

**COUNTY OF SIERRA,
CALIFORNIA**



**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2018**

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COUNTY OF SIERRA
Single Audit Act
For the Year Ended June 30, 2018

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 4, 2019.

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.

To the 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.

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, appearing to read "Smith & Newell", written in dark ink.

Smith & Newell CPAs
Yuba City, California
January 4, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the 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 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

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

Opinion on Each Major Federal Program

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

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.

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

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

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, 2018 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 4, 2019 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental schedule has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

A handwritten signature in cursive script, appearing to read "Smith & Newell", written in dark ink.

Smith & Newell CPAs
Yuba City, California
January 4, 2019

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COUNTY OF SIERRA
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
State Department of Social Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10-Unknown	\$ -	\$ 100,507
State Department of Health Services: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10116	-	137,321
Total U.S. Department of Agriculture			-	237,828
U.S. Department of Justice				
State Emergency Management Agency: Crime Victim Assistance	16.575	VW 1622 0460	-	14,513
Crime Victim Assistance	16.575	VW 1723 0460	-	53,479
Crime Victim Assistance	16.575	XC 1601 0460	-	2,662
Subtotal 16.575			-	70,654
Total U.S. Department of Justice			-	70,654
U.S. Department of Transportation				
State Department of Transportation: Formula Grants for Rural Areas	20.509	Section 5311	-	48,000
Highway Planning and Construction	20.205	BRLO-5913 (055)	-	281,781
Highway Planning and Construction	20.205	BRLO-5913 (058)	-	90,428
Highway Planning and Construction	20.205	BRLO-5913 (059)	-	45,226
Highway Planning and Construction	20.205	BRLO-5913 (060)	-	76,644
Subtotal 20.205			-	494,079
Total U.S. Department of Transportation			-	542,079
U.S. Department of Health and Human Services				
State Department of Social Services: Immunization Cooperative Agreements	93.268	17-10352	-	26,796
Promoting Safe and Stable Families	93.556	93-Unknown	-	7,000
Temporary Assistance for Needy Families	93.558	93-Unknown	-	240,975
Stephanie Tubbs Jones Child Welfare Services Program	93.645	93-Unknown	-	1,669
Foster Care - Title IV-E	93.658	93-Unknown	-	313,192
Adoption Assistance	93.659	93-Unknown	-	12,750
Social Services Block Grant	93.667	93-Unknown	-	15,813
Medical Assistance Program	93.778	93-Unknown	-	285,096

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, 2018

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
State Department of Health Care Services: Children's Health Insurance Program	93.767	93-Unknown	\$ -	\$ 5,676
State Department of Public Health: Public Health Emergency Preparedness	93.069	93-Unknown	-	91,631
National Bioterrorism Hospital Preparedness Program	93.889	93-Unknown	-	106,010
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	RWPARTB1718SCPH	-	1,592
Maternal and Child Health Services Block Grant to the States	93.994	93-Unknown	-	78,505
State Department of Mental Health Services: Maternal and Child Health Services Block Grant to the States	93.994	93-Unknown	-	30,115
Block Grants for Community Mental Health Services	93.958	93-Unknown	-	55,901
State Department of Alcohol and Drug Programs: Block Grants for Prevention and Treatment of Substance Abuse	93.959	93-Unknown	-	467,368
Total U.S. Department of Health and Human Services			-	1,740,089
U.S. Department of Homeland Security				
State Office of Emergency Services: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4301-DR-CA	-	110,504
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4308-DR-CA	-	401,495
Subtotal 97.036			-	511,999
Emergency Management Performance Grants	97.042	2017-007	-	125,652
Homeland Security Grant Program	97.067	2015-0078	-	62,205
Homeland Security Grant Program	97.067	2016-0102	-	29,414
Homeland Security Grant Program	97.067	2017-0083	-	7,500
Subtotal 97.067			-	99,119
Total U.S. Department of Homeland Security			-	736,770
Total			\$ -	\$ 3,327,420

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, 2018

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, California. 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 on the Schedule of Expenditures of Federal Awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements.

3. INDIRECT COST RATE

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

4. 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.

5. 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 Counties basic financial statements.

6. 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 and the identifying number is shown as unknown.

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COUNTY OF SIERRA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements	<u>Status</u>
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?	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:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)	No
4. Identification of major programs:	
20.205 Highway Planning and Construction	
97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520	Yes

SECTION III - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

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COUNTY OF SIERRA
Supplemental Schedule
California Emergency Management Agency
For the Year Ended June 30, 2018

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, 2018. This information is included in the County's single audit report at the request of CalEMA.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2017	For the Year Through June 30, 2018	Cumulative As of June 30, 2018	Federal Share	State Share	County Share
<u>VW 1622 0460 - Crime Witness Assistance</u>						
Personal services	\$ 94,176	\$ 14,513	\$ 108,689	\$ 14,513	\$ -	\$ -
Operating expenses	1,463	-	1,463	-	-	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ 95,639</u>	<u>\$ 14,513</u>	<u>\$ 110,152</u>	<u>\$ 14,513</u>	<u>\$ -</u>	<u>\$ -</u>
<u>VW 1723 0460 - Crime Witness Assistance</u>						
Personal services	\$ -	\$ 68,003	\$ 68,043	\$ 53,479	\$ 14,564	\$ -
Operating Expenses	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 68,043</u>	<u>\$ 68,043</u>	<u>\$ 53,479</u>	<u>\$ 14,564</u>	<u>\$ -</u>
<u>XC 1601 0460 - Crime Witness Assistance</u>						
Personal services	\$ -	\$ 8,563	\$ 8,563	\$ -	\$ -	\$ 8,563
Operating expenses	20,761	2,662	23,423	2,662	-	-
Equipment	40,062	-	40,062	-	-	-
Totals	<u>\$ 60,823</u>	<u>\$ 11,225</u>	<u>\$ 72,048</u>	<u>\$ 2,662</u>	<u>\$ -</u>	<u>\$ 8,563</u>

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