

COUNTY OF NEVADA
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2018



COUNTY OF NEVADA

Single Audit Report
Year Ended June 30, 2018

Table of Contents

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITORS' 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	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	11
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	13
SCHEDULE OF THE CALIFORNIA EMERGENCY MANAGEMENT AGENCY AND THE BOARD OF STATE AND COMMUNITY CORRECTIONS GRANTS EXPENDITURES ..	17
SUPPLEMENTARY SCHEDULES OF THE DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT	18



INDEPENDENT AUDITORS' 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 Grand Jury
County of Nevada
Nevada City, 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 Nevada (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 27, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described as [2018-04] in the accompanying schedule of findings and questioned costs, that we consider to be a material weakness.

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 of Nevada's Response to Findings

The County's response to the findings identified in our audit are 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 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.



CliftonLarsonAllen LLP

Roseville, California
December 27, 2018

INDEPENDENT AUDITORS' 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

Board of Supervisors and Grand Jury
County of Nevada
Nevada City, California

Report on Compliance for Each Major Federal Program

We have audited the County of Nevada's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' 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 (CFR) 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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [2018-001 & 2018-002]. Our opinion on each major federal program is not modified with respect to these matters.

The County’s response to the noncompliance findings identified in our audit are 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 compliance and, accordingly, we express no opinion on the responses.

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.

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 have not been 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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items [2018-002 and 2018-003] 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item [2018-001] to be a significant deficiency.

The County's response to the internal control over compliance 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 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 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 27, 2018, 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.

Supplementary Schedules

The supplementary schedules of the California Emergency Management Agency and the Board of State and Community Corrections Grants and Department of Community Services and Development have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



CliftonLarsonAllen LLP

Roseville, California
December 27, 2018

COUNTY OF NEVADA

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed through to Subrecipients
U.S. Department of Agriculture				
Direct Program:				
Cooperative Forestry Assistance	10.704	14-0550-SF	\$ 15,372	\$ --
Housing Preservation Grant	10.433	--	14,543	--
Passed through State Department of Education:				
National School Lunch Program	10.555	--	10,133	--
Passed through State Department of Social Services:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	--	1,839,699	--
Passed through CA Department of Public Health:				
Nutrition Education and Obesity Prevention	10.561	--	279,995	--
Subtotal CFDA 10.561			<u>2,119,694</u>	<u>--</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	697,146	--
Passed through CA Department of Food and Agriculture:				
European Grapevine Moth Trapping	10.025	18-8506-1317-CA	6,256	--
European Grapevine Moth Trapping	10.025	17-8506-1317-CA	2,197	--
Light Brown Apple Moth Detection	10.025	17-8506-1164-CA	1,816	--
Pest Detection Emergency Projects	10.025	17-8506-0934-GR	10,567	--
Plant & Animal Disease, Pest Control	10.025	17-8506-0572-CA	169	--
Plant & Animal Disease, Pest Control	10.025	16-8506-0484-CA	7,729	--
Subtotal CFDA 10.025			<u>28,734</u>	<u>--</u>
Passed through the Nevada County Transportation Commission:				
Schools and Roads - Grants to States	10.665	--	130,402	--
Passed through the CA State Controller's Office:				
Schools and Roads - Grants to States				
Title I Federal Forest Reserve	10.665	--	21,505	--
Subtotal CFDA 10.665			<u>151,907</u>	<u>--</u>
Total U.S. Department of Agriculture			<u>\$ 3,037,529</u>	<u>\$ --</u>
U.S. Department of Housing and Urban Development				
Direct Program:				
Home Anew Continuum of Care	14.267	CA1262L9T151602	23,102	23,102
Supportive Housing	14.267	CA1093L9T151504	60,279	60,279
Supportive Housing	14.267	CA1093L9T151605	60,344	--
Continuum of Care	14.267	CA0978L9T151501	21,649	21,649
Continuum of Care	14.267	CA0978L9T151602	16,762	--
Subtotal CFDA 14.267			<u>182,136</u>	<u>105,030</u>
Passed through the State Department of Housing and Community Development:				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	Outstanding Loans	1,290,539	--
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	13 CDBG 8931	203,507	--
Subtotal CFDA 14.228			<u>1,494,046</u>	<u>--</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed through to Subrecipients
<u>U.S. Department of Housing and Urban Development (continued)</u>				
Passed through the State Department of Housing and Community Development (continued):				
Home Investment Partnership Program	14.239	14-HOME-10037	\$ 350,713	\$ --
Home Investment Partnership Program	14.239	Outstanding Loans	2,618,627	--
Subtotal CFDA 14.229			<u>2,969,340</u>	<u>--</u>
Housing Opportunities for Persons with AIDS	14.241	16-10303	32,739	--
Total U.S. Department of Housing and Urban Development			<u>\$ 4,678,261</u>	<u>\$ 105,030</u>
<u>U.S. Department of the Interior</u>				
Direct Program:				
Payments in Lieu of Taxes	15.226	--	534,656	--
Passed through the California Department of Fish and Wildlife:				
California Fish and Wildlife	15.615	FBMS# F14AP00022	8,583	--
Total U.S. Department of the Interior			<u>\$ 543,239</u>	<u>\$ --</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Controlled Substance, Eradication and Suppression	16.001	2017-34	19,069	--
Controlled Substance, Eradication and Suppression	16.001	2018-32	8,576	--
Subtotal CFDA 16.001			<u>27,645</u>	<u>--</u>
Passed through the California Office of Emergency Services:				
Crime Victim Assistance	16.575	XC16010290	103,931	68,790
Crime Victim Assistance	16.575	VW17310290	129,586	--
Crime Victim Assistance	16.575	VW16300290	72,052	--
Subtotal CFDA 16.575			<u>305,569</u>	<u>68,790</u>
Total U.S. Department of Justice			<u>\$ 333,214</u>	<u>\$ 68,790</u>
<u>U.S. Department of Transportation</u>				
Passed through Federal Aviation Administration:				
Airport Improvement Program	20.106	3-06-0095-017-2015	18,907	--
Airport Improvement Program	20.106	3-06-0095-018-2016	566,239	--
Airport Improvement Program	20.106	3-06-0095-019-2017	17,308	--
Subtotal CFDA 20.106			<u>602,454</u>	<u>--</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed through to Subrecipients
<u>U.S. Department of Transportation (continued)</u>				
Passed through California Department of Transportation:				
Highway Planning and Construction	20.205	HRRRL-5917(095)	\$ 662,909	\$ --
Highway Planning and Construction	20.205	HRRRL-5917(094)	353,798	--
Highway Planning and Construction	20.205	BRLO-5917(084)	316	--
Highway Planning and Construction	20.205	BRLO-5917(081)	1,035,673	--
Highway Planning and Construction	20.205	BRLO-5917(082)	947,329	--
Highway Planning and Construction	20.205	HSIPL-5917(098)	10,198	--
Highway Planning and Construction	20.205	BRLO-5917(092)	102,469	--
Highway Planning and Construction	20.205	BRLO-5917(097)	35,487	--
Highway Planning and Construction	20.205	BRLO-5917(045)	35,579	--
Highway Planning and Construction	20.205	BRLO-5917(080)	821,196	--
Highway Planning and Construction	20.205	BRLO-5917(078)	70,737	--
Highway Planning and Construction	20.205	CML-5917(090)	651,140	--
Highway Planning and Construction	20.205	BRLO-5917(083)	204,229	--
Highway Planning and Construction	20.205	BRLO-5917(069)	1,339,189	--
Highway Planning and Construction	20.205	HRRRL-4917(093)	285,637	--
Highway Planning and Construction	20.205	BRLO-5917(079)	76,352	--
Subtotal CFDA 20.205			<u>6,632,238</u>	<u>--</u>
Total U.S. Department of Transportation			<u>\$ 7,234,692</u>	<u>\$ --</u>
<u>U.S. Institute of Museum and Library Services</u>				
Passed through the California State Library				
Grants to States	45.310	--	76,623	--
Total U.S Institute of Museum and Library Services			<u>\$ 76,623</u>	<u>\$ --</u>
<u>Election Assistance Commission</u>				
Passed through CA Secretary of State:				
HAVA Polling Place Accessibility Training	90.401	17G26128	20,000	--
Total Election Assistance Commission			<u>\$ 20,000</u>	<u>\$ --</u>
<u>U.S. Department of Health and Human Services</u>				
Direct Program:				
Substance Abuse Treatment Program	93.243	16T126729A	124,660	--
Passed through CA Department of Public Health:				
Project LAUNCH	93.243	16-10698	42,737	42,204
Subtotal CFDA 93.243			<u>167,397</u>	<u>42,204</u>
Passed through State Department of Social Services:				
KinGap IV-E	93.090	CEC-29-2017	3,184	--
Promoting Safe and Stable Families	93.556	CEC-29-2017	50,144	50,000
Refugee Administration	93.566	CEC-29-2017	1,226	--
Community-Based Child Abuse Prevention Grants	93.590	--	22,470	20,000
Adoptions Incentive	93.603	CEC-29-2017	41,071	--
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CEC-29-2017	31,360	--
Social Services Block Grant	93.667	CEC-29-2017	44,250	--
Chafee Foster Care Independence Program	93.674	CEC-29-2017	29,276	29,276

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed through to Subrecipients
U.S. Department of Health and Human Services (continued)				
Temporary Assistance for Needy Families	93.558	CEC-29-2017	\$ 3,511,825	\$ 314,223
Temporary Assistance for Needy Families	93.558	800-29-2017	584,331	--
Subtotal CFDA 93.558			<u>4,096,156</u>	<u>314,223</u>
Foster Care - Title IV-E	93.658	CEC-29-2017	842,666	252,289
Foster Care - Title IV-E	93.658	800-29-2017	523,775	--
Subtotal CFDA 93.658			<u>1,366,441</u>	<u>252,289</u>
Adoption Assistance	93.659	CEC-29-2017	90,264	--
Adoption Assistance	93.659	800-29-2017	1,428,326	--
Subtotal CFDA 93.659			<u>1,518,590</u>	<u>--</u>
Passed through the State Department of Child Support Services:				
Child Support Enforcement	93.563	Sierra-Nevada	1,654,807	--
Passed through CA Department of Public Health:				
Public Health Emergency Preparedness	93.069	14-10525	29,892	--
Public Health Emergency Preparedness	93.069	17-10177	141,745	--
Subtotal CFDA 93.069			<u>171,637</u>	<u>--</u>
Tuberculosis Control and Prevention	93.116	--	1,049	--
Childhood Lead Poisoning Prevention Projects				
Poisoning Prevention and Surveillance of Blood Lead Levels	93.197	17-10238	14,698	--
Immunization Cooperative Agreements	93.268	17-10335	47,428	--
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	15-10165	680,173	649,472
Maternal and Child Health Services Block Grant to the States	93.994	201729	151,536	11,000
Hospital Preparedness Program	93.074	14-10525	40,458	--
Hospital Preparedness Program	93.074	17-10177	115,814	--
Subtotal CFDA 93.074			<u>156,272</u>	<u>--</u>
HIV Care Formula Grants	93.917	15-11066	36,182	--
HIV Care Formula Grants	93.917	16-10852	69,284	--
Subtotal CFDA 93.917			<u>105,466</u>	<u>--</u>
Passed through CA Department of Health Care Services:				
Medical Assistance Program	93.959	17-94146	340,682	117,417
Projects for Assistance in Transition from Homelessness (PATH)	93.150	17-502	16,279	16,279
Community Mental Health Services	93.958	17-109	188,339	99,493
Medical Assistance Program	93.778	CHDP	55,613	--
Medical Assistance Program	93.778	CCS	242,881	--
Medical Assistance Program	93.778	HPCPCFC	202,945	--
Medical Assistance Program	93.778	ADMIN	561,808	--
Medical Assistance Program	93.778	IHSS	357,075	--
Medical Assistance Program - Admin	93.778	CEC-29-2017	1,583,633	--
Medical Program Cluster			<u>3,003,955</u>	<u>--</u>
Passed through California Family Health Council, Inc.:				
Family Planning - Services	93.217	9903-5320-71209-17-18	113,048	--

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures	Passed through to Subrecipients
<u>U.S. Department of Health and Human Services (continued)</u>				
Community Services Block Grant	93.569	17F-2029	\$ 218,033	\$ 26,209
Community Services Block Grant	93.569	18F-5029	145,430	30,000
Subtotal CFDA 93.569			<u>363,463</u>	<u>56,209</u>
Passed through the Tahoe Truckee Community Foundation Drug Free Communities	93.276	11068960	32,668	--
Total U.S. Department of Health and Human Services			<u>\$ 14,413,065</u>	<u>\$ 1,657,862</u>
<u>U.S. Department of Homeland Security</u>				
Passed through CA Department of Health Care Services: Crisis Counseling Services	97.032	17-94647	10,752	--
Passed through State Office of Emergency Services:				
Disaster Grants - Public Assistance	97.036	--	132,340	--
Hazard Mitigation	97.039	FEMA-4240-DR-CA	11,618	--
Emergency Management Performance Grants	97.042	057-00000	145,086	--
Homeland Security Grant Program	97.067	057-00000	8,362	--
Homeland Security Grant Program	97.067	057-00000	34,734	--
Homeland Security Grant Program	97.067	057-00000	67,946	--
Subtotal CFDA 97.067			<u>111,042</u>	<u>--</u>
Total U.S. Department of Homeland Security			<u>\$ 410,838</u>	<u>\$ --</u>
Total Expenditures of Federal Awards			<u>\$ 30,747,461</u>	<u>\$ 1,831,682</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

COUNTY OF NEVADA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2018

NOTE 1: **REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal awards programs of the County of Nevada. The County of Nevada's 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 2: **BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented based on accounting principles generally accepted in the United States of America. For program expenditures accounted for in governmental funds, the modified accrual basis of accounting is used and for program expenditures accounted for in proprietary funds, the accrual basis of accounting is used. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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 and grant revenue in the Enterprise funds.

NOTE 4: **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 either determined that no identifying number is assigned for the program or was simply unable to obtain an identifying number from the pass-through entity.

NOTE 5: **INDIRECT COST RATE**

The County has elected not to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

COUNTY OF NEVADA

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

NOTE 6: LOANS WITH CONTINUING COMPLIANCE REQUIREMENT

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2018 as follows:

<u>Federal CFDA #</u>	<u>Program Title</u>	<u>SEFA June 30, 2018</u>	<u>FY 17/18 Activity</u>	<u>County Balance June 30, 2018</u>
14.228	Community Development Block Grants/State's Program	\$ 1,290,539	\$ (85,333)	\$ 1,205,206
14.229	HOME Investment Partnerships Program	\$ 2,939,327	\$ (87,150)	\$ 2,852,177

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I – Summary of Auditors’ Results

Financial Statements

- 1. Type of auditors’ report issued: Unmodified
- 2. Internal control over financial reporting:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
- 3. Noncompliance material to financial statements noted? yes x no

Federal Awards

- 1. Internal control over major federal programs:
 - Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
- 2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
- 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

CFDA Number(s)

93.659
93.558
93.563
93.778
14.239
10.561

Name of Federal Program or Cluster

Adoptions Assistance Program
Temporary Assistance for Needy Families
Child Support Enforcement
Medical Assistance Program
Home Investment Partnerships Program
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 922,423

Auditee qualified as low-risk auditee?

 yes x no

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section II – Financial Statement Findings

2018 – 004

Accounts Receivable

Type of finding: Material Weakness

Criteria or specific requirement: Accounts receivable and revenue should be recorded when earned for enterprise funds in accordance with generally accepted accounting principles (GAAP).

Condition: Accounts receivable and revenue were understated in a prior fiscal year.

Context: While performing audit procedures it was determined that revenues were recorded in the current fiscal year for federal transit revenue that was earned a prior fiscal year for expenses incurred during the fiscal year ended June 30, 2016.

Cause: The request for the fiscal year 2016 reimbursement was delayed and was not properly accrued.

Effect: Accounts receivable and revenue were understated in a prior fiscal year by \$440,467.

Repeat Finding: Not a repeat finding.

Recommendation: We recommend that the County review programs with annual grant reimbursement programs during the year-end closing process to identify potential unrecorded receivables.

Views of responsible officials: The County reviews programs with annual grant reimbursement programs during the year-end closing process to identify unrecorded receivables. It has been the County's practice to not book a receivable until the grant funding acceptance was approved by our Board of Supervisors. As discussed, formula based reimbursements grants should be recorded as receivable in the fiscal year in which qualifying expenses are incurred. Our review of reimbursement grant receivables will be expanded to identify formula versus competitive grants and recognize receivables for formula based grants that have incurred eligible expenses.

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section III – Findings and Questioned Costs – Major Federal Programs

2018 – 001

Federal agency: U.S. Department of Health and Human Services

Federal program title: Temporary Assistance for Needy Families (TANF)

CFDA Number: 93.558

Pass-Through Agency: California Department of Social Services

Award Period: July 1, 2017 – June 30, 2018

Type of Finding:

- Significant Deficiency in Internal Control over Compliance – Other Noncompliance

Criteria or specific requirement: Any family that includes an adult or minor child head of household or a spouse of the head of household who has received assistance under any State program funded by Federal TANF funds for 60 months (whether or not consecutive) is ineligible for additional federally funded TANF assistance.

Condition: During eligibility compliance testing of 40 random case files selected, we noted 2 cases which exceeded the 60 month time limit allowed for Federal Aid.

Questioned costs: Known questioned costs are \$1,098 and based frequency of exceptions and population projected questioned costs are \$33,000.

Context: We randomly selected 40 casefiles to test eligibility compliance for the TANF program. Sampling was a statistically valid sample. We noted 2 of the 40 casefiles were not in compliance as cases exceeded the 60 month time limit allowed for Federal Aid.

Cause: The County did not identify the noted participants as reaching and exceeding the 60 month limit of TANF Federal Aid to modify benefits or move to State aid code.

Effect: Participants could receive benefits after exceeding benefit eligibility time limits.

Repeat Finding: Not a repeat finding.

Recommendation: CLA recommends the County assign the monitoring of cases approaching the 60 month time limit to adjust benefits once the case has reached the time limit for federal benefits.

Views of responsible officials: There is no disagreement with the audit finding.

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

2018 – 002

Federal agency: U.S. Department of Health and Human Services

Federal program title: Medical Assistance Program

CFDA Number: 93.778

Pass-Through Agency: California Department of Health Care Services

Award Period: July 1, 2017 – June 30, 2018

Type of Finding:

- Material Weakness in Internal Control over Compliance – Other Noncompliance

Criteria or specific requirement: The compliance supplement notes in section E part 1 that the agency is required to determine client eligibility in accordance with eligibility requirements defined in the approved State plan. Annual redeterminations are required as part of these eligibility requirements.

Condition: During eligibility compliance testing, 6 of 40 case files selected did not document a current eligibility determination during the fiscal year and appear to be overdue without suspension of benefits.

Questioned costs: None noted.

Context: We randomly selected 40 casefiles to test eligibility compliance for Medical Assistance program. Sampling was a statistically valid sample. We noted 6 of the 40 casefiles were not in compliance as cases did not have current renewals performed or were performed well past the annual due date.

Cause: The cause of the noted finding is related to the renewal backlog in the department.

Effect: Participants in the program who are not having eligibility renewals completed could be receiving benefits that they may no longer be eligible for.

Repeat Finding: Not a repeat finding.

Recommendation: CLA recommends that the County establish a plan to perform redeterminations on casefiles with due and overdue redeterminations to reduce backlog and become current with renewals.

Views of responsible officials: There is no disagreement with the audit finding.

COUNTY OF NEVADA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

2018 – 003

Federal agency: U.S. Department of Housing and Urban Development

Federal program title: Home Investment Partnership Program

CFDA Number: 14.239

Pass-Through Agency: California Department of Housing and Community Development

Award Period: July 1, 2017 – June 30, 2018

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: Grant compliance requires that Home Investment Partnership Program (HOME) loans be monitored for compliance with certain loan provisions on a regular basis. Such loan requirements are required to ensure owner occupancy and payments of property taxes and hazard insurance coverage. The requirements are noted in the California Department of Housing and Community Development Grants Management Manual, chapter 17 - Homebuyer Assistance.

Condition: We selected 8 samples out of a population of 46 HOME Program loans to test for continuing compliance. During our test of the 8 samples, we noted that the County did not have adequate documentation to ensure compliance with loan provisions for 2 of the samples selected. These two loans were for homes that had been foreclosed, but records had not been updated to identify that they were no longer subject to compliance requirements.

Questioned costs: None noted. Internal control finding only.

Context: We randomly selected 8 samples out of a population of 46 HOME Program loans to test for continuing compliance. Sampling was a statistically valid sample. CLA noted records for 2 of the 8 loans were still listed as open when they had been foreclosed on in a previous year.

Cause: There was inadequate monitoring of loans receivable to ensure compliance with loan contract provisions.

Effect: The potential effect of non-compliance is that the property may not be owner occupied, may not be current in property tax payments, or may not have the required hazard insurance coverage. This could result in non-compliance in program requirements and potential loss on the property if uninsured damage or foreclosure occurred.

Repeat Finding: Not a repeat finding.

Recommendation: CLA recommends the County continue to develop and implement procedures to ensure that outstanding loans continuing compliance is documented and followed in accordance with the grant loan provisions.

Views of responsible officials: There is no disagreement with the audit finding.

COUNTY OF NEVADA

Schedule of the California Emergency Management Agency
and the Board of State and Community Corrections Grants Expenditures
Year Ended June 30, 2018

Program	Expenditures Claimed			Shares of Expenditures Current Year		
	For the Period Through June 30, 2017	For the Year Ended June 30, 2018	Cumulative As of June 30, 2018	Federal Share	State Share	County Share
Grant Name; Contract #:	VW16300290	VW16300290				
Personal services	\$ 190,418	\$ 63,811	\$ 254,229	\$ 63,811	\$ --	\$ --
Operating expenses	33,733	8,241	41,974	8,241	--	--
Total	<u>\$ 224,151</u>	<u>\$ 72,052</u>	<u>\$ 296,203</u>	<u>\$ 72,052</u>	<u>\$ --</u>	<u>\$ --</u>
Grant Name; Contract #:		VW17310290				
Personal services	\$ --	\$ 151,452	\$ 151,452	\$ 109,327	\$ 31,276	\$ 10,849
Operating expenses	--	25,349	25,349	20,259	5,090	--
Total	<u>\$ --</u>	<u>\$ 176,801</u>	<u>\$ 176,801</u>	<u>\$ 129,586</u>	<u>\$ 36,366</u>	<u>\$ 10,849</u>
Grant Name; Contract #:	XC16010290	XC16010290				
Personal services	\$ 24,589	\$ 23,937	\$ 48,526	\$ 23,937	\$ --	\$ --
Operating expenses	69,458	79,994	149,452	79,994	--	--
Total	<u>\$ 94,047</u>	<u>\$ 103,931</u>	<u>\$ 197,978</u>	<u>\$ 103,931</u>	<u>\$ --</u>	<u>\$ --</u>

COUNTY OF NEVADA

Supplementary Schedules of the Department of Community Services and Development
 Statement of Revenue and Expenditures
 CSD Contract No. 17F-2029 (CSBG - \$269,979) and 18F-5029 (CSBG - \$269,979)
 For the Period July 1, 2017 through June 30, 2018

	Contract No. 17F-2029			Contract No. 18F-5029		
	July 1, 2017 through June 30, 2018	Add Unearned Revenue Used	Totals	July 1, 2017 through June 30, 2018	Less Unearned Revenue	Totals
Revenue						
Grant revenue	\$ 202,484	\$ 15,550	\$ 218,034	\$ 145,430		\$ 145,430
Total Revenue	<u>\$ 202,484</u>	<u>\$ 15,550</u>	<u>\$ 218,034</u>	<u>\$ 145,430</u>	<u>\$ -</u>	<u>\$ 145,430</u>
Expenditures						
Administrative Costs:						
Salaries and wages	29,942		29,942	-		-
Fringe benefits	14,674		14,674	-		-
Operating Costs	711		711	-		-
Consultant services	5,200		5,200	-		-
Other costs	72,111		72,111	69,858		69,858
Subtotal Administrative Costs	<u>\$ 122,638</u>	<u>\$ -</u>	<u>\$ 122,638</u>	<u>\$ 69,858</u>	<u>\$ -</u>	<u>\$ 69,858</u>
Program Costs:						
Salaries and wages	31,153		31,153	28,972		28,972
Fringe benefits	15,529		15,529	14,291		14,291
Operating Expenses	1,347		1,347	856		856
Consultant Services	47,366		47,366	31,453		31,453
Subtotal Program Costs	<u>\$ 95,395</u>	<u>\$ -</u>	<u>\$ 95,395</u>	<u>\$ 75,572</u>	<u>\$ -</u>	<u>\$ 75,572</u>
Total Expenditures	<u>\$ 218,033</u>	<u>\$ -</u>	<u>\$ 218,033</u>	<u>\$ 145,430</u>	<u>\$ -</u>	<u>\$ 145,430</u>