the County's basic financial statements.

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 SIERRA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

6. CALIFORNIA EMERGENCY MANAGEMENT AGENCY GRANT EXPENDITURES

The following schedule represents expenditures for U.S. Department of Justice grants passed through the State of California, Emergency Management Agency (CalEMA), as well as CalEMA funded grant expenditures for the year ended June 30, 2014. This information is included in the County's single audit report at the request of CalEMA.

<u>Program</u>	<u>Expenditures Claimed</u>			<u>Share of Expenditures Current Year</u>		
	<u>For the Period Through June 30, 2013</u>	<u>For the Year Through June 30, 2014</u>	<u>Cumulative As of June 30, 2014</u>	<u>Federal Share</u>	<u>State Share</u>	<u>County Share</u>
<u>VW13190460 - Victim Witness Assistance</u>						
Personal services	\$ -	\$ 42,720	\$ 42,720	\$ 24,809	\$ 17,911	\$ -
Operating expenses	-	11,187	11,187	-	11,187	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 53,907</u>	<u>\$ 53,907</u>	<u>\$ 24,809</u>	<u>\$ 29,098</u>	<u>\$ -</u>

COUNTY OF SIERRA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements	<u>Status</u>
1. Type of auditor's report issued	Unqualified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	No
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?	No
2. Type of auditor's report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section 510(a)?	No
4. Identification of major programs: 20.205 Highway Planning and Construction	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$300,000
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	Yes

SECTION III - FINANCIAL STATEMENT FINDINGS

Prior Period Adjustments	2014-001
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SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

COUNTY OF SIERRA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

2014-001 Prior Period Adjustments (Material Weakness)

Condition

During our audit we noted the County made a material prior period adjustment to correct payroll liabilities and TOT taxes receivable and to reclassify funds from special revenue to agency.

Cause

In the prior year the County did not record the accrued payroll liability which was due at June 30, but not paid until July of the next year. In addition, certain receivables were not recorded in the prior year that were due to the County as of June 30, and funds recorded as special revenue in the prior year were reclassified to agency funds.

Criteria

An effective internal control system including accounting policies and procedures is necessary to provide reasonable assurance for the completeness of accounting records and proper year-end closing.

Effect of Condition

Governmental activities and business-type activities fund beginning net position, governmental funds beginning fund balance, and enterprise funds beginning net position were restated as of July 1, 2013.

Recommendation

We recommend that the County record the accrued payroll liability as of June 30 each year. We also recommend that the County continue to improve its internal control system and its policies and procedures in reviewing detail general ledger accounts for accuracy.

Corrective Action Plan

Payroll accrual - The County has calculated the payroll accrual as of 6/30/2014 and included in it procedures to do so each year going forward.

Receivable - The County was aware of this issue and brought it to the attention of the prior auditor and the current auditor. All possible diligence will be used in the future not to have the County financial report issued with such an error in the future.

Reclassification of funds - the County has corrected its procedures to correctly classify these funds in the future.

COUNTY OF SIERRA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2014

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendation</u>
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	None
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