

**COUNTY OF SISKIYOU
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

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COUNTY OF SISKIYOU

Single Audit Report
For the Year Ended June 30, 2013

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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 Siskiyou
Yreka, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Siskiyou (County), California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 28, 2014.

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 findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2013-001 and 2013-002)

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

To the Board of Supervisors and Grand Jury
County of Siskiyou

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

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

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 result 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.



Roseville, California
March 28, 2014



**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 OMB CIRCULAR A-133**

To the Board of Supervisors and Grand Jury
County of Siskiyou
Yreka, California

Report on Compliance for Each Major Federal Program

We have audited County of Siskiyou'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, 2013. 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, 2013.

To the Board of Supervisors and Grand Jury
County of Siskiyou

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-003 and 2013-004 to be material weaknesses.

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.

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

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.

To the Board of Supervisors and Grand Jury
County of Siskiyou

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Siskiyou (County), California, as of and for the year ended June 30, 2013, and have issued our report thereon dated March 28, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

The Schedule of the California Emergency Management Agency and The California Department of Corrections and Rehabilitation Programs and the Supplemental Statements of Revenue and Expenditures of the California Department of Community Services and Development have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Roseville, California
March 28, 2014

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COUNTY OF SISKIYOU

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Grazing Fees	10.000	--	\$ 1,468
Subtotal Direct Program			<u>1,468</u>
Passed through State Department of Education:			
School Breakfast Program	10.553	--	7,474
National School Lunch Program	10.555	--	11,656
Special Milk Program for Children	10.556	--	2,101
Subtotal Child Nutrition Cluster			<u>21,231</u>
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	1,118,275
Passed through State Department of Health Care Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10456	329,967
Passed through State Department of Food & Agriculture:			
Detection and Eradication of Leafy Spurge, Knapweeds and Dalmatian Toadflax	10.025	11-0242-SF	39,098
Total U.S. Department of Agriculture			<u>\$ 1,510,039</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Economic Development	14.228	09-EDEF-6546	64,759
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Economic Development	14.228	10-EDEF-7269	25,265
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Economic Development	14.228	11-PTEC-7641	24,103
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - Economic Development - Outstanding Loan Balance	14.228	--	3,183,693
Subtotal CFDA Number 14.228			<u>3,297,820</u>
Home Investment Partnerships Program - Outstanding Loan Balance	14.239	--	307,000
Total U.S. Department of Housing and Urban Development			<u>\$ 3,604,820</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF SISKIYOU

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
<u>U.S. Department of the Interior</u>			
Direct Programs:			
Geothermal Resources	15.434	--	\$ 250,742
Partners for Fish and Wildlife	15.631	81339AJ009	23,914
United States Geological Survey Precipitation Monitoring	15.808	06-4565-0003	<u>1,200</u>
Total U.S. Department of the Interior			<u>\$ 275,856</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
Cannabis Eradication	16.579	2012-50	<u>52,912</u>
Passed through California Emergency Management Agency:			
Victim/Witness Assistance Program	16.575	VW 12 20 0470	45,702
Unserved/Underserved Victim Advocacy and Outreach	16.575	UV 11 02 0470	29,469
Unserved/Underserved Victim Advocacy and Outreach	16.575	UV 12 03 0470	85,810
Subtotal CFDA Number 16.575			<u>160,981</u>
ARRA - Evidence Based Adult Rehabilitation Program	16.803	ZP09010470	46,791
ARRA - CalMMET Enforcement Team Recovery Act Program	16.804	ZM09010470	19,723
ARRA - ADA Enforcement Team Recovery Act Program	16.804	ZA09010470	22,070
Subtotal Pass Through			<u>88,584</u>
Passed through Board of State and Community Corrections			
Edward Byrne Memorial Justice Assistance Program	16.738	BSCC 639-12	69,726
Subtotal JAG Cluster:			<u>158,310</u>
Passed through Superior Court of Siskiyou County			
Drug Court Discretionary Grant Program	16.585	--	<u>63,500</u>
Total U.S. Department of Justice			<u>\$ 435,703</u>
<u>U.S. Department of Transportation</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	025N/02-5902R	8,715
Highway Planning and Construction	20.205	024N/02-5902R	8,526
Highway Planning and Construction	20.205	020N/02-5902R	117,512
Highway Planning and Construction	20.205	015M1/02-5902	1,367,952
Subtotal CFDA Number 20.205			<u>1,502,705</u>
Passed through Federal Transit Administration:			
Federal Transit - Formula Grants	20.507	Contract #642168	<u>295,042</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF SISKIYOU

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
<u>U.S. Department of Transportation (continued)</u>			
Passed through California Office of Traffic Safety:			
Advanced Roadside Impaired Driving Enforcement	20.608	AL1339	\$ 8,622
Subtotal CFDA Number 20.608			<u>8,622</u>
Total U.S. Department of Transportation			<u>\$ 1,806,369</u>
<u>U.S. Department Environmental Protection Agency</u>			
Passed through California Environmental Protection Agency:			
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	G11-UST-20	<u>27,738</u>
Total U.S. Department Environmental Protection Agency			<u>\$ 27,738</u>
<u>U.S. Election Assistance Commission</u>			
Passed through Secretary of State			
Help America Vote Act Requirements Payments	90.401	11G30124	<u>8,478</u>
Total U.S. Election Assistance Commission			<u>\$ 8,478</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through office of Child Abuse Prevention			
Community - Based Child Abuse Prevention Grants	93.590	--	<u>\$ 27,399</u>
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families - Assistance	93.558	--	1,048,848
Temporary Assistance for Needy Families - Administration	93.558	--	2,311,459
Subtotal CFDA Number 93.558			<u>3,360,307</u>
Foster Care Title IV-E - Administration	93.658	--	715,368
Foster Care Title IV-E - Foster Care Assistance	93.658	--	723,052
Foster Care Title IV-E - Emergency Foster Care Assistance	93.658	--	57,163
Foster Care Title IV-E - Group Home Monthly Visits	93.658	--	211,209
Subtotal CFDA Number 93.658			<u>1,706,792</u>
Adoption Assistance Program - Administration	93.659	--	17,452
Adoption Assistance Program - Assistance	93.659	--	963,725
Subtotal CFDA Number 93.659			<u>981,177</u>
Child Welfare Services - State Grants	93.645	--	40,634
Social Services Block Grant	93.667	--	23,168
Chafee Foster Care Independence Program	93.674	--	54,220
Subtotal			<u>118,022</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF SISKIYOU

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through State Department of Child Support Services: Child Support Enforcement	93.563	--	\$ 1,318,351
Passed through State Department of Community Services and Development: Community Services Block Grant	93.569	12F-4426-12	19,930
Passed through State Department of Mental Health Services: Block Grants for Community Mental Health Services	93.958	--	70,330
Passed through State Department of Alcohol and Drug Programs: Block Grants for Prevention and Treatment of Substance Abuse	93.959	--	376,362
Passed through State Department of Health Care Services: Maternal and Child Health Services Block Grant to the States	93.994	201247 Siskiyou	83,242
Medical Assistance Program - Child Health and Disability Prevention	93.778	--	58,519
Medical Assistance Program - California Children's Services	93.778	--	119,268
Medical Assistance Program - Health Care Program for Children Foster Care	93.778	--	7,410
Medical Assistance Program - Childhood Lead Poisoning Prevention	93.778	--	20,055
Medical Assistance Program - CWS IV-E	93.778	--	168,045
Medical Assistance Program - In-Home Supportive Services	93.778	--	322,589
Medical Assistance Program - Social Services Administration	93.778	--	728,179
Subtotal CFDA Number 93.778			1,424,065
Passed through State Department of Public Health:			
Public Health Emergency Preparedness	93.069	EPO 12-47	148,740
Immunization Grants	93.268	11-10567	42,832
Community Transformation Grants	93.531	1017738	258,535
National Bioterrorism Hospital Preparedness Program	93.889	12-47	119,430
HIV Surveillance	93.944	10-95295	5,222
SCIP Community Intervention Program	93.977	11-10064	5,150
Subtotal Pass Through			579,909
Total U.S. Department of Health and Human Services			\$ 10,065,886
<u>U.S. Social Security Administration</u>			
Direct Program:			
Social Security Incentive Program	96.006	--	14,400
Total U.S. Social Security Administration			\$ 14,400

See accompanying Notes to Schedule of Expenditures of Federal Awards

COUNTY OF SISKIYOU

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed through California Emergency Management Agency:			
Emergency Management Performance Grant	97.042	2012-27	\$ 68,319
Remote Community Alert Systems Programs	97.067	2010-0085	18,157
Remote Community Alert Systems Programs	97.067	2011-SS-0077	15,086
Remote Community Alert Systems Programs	97.067	2012-00123	43,867
Subtotal Pass Through			<u>145,429</u>
Total U.S. Department of Homeland Security			<u>\$ 145,429</u>
Total Expenditures of Federal Awards			<u><u>\$ 17,894,718</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

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COUNTY OF SISKIYOU

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

NOTE 1: REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the County of Siskiyou. The County of Siskiyou's reporting entity is defined in Note 1 of 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.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on accounting principles generally accepted in the United States of America, except where OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* requires a different approach. Because the information on this schedule is presented in accordance with the requirements of OMB Circular A-133, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS

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

NOTE 4: SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County of Siskiyou provided federal awards to subrecipients as follows:

<u>CFDA #</u>	<u>Program</u>	<u>Amount</u>
14.228	Siskiyou County Economic Development Committee	\$ 75,220
14.228	Jefferson Economic Development Institute	22,611
14.228	Great Northern Corporation	670
93.558	STEP Job Connection	84,441
93.558	Temporary Assistance for Needy Families	97,920
93.590	Community-Based Child Abuse Prevention	27,399
93.674	Chafee Foster Care Independence Program	12,098
93.958	Mental Health Block Grant - Public Health Dept.	25,000
93.959	SAPT Block Grant - HIV/AIDS	7,500
93.959	SAPT Block Grant - Sheriff D.A.R.E.	15,838
	Total	<u>\$ 368,697</u>

COUNTY OF SISKIYOU

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

NOTE 5: LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

Outstanding federally-funded program loans, with a continuing compliance requirement, carried the following balances as of July 1, 2012 and June 30, 2013:

Federal CFDA #	Program	July 1, 2012	June 30, 2013
14.228	Community Development Block Grant/State's Program	\$ 3,407,188	\$ 3,183,693
14.239	HOME Investments Partnership Program	307,000	307,000
	Total	<u>\$ 3,714,188</u>	<u>\$ 3,490,693</u>

NOTE 6: PROGRAM CLUSTERS

Federal programs, which must be audited together as a program cluster, include the following:

Federal CFDA #	Program	Federal Expenditures
<u>Child Nutrition Cluster:</u>		
10.553	School Breakfast Program	\$ 7,474
10.555	National School Lunch Program	11,656
10.556	Special Milk Program	<u>2,101</u>
	Total	<u>\$ 21,231</u>

Federal CFDA #	Program	Federal Expenditures
<u>JAG Program Cluster:</u>		
16.738	Edward Byrne Memorial Justice Assistance Program	\$ 69,726
16.803	ARRA - Evidence Based Adult Rehabilitation Program	46,791
16.804	ARRA - CalMMET Enforcement/Team Recovery Act Program	19,723
16.804	ARRA - ADA Enforcement Team Recovery Act	<u>22,070</u>
	Total	<u>\$ 158,310</u>

COUNTY OF SISKIYOU

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

NOTE 7: AMERICAN RECOVERY AND REINVESTMENT ACT EXPENDITURES

In accordance with requirements under U.S. Office of Management and Budget (OMB) Circular A-133, expenditures or federal awards under the American Recovery and Reinvestment Act of 2009 (ARRA) are separately identified by the inclusion of the prefix "ARRA" in the identifying name of the federal program on the Schedule of Expenditures of Federal Awards.

NOTE 8: PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

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

NOTE 9: TOTAL FEDERAL AWARDS EXPENDED BY CFDA NUMBER

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards presents totals of all programs under one CFDA number. Occasionally, however, this total could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the schedule, but is instead provided below.

<u>CFDA Number</u>	<u>Total Federal Expenditures</u>
97.067	\$ 83,848
16.804	40,029

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COUNTY OF SISKIYOU

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section 1 – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified not considered to be material weaknesses? | None Reported |
| 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 Circular OMB A-133, Section 510(a)? | Yes |

4. Identification of major programs:

CFDA Number

Name of Federal Program

14.228	Community Services Block Grants/State’s Program And Non-Entitlement Grants in Hawaii
16.738, 16.803, 16.804	JAG Program Cluster
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care Title IV-E
93.659	Adoptions Assistance Program

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | \$543,546 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

COUNTY OF SISKIYOU

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section 2

Financial Statement Findings

Record Audit Adjustments	2013-001
Capital Asset Reporting	2013-002

Section 3

Federal Award Findings and Questioned Costs

CFDA 16.738, 16.803, 16.804	2013-003
CFDA 16.738, 16.803, 16.804	2013-004

COUNTY OF SISKIYOU

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2013

Finding 2013-001

Record Audit Adjustments

Criteria

The County's general ledger should contain balances and transactions that are complete, current, and as accurate as reasonably possible. A general ledger which meets these criteria can be used in effective financial analysis, including budget to actual reviews, and will contribute to management's efforts to meet operational and financial goals.

Condition

Upon receiving the unadjusted trial balance from the County, we noted that beginning equity did not reconcile to prior year ending equity in several fund groupings. However, during field work, the County did provide a schedule to reconcile most of these balances.

Cause

Several of the beginning equity differences were due to an error in posting the prior year adjustments to unavailable revenue. Although the County did attempt to record all of the prior year audit adjustments, they did not ensure that the beginning equity amounts agreed exactly to the prior year audited amounts. Had this extra step been done, the County would have detected the error in the recording of the entries.

Effect of Condition

By not recording audit adjustments and other adjustments made for the financial statements, the County's general ledger will not agree to the financial statements and will make reconciling beginning equity more difficult. In addition, management will not have ready access to current, updated financial information for financial analysis and review.

Recommendation

We recommend that audit adjustments and other post-closing adjustments be posted in the general ledger. The County may choose to record them in the fiscal year under audit or in the subsequent fiscal year, depending on their policy as well as system limitations that may be in place.

Management Response

Gallina LLP required the county to post outstanding receivables and payables in fiscal year 11/12. In the past, these were noted in the financial statements only and not booked into the county financial system. There was a misunderstanding in booking the outstanding receivables that created the imbalance in equity. The Auditor's office recognized the error prior to Gallina arriving to audit fiscal year 12/13. The Auditor's staff had prepared journal entries that would fix the equity balances and presented them to Gallina upon arrival. We do not anticipate having this audit finding in the future, as we have implemented proper checks and balances in reconciling fund equity at year end.

COUNTY OF SISKIYOU

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Finding 2013-002

Capital Asset Reporting

Criteria

Construction in progress, on the government wide statements, should be accounted for in accordance with GAAP. GAAP for capital assets can be found in GASB Codification Section 1400 – Reporting Capital Assets and 2300.

Condition

During the audit, we noted several clerical errors in the CIP schedule. Such errors included double booking \$953,147 of CIP expenses in two different departments and a formula error which excluded \$937,618 of CIP expenses from the schedule.

Cause

The County does not have adequate controls (review processes) to identify such clerical errors.

Effect of Condition

By not properly recording CIP, the County could materially understate its assets or liabilities.

Recommendation

We recommend that the County adopt a more thorough control environment in which a review of prepared schedules is documented by at least one signature from an individual above the individual responsible for preparation.

Management Response

Management acknowledges the need for a better control environment. The Auditor-Controller's office has implemented a new procedure that will commit management to signing off on staff's work. This should provide the necessary oversight to negate future audit findings.

COUNTY OF SISKIYOU

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Reference Number 2013-003
Federal Program Title JAG Program Cluster
ARRA – JAG Program Cluster
CFDA Number 16.738, 16.803, and 16.804
Federal Agency U.S. Department of Justice
Pass Through Entity California Emergency Management Agency
Compliance Requirement Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Criteria

Direct payroll charges to federal grants for employee time spent on grant functions must be supported with documentation as required by OMB Circular A-87, which provides: “Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee” (2 CFR 225, Appendix B § (8)(h)(3)).

Condition

During our audit of the JAG Cluster grants (in the Sheriff’s Department), we learned that employees who worked on only one grant are not complying with the six-month certification procedures under OMB A-87. The error rate for the sample was $8 / 8 = 100.00\%$.

Questioned Costs

Based on the documentation that was provided us and reviewed by us, we did not feel it was necessary to question any costs.

Cause

The Department did not have proper oversight to ensure that the employees who worked only on one grant were complying with the six-month certification procedures under OMB A-87.

Effect of the Condition

The completion of time certifications enables the department to establish that its full-time employees do in fact work exclusively on only one program in accordance with A-87 standards. Without the periodic time certifications, employee assignments away from federal grant functions could be overlooked.

Recommendation

We recommend the Sheriff’s Department develop and implement procedures to ensure that the six-month certifications are prepared and signed per the requirements of OMB A-87.

COUNTY OF SISKIYOU

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Reference Number: 2013-003 (continued)

Corrective Action Plan

On January 14, 2014, the Board of Supervisors approved a Grant Management Policy for the county departments to follow. The Sheriff and the Auditor-Controller have worked together to create a time log for employees to input their daily activity, coded specifically to the job that they are assigned to. The employee and their supervisor will both sign off of the time log. They will also complete a quarterly certification form that each employee, supervisor, and a member of management will sign off certifying the time worked. The Sheriff has sent directives to all of his staff letting them know how to complete the time log and the certification form. This should ensure proper management of time worked on grants, MOU's, and all other duties as assigned.

The contact person for this Corrective Action Plan is Jon Lopey, Siskiyou County Sheriff. His telephone number is (530) 842-8326.

COUNTY OF SISKIYOU

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Reference Number 2013-004
Federal Program Title JAG Program Cluster
ARRA – JAG Program Cluster
CFDA Number 16.738, 16.803, and 16.804
Federal Agency U.S. Department of Justice
Pass Through Entity California Emergency Management Agency
Compliance Requirement Reporting

Criteria

The California Emergency Management Agency Recipient Handbook states the following: 1) that accounting systems for CalEMA projects may be on a cash, accrual, or modified cash basis (Section 6400.7). However, the Report of Expenditures and Request for Funds (CalEMA 2-201) can only be made on a cash basis (Section 6300). 2) Quarterly Report of Expenditures and Request for Funds (Section 6320.2).

Condition

During our audit of the JAG cluster grants (in the Sheriff's Department), we noted that in a few instances items of expense were accrued but not paid in cash prior to being claimed. Also, the Department did not submit all of their Report of Expenditures and Request for Funds (CalEMA 2-201) to CalEMA within 30 calendar days of the end of the report period, whether or not funds are being requested.

Questioned Costs

No costs are questioned. The discrepancies resulted in timing errors but no over-claiming took place with the grantor.

Cause

Delays in processing vendor payments have extended the claim timeline since expenditures involved in these grants cannot be claimed until paid. The Sheriff's Department does not have a monitoring plan to ensure reports are submitted timely.

Effect of Condition

Including costs in the cash basis reimbursement claims that have not been paid by the County during the claiming period might result in adjustments to reimbursements and detrimental audit findings. Late submission of quarterly Report of Expenditures and Request for Funds (CalEMA 2-201) may result in the withholding or disallowance of grant payments, the reduction or termination of grant funds, and/or the denial of future grant funding.

Recommendation

We recommend that the Department review the process for preparing the 201s to determine what steps might be taken to ensure that claims are accurately reported. We further recommend that the Auditor-Controller's Office work with the Sheriff's Office to assist them in ensuring that their vendor invoices are processed expeditiously so that the Department can adequately plan for the expenditure of grant funds. We also recommend the Sheriff's Department implement procedures to monitor timeliness of submitting required reports.

COUNTY OF SISKIYOU

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Reference Number 2013-004 (continued)

Corrective Action Plan

The Sheriff's department recognizes that they need to submit billings on a cash basis. They will reconcile the 201's with the county financial system. They will be submitting the claims, Inter Governmental Charge's, and 201's (Reports of Expenditures and Request for Funds) in a timely manner.

The contact person for this Corrective Action Plan is Jon Lopey, Siskiyou County Sheriff. His telephone number is (530) 842-8326.

COUNTY OF SISKIYOU

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2013

**Finding 12-SA-1, 11-SA-1
CFDA No. 14.228**

Recommendation

We recommend that the Auditor-Controller's Office conduct a review of the loans receivable balances to prepare to implement the new software product, and we recommend that the Public Health Department promptly furnish all records necessary to enable the Auditor-Controller's Office to complete this review within 90 days. We recommend that the Public Health Department proceed thereafter with the setup of all loan balances in the new software by the end of the fiscal year and furnish documentation of each loan setup to the Auditor-Controller's Office for verification.

Status

Implemented.

**Finding 12-SA-2, 11-SA-3
CFDA No. 16.738, 16.803, 16.804**

Recommendation

We recommend that the County set and enforce policies which would require strict compliance with the salaries documentation requirements of OMB A-87 for all federal grant programs and that the County increase efforts to enforce the requirement that timesheets be certified by the employee and approved by the supervisor.

Status

Implemented for CFDA Numbers 16.810, 20.205 and 20.219.

Not implemented for CFDA Numbers 16.738, 16.803 and 16.804. This is a reoccurring finding from the two prior years and is renumbered as Finding 2013-003.

**Finding 12-SA-3, 11-SA-4
CFDA No. 16.738, 16.803, and 16.804**

Recommendation

We recommend that the Department review the process for preparing the 201s to determine what steps might be taken to ensure that claims are accurately reported. We further recommend that the Auditor-Controller's Office work with the Sheriff's Office to assist them in ensuring that their vendor invoices are processed expeditiously so that the Department can adequately plan for the expenditures of grant funds.

Status

Not implemented. This is a reoccurring finding from the two prior years and is renumbered as Finding 2013-004.

COUNTY OF SISKIYOU

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2013

Finding 12-SA-3
CFDA No. 16.738, 16.803, and 16.804

Recommendation

We recommend that the Department review its internal control system of ensuring that each adult individual, who must participate in WTW but does not, is sanctioned as required by law. If any improvement in the design or operation of internal controls is warranted, the improvement should be implemented.

Status

Implemented

Finding 11-SA-7
CFDA No. 10.551, 10.561, 10.557, 14.228, 16.738, 16.803, 16.804, 16.810, 93.558, 10.551, 10.561, 10.557, 10.668, 14.228, 16.738, 16.803, 16.804, 16.810 and 93.558

Recommendation

We recommend that an individual be assigned to monitor federal expenditure data submitted by various departments to ensure that the expenditures reconcile to the operating ledger.

Status

Implemented.

SUPPLEMENTAL STATEMENTS OF REVENUES AND EXPENDITURES

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COUNTY OF SISKIYOU

Schedule of the California Emergency Management Agency
and the California Department of Corrections and Rehabilitation Programs
For the Year Ended June 30, 2013

The following represents expenditures for California Emergency Management Agency (CalEMA) programs for the year ended June 30, 2013. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period through June 30, 2012	For the Period through June 30, 2013	Cumulative as of June 30, 2013	Federal Share	State Share	County Share
Victim/Witness Assistance Program - VW 12200470						
Personal services	\$ 46,842	\$ 42,701	\$ 89,543	\$ 42,701	\$ -	\$ -
Operating expenses	1,874	3,001	4,875	3,001	-	-
Totals	<u>\$ 48,716</u>	<u>\$ 45,702</u>	<u>\$ 94,418</u>	<u>\$ 45,702</u>	<u>\$ -</u>	<u>\$ -</u>
Unserved/Underserved Victim Advocacy Outreach Program - UV 11020470 & UV 12030470						
Personal services	\$ 101,253	\$ 114,148	\$ 215,401	\$ 114,148	\$ -	\$ -
Operating expenses	17,934	1,131	19,065	1,131	-	-
Totals	<u>\$ 119,187</u>	<u>\$ 115,279</u>	<u>\$ 234,466</u>	<u>\$ 115,279</u>	<u>\$ -</u>	<u>\$ -</u>
ARRA - Evidence Based Adult Rehabilitation Program - ZP09010470						
Personal services	\$ -	\$ 46,791	\$ 46,791	\$ 46,791	\$ -	\$ -
Totals	<u>\$ -</u>	<u>\$ 46,791</u>	<u>\$ 46,791</u>	<u>\$ 46,791</u>	<u>\$ -</u>	<u>\$ -</u>
ARRA - CalMMET Enforcement Team Recovery Act Program - ZM09010470						
Personal services	\$ -	\$ 19,723	\$ 19,723	\$ 19,723	\$ -	\$ -
Totals	<u>\$ -</u>	<u>\$ 19,723</u>	<u>\$ 19,723</u>	<u>\$ 19,723</u>	<u>\$ -</u>	<u>\$ -</u>
ARRA - ADA Enforcement Team Recovery Act Program - ZA09010470						
Personal services	\$ -	\$ 22,070	\$ 22,070	\$ 22,070	\$ -	\$ -
Totals	<u>\$ -</u>	<u>\$ 22,070</u>	<u>\$ 22,070</u>	<u>\$ 22,070</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF SISKIYOU

Supplemental Statement of Revenues and Expenditures
 CSD Contract No. 12F-4426-12
 For the Period January 1, 2012 through December 31, 2012

	January 1, 2012 through June 30, 2012	July 1, 2012 through December 31, 2012	Total
<u>Revenue</u>			
Grant Revenue	\$ 41,376	\$ -	\$ 41,376
Interest Income	-	11	11
	<hr/>	<hr/>	<hr/>
Total Revenue	<u>\$ 41,376</u>	<u>\$ -</u>	<u>\$ 41,387</u>
 <u>Expenditures</u>			
Administration Costs:			
Consultant Services	\$ 9,917	-	\$ 9,917
Other Costs	-	19,930	19,930
	<hr/>	<hr/>	<hr/>
Total Administrative Costs	<u>9,917</u>	<u>19,930</u>	<u>29,847</u>
 Program Costs:			
Subcontractor services	<u>31,459</u>	-	<u>31,459</u>
	<hr/>	<hr/>	<hr/>
Total Program Costs	<u>31,459</u>	<u>-</u>	<u>31,459</u>
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 41,376</u>	<u>\$ 19,930</u>	<u>\$ 61,306</u>