

COUNTY OF TUOLUMNE, CALIFORNIA

Single Audit Reports

For the Year Ended June 30, 2017



Certified
Public
Accountants

COUNTY OF TUOLUMNE, CALIFORNIA
For the Year Ended June 30, 2017

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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 Grand Jury
County of Tuolumne
Sonora, California

We have audited, in accordance with 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 Tuolumne, California (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 28, 2017.

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 of 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 dark ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 28, 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**

To the Board of Supervisors
and Grand Jury
County of Tuolumne
Sonora, California

Report on Compliance for Each Major Federal Program

We have audited the County of Tuolumne, 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, 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* 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying management's response and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying management's response and corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on the 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, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated December 28, 2017, 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.

Macias Gini & O'Connell LLP

Sacramento, California

March 9, 2018

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor

Pass-Through Grantor (if not direct)	CFDA	Grant No./	Expenditures/	Subrecipient
Program Title	No.	Project ID	Expenses	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct:				
U.S. Forest Service Communications	10.unknown	16-LE-11051360-009	\$ 3,000	\$ -
Law Enforcement - USFS	10.unknown	12-LE-11051360-018	23,158	-
Law Enforcement - USFS	10.unknown	12-LE-11051360-028	10,953	-
U.S. Forest Service	10.unknown	15-PA-11051600-029	37,033	-
U.S. Forest Service	10.unknown	16-RO-11051600-040	108,078	-
U.S. Forest Service Emergency Airport Use	10.unknown	N/A	2,436	-
Total			184,658	-
Passed through California Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0593	3,478	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0548	6,363	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	15-0451	9,990	-
Total Plant and Animal Disease, Pest Control, and Animal Care			19,831	-
Passed through California Department of Public Health:				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10127	608,018	11,364
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16-10135	200,846	-
Passed through California Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	141-16-75	896,342	-
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			1,097,188	-
Passed through California Department of Forestry & Fire Protection:				
Cooperative Forestry Assistance	10.664	7FG16115	15,363	-
Passed through California Department of Finance:				
Schools and Roads - Grants to States	10.665	US Forest Reserve Title I	203,928	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,128,986	11,364

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

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor				
Pass-Through Grantor (if not direct)	CFDA	Grant No./	Expenditures/	Subrecipient
Program Title	No.	Project ID	Expenses	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct:				
Supportive Housing Program	14.235	CA032IL9T261404	\$ 1,445	\$ -
Passed through California Department of Housing and Community Development:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	13-CDBG-9454	559,434	540,508
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	14-CDBG-9901	147,038	103,226
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	16-CDBG-1154	120,226	107,226
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	16-CDBG-1391	3,750	-
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Program Income	130,419	64,480
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii			960,867	815,440
HOME Investment Partnerships Program	14.239	14-HOME-10047	544,479	-
HOME Investment Partnerships Program	14.239	14-HOME-9276	3,373,933	-
HOME Investment Partnerships Program	14.239	Program Income	347,683	-
Total HOME Investment Partnerships Program			4,266,095	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			5,228,407	815,440
<u>U.S. DEPARTMENT OF THE INTERIOR</u>				
Direct:				
Law Enforcement - New Melones	15.unknown	R14PX00288	88,325	-
Law Enforcement - New Melones	15.unknown	R17PC00048	24,357	-
Total Law Enforcement - New Melones			112,682	-
Payments in Lieu of Taxes	15.226	N/A	2,313,558	-
Distribution of Receipts to State and Local Governments	15.227	US Grazing Fees	1,004	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR			2,427,244	-
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct:				
State Criminal Alien Assistance Program	16.606	N/A	5,083	-
Bulletproof Vest Partnership Program	16.607	N/A	10,990	-
Passed through California Governor's Office of Emergency Services:				
Crime Victim Assistance	16.575	VW16300550	121,446	-
Crime Victim Assistance	16.575	XV15010550	166,494	-
Total Crime Victim Assistance			287,940	-
Passed through Board of State and Community Correction:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 642-15	132,607	-
TOTAL U.S. DEPARTMENT OF JUSTICE			436,620	-

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

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor				
Pass-Through Grantor (if not direct)	CFDA	Grant No./	Expenditures/	Subrecipient
Program Title	No.	Project ID	Expenses	Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Direct:				
Airport Improvement Program	20.106	3-06-0047-014-2015	\$ 2,567	\$ -
Airport Improvement Program	20.106	3-06-0047-016-2016	1,775,001	-
Airport Improvement Program	20.106	3-06-0047-015-2015	158,799	-
Total Airport Improvement Program			1,936,367	-
Highway Training and Education	20.215	DTFH68-15-E-00045	54,956	-
Passed through California Department of Transportation:				
Highway Planning and Construction	20.205	BRLO-5932 (038)	85,855	-
Highway Planning and Construction	20.205	BRLS-5932 (039)	142,895	-
Highway Planning and Construction	20.205	BRLO-5932 (064)	114,879	-
Highway Planning and Construction	20.205	BRLO-5932 (067)	29,136	-
Highway Planning and Construction	20.205	BRLO-5932 (073)	68,641	-
Highway Planning and Construction	20.205	BRLO-5932 (074)	92,193	-
Highway Planning and Construction	20.205	BPMP-5932 (077)	49,217	-
Highway Planning and Construction	20.205	BRLS-5932 (078)	139,182	-
Highway Planning and Construction	20.205	BRLO-5932 (079)	112,392	-
Highway Planning and Construction	20.205	HSIPL-5932 (081)	5,507	-
Highway Planning and Construction	20.205	HSIPL-5932 (082)	8,758	-
Highway Planning and Construction	20.205	HSIPL-5932 (083)	79,418	-
Highway Planning and Construction	20.205	CML-5932 (084)	18,105	-
Highway Planning and Construction	20.205	X15-5932 (087)	307,574	-
Highway Planning and Construction	20.205	HSIPL-5932 (089)	13,627	-
Highway Planning and Construction	20.205	HSIPL-5932 (090)	5,806	-
Highway Planning and Construction	20.205	BRLO-5932 (091)	2,041	-
Total Highway Planning and Construction			1,275,226	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			3,266,549	-
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Passed through California Environmental Protection Agency:				
Multipurpose Grants to States and Tribes	66.204	G16-MP-001	62,255	-
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			62,255	-

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

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor				
Pass-Through Grantor (if not direct)	CFDA	Grant No./	Expenditures/	Subrecipient
Program Title	No.	Project ID	Expenses	Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through California Department of Public Health:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	14-10557	\$ 267,708	\$ -
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	14-10935	20,995	-
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			288,703	-
Immunization Cooperative Agreements	93.268	15-10464	79,560	-
Maternal and Child Health Services Block Grant to the States	93.994	2016-55	133,205	-
Passed through California Department of Social Services:				
Promoting Safe and Stable Families	93.556	151-25-30	33,731	-
Temporary Assistance for Needy Families	93.558	151-25-30	2,344,677	132,968
Stephanie Tubbs Jones Child Welfare Services Program	93.645	151-25-30	26,593	-
Foster Care - Title IV-E	93.658	141-16-75	1,630,299	-
Adoption Assistance	93.659	151-25-30	1,221,465	-
Social Services Block Grant	93.667	151-25-30	54,121	-
Child Abuse and Neglect State Grants	93.669	CBCAP	22,363	-
Chafee Foster Care Independence Program	93.674	151-25-30	3,571	-
Passed through California Department of Health Care Services:				
Medical Assistance Program	93.778	CHDP	99,784	-
Medical Assistance Program	93.778	HCPC	34,485	-
Medical Assistance Program	93.778	CCS-Admin	113,883	-
Medical Assistance Program	93.778	GEMT	98,792	-
Medical Assistance Program	93.778	Not Available	1,226,012	-
Medical Assistance Program	93.778	111-25-15	350,935	-
Medical Assistance Program	93.778	151-25-30	220,509	-
Total Medical Assistance Program			2,144,400	-
Passed through California Department of Alcohol and Drug Programs:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	14-90114	494,381	99,246
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			8,477,069	232,214

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

COUNTY OF TUOLUMNE, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor				
Pass-Through Grantor (if not direct)	CFDA	Grant No./	Expenditures/	Subrecipient
Program Title	No.	Project ID	Expenses	Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2013-FH-00520	\$ 120,189	\$ -
Passed through California Governor's Office of Emergency Services:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLA05(05)	9,029	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLA11(01)	12,995	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLB01(08)	11,402	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC01(01)	31,972	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC01(05)	9,312	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC02(01)	36,964	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC02(05)	5,749	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC02(08)	509	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC03(01)	119,584	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC03(08)	7,602	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC04(05)	1,040	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC04(08)	8,595	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC05(01)	2,130	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC06(01)	1,789	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC06(08)	9,395	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC08(01)	8,198	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC08(05)	9,944	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC09(01)	15,188	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC10(08)	6,661	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLC12(08)	219,878	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLE07(05)	1,772	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TLTLG05(08)	3,921	-
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			533,629	-
Emergency Management Performance Grants	97.042	2016-0010	136,094	-
Homeland Security Grant Program	97.067	2015-0078	46,202	-
Homeland Security Grant Program	97.067	2016-0102	93,142	-
Total Homeland Security Grant Program			139,344	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			929,256	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 22,956,386	\$ 1,059,018

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

COUNTY OF TUOLUMNE, CALIFORNIA
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

NOTE A – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal award programs of the County of Tuolumne (the County). The County 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 B – BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements, except for programs recorded in the County's enterprise funds. The enterprise funds are presented using the accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

NOTE C – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information and Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE D – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal expenditures/expenses materially agree to or can be reconciled with the amounts reported in the County's basic financial statements.

NOTE E – PASS-THROUGH ENTITY IDENTIFYING NUMBERS

The County has included in the Schedule under Grant No./Project ID the identifying numbers for pass-through grants when such information has been provided by the pass-through entities. For grants that the County was not provided with such information by the pass-through entities, the County has indicated the pass-through identifying numbers as "Not Available".

NOTE F – DE MINIMIS INDIRECT COST RATE

For non-federal entities who have never received a negotiated rate, a de minimis rate of 10 percent of modified total direct costs may be used indefinitely as defined in Uniform Guidance §200.414. The County has not elected to use the 10 percent de minimis indirect cost rate.

COUNTY OF TUOLUMNE, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major federal programs:	

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program
93.558	Temporary Assistance for Needy Families
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

No matters were reported.

COUNTY OF TUOLUMNE, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section III – Federal Award Findings and Questioned Costs

Reference Number:	2017-001
Type of Finding:	Significant Deficiency and Instance of Noncompliance
Federal Program Title:	Temporary Assistance for Needy Families
Federal Catalog Number:	93.558
Pass-Through Agency:	California Department of Social Services
Award Number and Year:	151-25-30; 2016-17
Federal Agency:	U.S. Department of Health and Human Services
Category of Finding:	Subrecipient Monitoring

Criteria:

Title 2–Grants and Agreements, Subtitle A–Office of Management and Budget Guidance for Grants and Agreements, Chapter II–Office of Management and Budget Guidance, Part 200–Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart D–Post Federal Award Requirements, Standards for Financial and Program Management, §200.303 Internal controls (2 CFR 200.303):

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 2–Grants and Agreements, Subtitle A–Office of Management and Budget Guidance for Grants and Agreements, Chapter II–Office of Management and Budget Guidance, Part 200–Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart D–Post Federal Award Requirements, Subrecipient Monitoring and Management, §200.331 Requirements for pass-through entities (2 CFR 200.331):

All pass-through entities must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
 - (1) Federal Award Identification.
 - (i) Subrecipient name (which must match the name associated with its unique entity identifier);
 - (ii) Subrecipient's unique entity identifier;
 - (iii) Federal Award Identification Number (FAIN);
 - (iv) Federal Award Date (see §200.39 Federal award date) of award to the recipient by the Federal agency;
 - (v) Subaward Period of Performance Start and End Date;

COUNTY OF TUOLUMNE, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section III – Federal Award Findings and Questioned Costs (Continued)

- (vi) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
 - (vii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;
 - (viii) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
 - (ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - (x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
 - (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
 - (xii) Identification of whether the award is R&D; and
 - (xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).
- (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
- (1) The subrecipient's prior experience with the same or similar subawards;
 - (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F–Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
 - (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
 - (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

Condition:

The County Department of Social Services (Social Services) did not communicate to its subrecipient the required federal award data elements upon making the subaward, including identifying the award as a subaward. In addition, Social Services did not evaluate the subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and condition of the subaward.

Cause:

Social Services does not have a process in place to ensure the required information is communicated to subrecipients. In addition, Social Services did not develop policies and procedures for evaluating subrecipients' risk of noncompliance with federal statutes, regulations, and the terms and conditions.

Effect:

Not communicating federal award data elements to subrecipients could result in subrecipients not using and reporting subawards in accordance with federal statutes, regulations, and the terms and conditions of the federal award. Also, in the absence of a risk assessment process for determining appropriate monitoring procedures, sufficient and effective monitoring may not occur for subrecipients most at risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward.

Questioned Costs:

No questioned costs were identified.

COUNTY OF TUOLUMNE, CALIFORNIA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section III – Federal Award Findings and Questioned Costs (Continued)

Context:

Disbursements to the one subrecipient for the Temporary Assistance for Needy Families Program for the fiscal year ended June 30, 2017 totaled \$132,968.

Recommendation:

Social Services should develop and implement policies and procedures that provide for the timely and proper communication of all applicable subaward information in accordance with 2 CFR 200.331 and maintain records demonstrating that such communications occurred.

In addition, Social Services should develop policies and procedures to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward and perform monitoring according to the assessed risk. Further, Social Services should retain evidence that the policies and procedures are operating as designed.

Views of Responsible Officials:

Views of responsible officials are reported in the "Management's Response and Corrective Action Plan" section of this report.

COUNTY OF TUOLUMNE, CALIFORNIA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2017

Federal Award Findings and Questioned Costs

Reference Number:	2015-002
Type of Finding:	Significant Deficiency
Federal Program Title:	Foster Care – Title IV-E
Federal Catalog Number:	93.658
Pass-Through Agency:	California Department of Social Services
Award Number and Year:	141-16-75; 2014-15
Federal Agency:	U.S. Department of Health and Human Services
Category of Finding:	Eligibility

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition:

Three cases did not have a signature on the Determination of Federal AFDC-FC Eligibility (FC3) form, and two cases were missing the FC3 form.

Questioned Costs:

As the County subsequently examined the five cases and found the recipients to all be eligible, no questioned costs are associated with this condition.

Context:

Fifty-one Foster Care cases were examined out of a population of 114 cases. The total amount paid for the months tested for the five recipients was \$6,423 out of \$64,998 tested in total. The total amount paid to recipients during the year was \$560,272.

Effect:

A missing or unsigned FC3 could lead to an ineligible recipient receiving aid.

Cause:

As part of the County's controls in a child's determination of federal eligibility, a Foster Care Eligibility Worker completes and signs the Determination of Federal AFDC-FC Eligibility form.

Recommendation:

The County should adhere to controls set in place over eligibility determination to ensure compliance with Federal requirements.

COUNTY OF TUOLUMNE, CALIFORNIA
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2017

Federal Award Findings and Questioned Costs (Continued)

Management Response and Corrective Action:

Management has established a new review process of case files to ensure all requirements are met.

Planned Corrective Action submitted to the California Department of Social Services (via letter dated May 11, 2016) –

In order to ensure the Determination of Federal AFDC-FC Eligibility, FC3 form is signed and filed in the Foster Care case. Eligibility Staff shall utilize a Foster Care Intake Checklist and sign the checklist. The signed checklist will be placed in the case file. In addition, the Eligibility Supervisor shall conduct random intake case audits to ensure the Determination of Federal AFDC-PC Eligibility (FC3) form is accurate, signed and filed in the case.

Status:

Five Foster Care cases in which the eligibility was initially determined for the fiscal year ended June 30, 2017, were examined with no exceptions noted. However, the Intake Checklist referred to in the County's planned corrective action submitted to the California Department of Social Services was not completed and placed in three of the case files. In addition, there were no indications that random intake case audits were conducted. Therefore, the recommendation is still considered partially implemented.

COUNTY OF TUOLUMNE, CALIFORNIA
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2017

Federal Award Findings and Questioned Costs (Continued)

Reference Number: 2015-003
Type of Finding: Significant Deficiency and Instance of Noncompliance
Federal Program Title: Adoption Assistance
Federal Catalog Number: 93.659
Pass-Through Agency: California Department of Social Services
Award Number and Year: 151-25-30; 2014-15
Federal Agency: U.S. Department of Health and Human Services
Category of Finding: Eligibility

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

OMB Compliance Supplement Part 3 Eligibility Compliance Requirements require that benefits be discontinued when the period of eligibility expires. Adoptions Program Regulation Title 22 Division 2 Chapter 3 Subchapter 7 Articles 3(g) states:

- (1) Once a child is determined eligible to receive AAP, he or she remains eligible and the subsidy continues unless one of the following occurs:
 - (A) The child has attained the age of 18 or 21;
 1. Payment of the AAP benefit shall terminate in the month in which the child becomes 18 years of age or if the agency has determined that the child has a mental or physical disability that warrants the continuance of assistance, in the month in which the child becomes 21 years of age.
 - a. Starting January 1, 2012, youth who have an initial AAP agreement signed on or after their 16th birthday and who meet the conditions stated in Welfare and Institutions Code Section 11403, may be eligible for the extension of AAP benefits to the age of 19, the age of 20 effective January 1, 2013, and the age of 21 effective January 1, 2014.
 - (B) The adoptive parents are no longer legally responsible for the support of the child.
 - (C) The responsible public agency determines the adoptive parents are no longer providing support to the child.

Condition:

For one case, aid payments did not stop after the child reached the age of 18, and the child did not meet any of the criteria for payments to be continued past the age of 18.

Questioned Costs:

The recipient received \$2,696 in aid after the child turned 18.

Context:

Thirty-seven Adoption Assistance cases were examined out of a population of 191 cases. The amount paid for the month tested for the recipient was \$657 out of \$33,085 tested in total. The total amount paid to recipients during the year was \$1,073,788.

COUNTY OF TUOLUMNE, CALIFORNIA
Summary Schedule of Prior Audit Findings (Continued)
For the Year Ended June 30, 2017

Federal Award Findings and Questioned Costs (Continued)

Effect:

Not discontinuing aid payments in a timely manner resulted in an overpayment of aid.

Cause:

Controls were not followed in this instance.

Recommendation:

The County should adhere to controls set in place over continued eligibility to ensure compliance with Federal requirements.

Management Response and Corrective Action:

Management has established a new review process to ensure all requirements are met.

Planned Corrective Action submitted to the California Department of Social Services (via letter dated May 11, 2016) –

The assigned caseworker's supervisor will conduct random audits to ensure compliance. The County will continue to utilize the three safeguards in place to prevent overpayments of Adoption Assistance. The three safeguards are as follows:

1. The caseworker shall review the monthly report, AAP Youth Aged 17-26, which shows all cases in the age bracket 17-26 years old, their date of birth and their current age.
2. The caseworker shall set a manual task in the SAWS system when the case is initially approved to identify the child's potential discontinuance date and instruct the caseworker to contact the Sacramento Regional Office AAP Social Worker.
3. The caseworker shall review the SAWS system generated task which is auto-assigned to the case worker two months prior to the potential discontinuance date.

Status:

Out of five Adoption Assistance cases examined as of June 30, 2017, there were three cases in which the child was 18 or over and continued to receive the aid payment by meeting the additional criteria for continued aid past the age of 18. In remaining two cases, the County properly discontinued the aid payment once the child reached the age of 18. However, there were no indications that random audits were conducted to ensure compliance or that the monthly report, AAP Youth Aged 17-16, was reviewed (safeguard 1) as was communicated in the County's planned corrective action submitted to the California Department of Social Services. Although, other cases were observed that indicated the County has set a manual task in the SAWS system when the case is initially approved to identify the child's potential discontinuance date (safeguard 2) and that the SAWS system generates a task that is auto-assigned to the case worker two months prior to the potential discontinuance date (safeguard 3). Therefore, the recommendation is still considered partially implemented.



OFFICE OF THE AUDITOR-CONTROLLER

"Proudly Serving the Financial Needs of Tuolumne County"

DEBORAH BAUTISTA, CPA
Clerk & Auditor-Controller

March 9, 2018

Macias Gini & O'Connell LLP
3000 S Street, Suite 300
Sacramento, CA 95816

Thank you for the opportunity to respond to your audit of the County of Tuolumne, California (County) for the year ended June 30, 2017, 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). A result of your audit was that you identified an instance of noncompliance and a significant deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs. The following is Management's Response and Corrective Action Plan to address this finding:

Reference Number: 2017-001

Names of the Contact Persons Responsible for Corrective Action

Deborah Bautista, CPA, Clerk and Auditor-Controller
Rebecca Espino, Deputy Director, Department of Social Services

Corrective Action Planned

The County, with input from the Department of Social Services, will establish written policies and procedures in compliance with 2 CFR 200.331 that includes timely and proper communication of all applicable subaward information, which will be added to subrecipient agreements. These policies and procedures will also include an evaluation and risk assessment of noncompliance with federal statutes, regulations, and the terms and conditions of each subaward to determine appropriate monitoring procedures, and evidence that such policies and procedures are operating as designed will be retained.

Anticipated Completion Date

County policies and procedures will be in place by June 30, 2018.

If you or the California Department of Social Services, as the pass-through entity of the federal program with this finding, have any questions concerning Management's Response and Corrective Action Plan, please contact Rebecca Espino at (209) 533-5746.

Sincerely,

A handwritten signature in blue ink, appearing to read "Deborah Bautista", is written over a circular blue ink stamp.

Deborah Bautista, CPA
Clerk and Auditor-Controller