

**COUNTY OF SISKIYOU,
CALIFORNIA**



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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Siskiyou, California, (County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 16, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses 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 deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. (2014-001)

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

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. (2014-002 and 2014-003)

Compliance and Other Matters

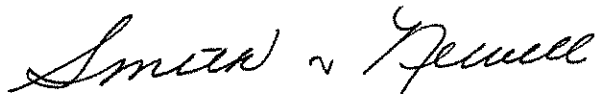
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

County's Response to Findings

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

Purpose of this Report

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



Smith & Newell CPAs
Yuba City, California
March 16, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Siskiyou, California's (County) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

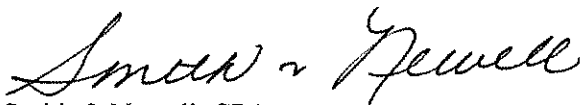
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County of Siskiyou, California, (County) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 16, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Smith & Newell, CPAs
Yuba City, California
March 16, 2015

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COUNTY OF SISKIYOU
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

<u>Federal Program/Pass Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Passed through State Department of Education:			
School Breakfast Program	10.553	-	\$ 6,976
National School Lunch Program	10.555	-	10,776
Special Milk Program for Children	10.556	-	2,118
Passed through State Department of Health Care Services:			
Supplemental Nutrition Assistance Program	10.551	13-20114	154,787
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11-10456	430,356
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CEC-47-2014	941,240
Passed through State Department of Food and Agriculture:			
Forest Health Protection	10.680	13-0351-SF	<u>15,816</u>
Total U.S. Department of Agriculture			<u>1,562,069</u>
Department of Housing and Urban Development			
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	10-EDEF-7269	3,541
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	11-PTEC-7641	39,072
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	12-CDBG-8414	168,191
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Program Income	107,244
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Outstanding Loans	<u>3,183,693</u>
Subtotal 14.228			<u>3,501,741</u>
Home Investment Partnerships Program	14.239	Outstanding Loans	<u>307,000</u>
Total Department of Housing and Urban Development			<u>3,808,741</u>
U.S. Department of the Interior			
Direct Program:			
Invasive and Noxious Plant Management	15.230	-	4,100
Geothermal Resources	15.434	-	154,772
Partners for Fish and Wildlife	15.631	-	32,914
U.S. Geological Survey - Research and Data Collection	15.808	-	<u>9,200</u>
Total U.S. Department of the Interior			<u>200,986</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, 2014

Federal Program/Pass Through Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. Department of Justice			
Direct Program:			
Equitable Sharing Program	16.922	-	\$ 62,600
Equitable Sharing Program	16.922	-	<u>1,815</u>
Subtotal 16.922			<u>64,415</u>
Passed through State Emergency Management Agency:			
Crime Victim Assistance	16.575	VW 1321 0470	46,370
Crime Victim Assistance	16.575	UV 1203 0470	29,783
Crime Victim Assistance	16.575	UV 1304 0470	<u>85,288</u>
Subtotal 16.575			<u>161,441</u>
Passed through Board of State and Community Corrections:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 639-12	14,660
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 639-13	<u>64,714</u>
Subtotal 16.738			<u>79,374</u>
Passed through Superior Court of Siskiyou County:			
Drug Court Discretionary Grant Program	16.585	2014-50	85,395
Drug Court Discretionary Grant Program	16.585	-	<u>82,002</u>
Subtotal 16.585			<u>167,397</u>
Total U.S. Department of Justice			
			<u>472,627</u>
U.S. Department of Transportation			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	BRLO-5902 (040)	1,087,070
Highway Planning and Construction	20.205	BRLS-5902 (058)	2,314,406
Highway Planning and Construction	20.205	BRLS-5902 (064)	1,633
Highway Planning and Construction	20.205	BRLS-5902 (065)	<u>1,498</u>
Subtotal 20.205			<u>3,404,607</u>
Passed through Federal Transit Administration:			
Federal Transit - Formula Grants	20.507	642168	301,712
Passed through State Office of Traffic Safety:			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1339	23,726
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1435	<u>19,273</u>
Subtotal 20.608			<u>42,999</u>
Total U.S. Department of Transportation			
			<u>3,749,318</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, 2014

Federal Program/Pass Through Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. Election Assistance Commission			
Passed through Secretary of State:			
Help America Vote Act Requirements Payments	90.401	-	\$ 11,304
Total U.S. Election Assistance Commission			<u>11,304</u>
U.S. Department of Health and Human Services			
Passed through Office of Child Abuse Prevention:			
Community-Based Child Abuse Prevention Grants	93.590	-	26,541
Passed through State Department of Social Services:			
Promoting Safe and Stable Families	93.556	CEC-47-2014	48,352
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CEC-47-2014	38,697
Social Services Block Grant	93.667	CEC-47-2014	138,319
Chafee Foster Care Independence Program	93.674	CEC-47-2014	58,585
Temporary Assistance for Needy Families	93.558	CEC-47-2014	2,052,443
Temporary Assistance for Needy Families	93.558	800-47-2014	1,088,846
Subtotal 93.558			<u>3,141,289</u>
Foster Care - Title IV-E	93.658	CEC-47-2014	759,610
Foster Care - Title IV-E	93.658	800-47-2014	805,560
Subtotal 93.658			<u>1,565,170</u>
Adoption Assistance	93.659	CEC-47-2014	15,054
Adoption Assistance	93.659	800-47-2014	1,028,990
Subtotal 93.659			<u>1,044,044</u>
Passed through State Department of Child Support Services:			
Child Support Enforcement	93.563	-	1,391,643
Passed through State Department of Mental Health Services:			
Block Grants for Community Mental Health Services	93.958	SAMHSA	123,697
Passed through State Department of Alcohol and Drug Programs:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	639,328
Passed through State Department of Health Care Services:			
Maternal and Child Health Services Block Grant to the States	93.994	MCH	17,776
Medical Assistance Program	93.778	CHDP	57,933
Medical Assistance Program	93.778	CCS	130,593
Medical Assistance Program	93.778	HCPCFC	9,190
Medical Assistance Program	93.778	11-10406	16,054
Medical Assistance Program	93.778	CEC-47-2014	1,521,755
Subtotal 93.778			<u>1,735,525</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, 2014

<u>Federal Program/Pass Through Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services (Continued)			
Passed through State Department of Public Health:			
Public Health Emergency Preparedness	93.069	EPO 13-50	\$ 118,902
Immunization Cooperative Agreements	93.268	11-10567	38,897
PPHF - Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by Prevention and Public Health Funds	93.531	1017738	276,932
National Bioterrorism Hospital Preparedness Program	93.889	EPO 13-50	102,933
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	13-20163	5,052
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	11-10064	<u>5,041</u>
Total U.S. Department of Health and Human Services			<u>10,516,723</u>
U.S. Executive Office of the President			
Passed through County of Sacramento:			
High Intensity Drug Trafficking Areas Program	95.001	G13CV0002	<u>20,922</u>
Total U.S. Executive Office of the President			<u>20,922</u>
U.S. Social Security Administration			
Direct Program:			
Supplemental Security Income	96.006	G13CV0002	<u>11,600</u>
Total U.S. Social Services Administration			<u>11,600</u>
Department of Homeland Security			
Passed through State Office of Emergency Services:			
Emergency Management Performance Grants	97.042	2013-0047	106,119
Homeland Security Grant Program	97.067	2011-SS-0077	17,747
Homeland Security Grant Program	97.067	2012-00123	40,393
Homeland Security Grant Program	97.067	2013-00123	<u>63,902</u>
Subtotal 97.067			<u>122,042</u>
Total Department of Homeland Security			<u>228,161</u>
Total			<u>\$ 20,582,451</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards

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

1. REPORTING ENTITY

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

2. BASIS OF ACCOUNTING

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

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

5. PASS -THROUGH ENTITIES' IDENTIFYING NUMBER

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

6. LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs require servicing arrangements with the County. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Subpart B, Section 205 of the U.S. Office of Management and Budget Circular A-133, the County has reported the outstanding balance loans from previous years that have significant continuing compliance requirements as of June 30, 2014, along with the value of total outstanding and new loans made during the current year.

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

6. LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS (CONTINUED)

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2014:

Federal CFDA	Program Title	Amounts Outstanding	
		July 1, 2013	June 30, 2014
14.228	Community Development Block Grants/ State's Program and Non entitlement Grants in Hawaii	\$ 3,183,693	\$ 3,009,619
14.239	HOME Investment Partnership Program	307,000	307,000
	Total Loans Outstanding	<u>\$ 3,490,693</u>	<u>\$ 3,316,619</u>

7. PROGRAM CLUSTERS

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

<u>Child Nutrition Cluster</u>			
10.553	School Breakfast Program	\$	6,976
10.555	National School Lunch Program		10,776
10.556	Special Milk Program for Children		2,118
	Total	\$	<u>19,870</u>
<u>SNAP Cluster</u>			
15.551	Supplemental Nutrition Assistance Program	\$	154,787
15.561	State Administrative matching Grants for the Supplemental Nutrition Assistance Program		941,240
	Total	\$	<u>1,096,027</u>

8. 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:

14.228	Siskiyou County Economic Development Committee	\$	45,897
14.228	Jefferson Economic Development Institute		113,723
14.228	Great Northern Corporation		43,309
93.558	STEP, Inc.		87,122
93.558	Siskiyou Child Care Council		96,633
93.590	Siskiyou Community Services Council		26,541
93.959	Siskiyou County HIV/AIDS Foundation		7,500
	Total	\$	<u>420,725</u>

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

9. CALIFORNIA EMERGENCY MANAGEMENT AGENCY GRANT EXPENDITURES

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

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2013	For the Year Through June 30, 2014	Cumulative As of June 30, 2014	Federal Share	State Share	County Share
<u>VW13210470 Victim/Witness Assistance</u>						
Personal services	\$	\$ 104,911	\$ 104,911	\$ 40,039	\$ 64,872	\$
Operating expenses		6,456	6,456	6,331	125	
Equipment						
Totals	<u>\$</u>	<u>\$ 111,367</u>	<u>\$ 111,367</u>	<u>\$ 46,370</u>	<u>\$ 64,997</u>	<u>\$</u>
<u>UV12030470 Unserved/Underserved Victim Advocacy and Outreach Program</u>						
Personal services	\$ 114,148	\$ 29,496	\$ 143,644	\$ 23,593	\$	\$ 5,903
Operating expenses	1,131	6,849	7,980	6,190		659
Equipment						
Totals	<u>\$ 115,279</u>	<u>\$ 36,345</u>	<u>\$ 151,624</u>	<u>\$ 29,783</u>	<u>\$</u>	<u>\$ 6,562</u>
<u>UV13040470 Unserved/Underserved Victim Advocacy Outreach Program</u>						
Personal services	\$	\$ 106,234	\$ 106,234	\$ 82,367	\$	\$ 23,867
Operating expenses		4,141	4,141	2,921		1,220
Equipment						
Totals	<u>\$</u>	<u>\$ 110,375</u>	<u>\$ 110,375</u>	<u>\$ 85,288</u>	<u>\$</u>	<u>\$ 25,087</u>

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

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements	<u>Status</u>
1. Type of auditor's report issued	Unqualified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section 510(a)?	No
4. Identification of major programs:	
10.551 Supplemental Nutrition Assistance Program	
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	
20.205 Highway Planning and Construction	
93.558 Temporary Assistance for Needy Families	
93.659 Adoption Assistance	
93.778 Medical Assistance Program	
93.959 Block Grants for Prevention and Treatment of Substance Abuse	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$617,474
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	Yes

SECTION III - FINANCIAL STATEMENT FINDINGS

Prior Period Adjustments	2014-001
Accounts Receivable and Accounts Payable	2014-002
Unearned Revenue in Welfare Fund	2014-003

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

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

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

2014-001 Prior Period Adjustments (Material Weakness)

Condition

During our audit we noted the County made material prior period adjustments to correct prior year errors in infrastructure and related depreciation, prior year receivables, and reclassify a fund from agency to capital projects. A prior period adjustment was also required to record the effect of increases to the Behavioral Health repayment liability in connection with the State's audit of the County's behavioral health programs.

Cause

In the current year the County made adjustments to balances reported for infrastructure capital assets and the related accumulated depreciation. In addition, certain receivables were not recorded in the prior year that were due to the County as of June 30, and one fund recorded in the financial statements as an agency fund in the prior year was reclassified to a capital projects fund. Also, the County received updated information regarding the Behavioral Health repayment liability.

Criteria

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

Effect of Condition

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

Recommendation

We recommend that the County continue to improve its internal control system and its policies and procedures in reviewing detail general ledger accounts for accuracy.

Corrective Action Plan

The Auditor-Controller will continue to work with the departments to ensure that the Auditor's office receives all information at year-end regarding receivables from the departments. The Auditor-Controller takes full responsibility for the capital asset and depreciation adjustments. Staff is continuing to learn how things are managed in governmental accounting, but has improved significantly from prior years. We believe that this has been rectified as of now. The Auditor-Controller believes that it is appropriate to continue to book the Behavioral Health repayment liability as it provides transparency to the Board and to the constituents of Siskiyou County.

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

2014-002 Accounts Receivable and Accounts Payable (Significant Deficiency)

Condition

During our audit we noted \$408,025 of revenues that should have been accrued at June 30, 2014 but were not. We also noted \$265,212 of expenditures that should have been accrued at June 30, 2014 but were not and \$41,853 of expenditures that were accrued at June 30, 2014 but should not have been accrued.

Cause

The County departments did not submit adequate documentation to the Auditor's office, resulting in misclassification of receivable/payables.

Criteria

Good internal control over accounts receivable and accounts payable requires that they be accurately stated.

Effect of Condition

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

Recommendation

We recommend that the County continue to improve its internal control system and its policies and procedures in reviewing detail general ledger accounts for accuracy.

Corrective Action Plan

The majority of the revenues that should have been accrued were from Human Services. We have spoken to their Department Fiscal Officer and she is now fully aware of how the AA190's need to be accounted for at year-end in recognizing the advances in the proper years. The \$265,212 was the FEMA repayment from the 2005/2006 disaster. We were in negotiations with CalOES regarding this repay and felt it appropriate to account for the repay the way that we did. The \$41,853 is made up of two invoices received by Behavioral Health Services and Regional Transportation. The Auditor's office will work closely with the departments to make sure that they more accurately classify the proper fiscal years in which they record revenue or expenditures.

2014-003 Unearned Revenue in Welfare Fund (Significant Deficiency)

Condition

We noted that Welfare trust fund 772004 had a cash balance of \$804,485 at June 30, 2014. This cash balance has not changed since June 30, 2013 and it is offset with the liability account unearned revenue. For financial statement purposes, this trust fund is combined with the Human Services special revenue fund.

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

2014-003 Unearned Revenue in Welfare Fund (Significant Deficiency) (Continued)

Cause

At the time of the audit Human Services staff was unable to provide support or documentation for this balance.

Criteria

Good internal control over financial accounting requires that the County have documentation or support for all amounts recorded as unearned.

Effect of Condition

We were unable to verify that the balance of \$804,485 unearned revenue was correctly classified.

Recommendation

We recommend that the Fund 772004 be properly classified as a special fund and that the County either determine that the balance of \$804,485 is appropriately classified as unearned revenue or reclassify it as revenue.

Corrective Action Plan

The Auditor-Controller has been requesting that Human Services reconcile this agency fund, so that it could be correctly classified. In fiscal year 14/15, Human Services has indicated that they feel the fund is reconciled. Auditor-Controller staff will be assigned to review the reconciliation. We hope to have this issue resolved in the current fiscal year.

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

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendation</u>
2013-001	<p>Record Audit Adjustments</p> <p>Recommendation</p> <p>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.</p> <p>Status</p> <p>Implemented</p>
2013-002	<p>Capital Asset Reporting</p> <p>Recommendation</p> <p>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.</p> <p>Status</p> <p>In Progress</p>
2013-003	<p>JAG Program Cluster - Activities Allowed or Unallowed and Allowable Costs/Cost Principals</p> <p>Recommendation</p> <p>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.</p> <p>Status</p> <p>Implemented</p>

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

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendation</u>
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2013-004	JAG Program Cluster - Reporting
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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.

Status

Implemented