# COUNTY OF SIERRA,
## CALIFORNIA

**SINGLE AUDIT ACT**
**REPORTS AND SCHEDULES**
**FOR THE YEAR ENDED**
**JUNE 30, 2016**

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**COUNTY OF SIERRA**
**Single Audit Act**
**For the Year Ended June 30, 2016**

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SMITH & NEWELL

CERTIFIED PUBLIC ACCOUNTANTS

# 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 Sierra
Downieville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sierra, California, (County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 4, 2017.

## Internal Control Over Financial Reporting

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

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

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



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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Smith & Newell

Smith & Newell CPAs
Yuba City, California
January 4, 2017

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

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

## Report on Compliance for Each Major Federal Program

We have audited the County of Sierra, California's (County) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



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

**Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

**Report on Internal Control Over Compliance**

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

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

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

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

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County of Sierra, California, (County) as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 4, 2017 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Smith & Newell, CPAs
Yuba City, California
January 4, 2017

# COUNTY OF SIERRA
## Schedule of Expenditure of Federal Awards
## For the Year Ended June 30, 2016

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|---|---|---|---|---|
| **U.S. Department of Agriculture** | | | | |
| State Department of Social Services: | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | 10-Unknown | $ - | $ 117,930 |
| State Department of Health Services: | | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | 14-10283 | - | 27,511 |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | 15-10116 | - | 103,341 |
| **Subtotal 10.557** | | | - | 130,852 |
| **Total U.S. Department of Agriculture** | | | - | 248,782 |
| **U.S. Department of Justice** | | | | |
| State Emergency Management Agency: | | | | |
| Crime Victim Assistance | 16.575 | VW 1521 0460 | - | 48,436 |
| **Total U.S. Department of Justice** | | | - | 48,436 |
| **U.S. Department of Transportation** | | | | |
| State Department of Transportation: | | | | |
| Formula Grants for Rural Areas | 20.509 | Section 5311 | - | 40,000 |
| Highway Planning and Construction | 20.205 | BR-NBIL (535) | - | 8,496 |
| Highway Planning and Construction | 20.205 | BRLO-5913 (055) | - | 31,249 |
| Highway Planning and Construction | 20.205 | BRLO-5913 (058) | - | 81,695 |
| Highway Planning and Construction | 20.205 | BRLO-5913 (059) | - | 60,821 |
| Highway Planning and Construction | 20.205 | BRLO-5913 (060) | - | 66,769 |
| **Subtotal 20.205** | | | - | 249,030 |
| **Total U.S. Department of Transportation** | | | - | 289,030 |
| **U.S. Department of Health and Human Services** | | | | |
| State Department of Social Services: | | | | |
| Immunization Cooperative Agreements | 93.268 | 15-10455 | - | 18,643 |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance | 93.283 | 14-10545 | - | 79,843 |
| Promoting Safe and Stable Families | 93.556 | 93-Unknown | - | 11,740 |
| Temporary Assistance for Needy Families | 93.558 | 93-Unknown | - | 330,084 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 93-Unknown | - | 9,342 |
| Foster Care - Title IV-E | 93.658 | 93-Unknown | - | 214,130 |
| Adoption Assistance | 93.659 | 93-Unknown | - | 17,823 |
| Social Services Block Grant | 93.667 | 93-Unknown | - | 15,813 |
| Chafee Foster Care Independence Program | 93.674 | 93-Unknown | - | 6,496 |
| Medical Assistance Program | 93.778 | 93-Unknown | - | 233,612 |

See accompanying Notes to Schedule of Expenditures of Federal Awards

# COUNTY OF SIERRA
## Schedule of Expenditure of Federal Awards
## For the Year Ended June 30, 2016

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|---|---|---|---|---|
| **U.S. Department of Health and Human Services (Continued)** | | | | |
| State Department of Health Care Services: | | | | |
| Children's Health Insurance Program | 93.767 | 93-Unknown | $ - | $ 6,768 |
| State Department of Public Health: | | | | |
| National Bioterrorism Hospital Preparedness Program | 93.889 | 14-10545 | - | 91,922 |
| Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease | 93.918 | RWPARTB1516SCHS | - | 1,456 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 93-Unknown | - | 66,999 |
| State Department of Mental Health Services: | | | | |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 93-Unknown | - | 17,870 |
| Block Grants for Community Mental Health Services | 93.958 | 93-Unknown | - | 53,384 |
| State Department of Alcohol and Drug Programs: | | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 93-Unknown | - | 357,206 |
| **Total U.S. Department of Health and Human Services** | | | - | 1,533,131 |
| **U.S. Department of Homeland Security** | | | | |
| State Office of Emergency Services: | | | | |
| Emergency Management Performance Grants | 97.042 | 2015-0049 | - | 125,647 |
| Homeland Security Grant Program | 97.067 | 2014-00093 | - | 78,246 |
| Homeland Security Grant Program | 97.067 | 2015-0078 | - | 18,279 |
| **Subtotal 97.067** | | | - | 96,525 |
| **Total U.S. Department of Homeland Security** | | | - | 222,172 |
| **Total** | | | $ - | $ 2,341,551 |

See accompanying Notes to Schedule of Expenditures of Federal Awards

# COUNTY OF SIERRA
## Notes to Schedule of Expenditures of Federal Awards
## For the Year Ended June 30, 2016

### 1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Sierra, California. The County of Sierra reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Expenditures of Federal Awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

### 2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the County financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements.

### 3. INDIRECT COST RATE

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

### 4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

### 5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

### 6. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

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

# COUNTY OF SIERRA
## Schedule of Findings and Questioned Costs
## For the Year Ended June 30, 2016

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

| **Financial Statements** | **Status** |
|---|---|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |
| **Federal Awards** | |
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a) | No |
| 4. Identification of major programs: | |
| 20.205 Highway Planning and Construction | |
| 93.959 Block Grants for Prevention and Treatment of Substance Abuse | |
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | $750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520 | Yes |

### SECTION III - FINANCIAL STATEMENT FINDINGS

None

### SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

# COUNTY OF SIERRA
## Supplemental Schedule
## California Emergency Management Agency
## For the Year Ended June 30, 2016

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, 2016. This information is included in the County's single audit report at the request of CalEMA.

| | Expenditures Claimed | | | Share of Expenditures Current Year | | |
|---|---|---|---|---|---|---|
| Program | For the Period Through June 30, 2015 | For the Year Through June 30, 2016 | Cumulative As of June 30, 2016 | Federal Share | State Share | County Share |
| VW 1521 0460 - Crime Witness Assistance | | | | | | |
| Personal services | $ - | $ 63,734 | $ 63,734 | $ 47,437 | $ 16,297 | $ - |
| Operating expenses | - | 999 | 999 | 999 | - | - |
| Equipment | - | - | - | - | - | - |
| Totals | $ - | $ 64,733 | $ 64,733 | $ 48,436 | $ 16,297 | $ - |

# BETTY T. YEE

## California State Controller

August 15, 2017

Auditor-Controller
County of Sierra
Post Office Box 425
Downieville, CA 95936

Re: 2015-16 Fiscal Year Single Audit Report Certification and Audit Finding Resolution

We completed a desk review of your single audit report for the year ended June 30, 2016. We determined that the report meets the requirements of Title 2, *Code of Federal Regulations,* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* Subpart F—Audit Requirements (Uniform Guidance). Uniform Guidance prescribes the audit and reporting standards for state and local governments that expend federal awards.

Uniform Guidance requires federal and state funding agencies to resolve any audit findings cited in the report that may affect federal award programs. The attachment to this letter identifies those findings that require resolution. The findings are referenced by enclosure and page number.

Uniform Guidance also requires pass-through state agencies to follow up on the resolution of findings that affect federal programs administered by these agencies. The state agency referenced in the attachment will be in contact to follow up on the resolution of the applicable findings.

The State Controller's Office is responsible for resolving most cross-cutting findings or audit leads. A cross-cutting finding is one that affects the programs of more than one agency. If cross-cutting findings are identified in your report, our office will contact you. An audit lead is a specific issue identified in your report that may require additional investigation by federal or state agencies. Federal or state agencies may ask you to provide additional information related to the audit lead.

Your audit report may also contain general internal control findings not referenced in the attachment to this letter. These findings do not appear to affect the federal award programs. Therefore, we have not identified them for resolution action; however, you should ensure that your audit report for fiscal year 2016-17 addresses the resolution of these findings.

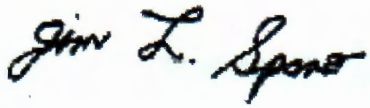
RECEIVED
AUG 18 2017
SIERRA COUNTY AUDITOR

MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250-5874
SACRAMENTO 3301 C Street, Suite 700, Sacramento, CA 95816 (916) 324-8907
LOS ANGELES 901 Corporate Center Drive, Suite 200, Monterey Park, CA 91754 (323) 981-6802

Your audit satisfies all financial and compliance audit requirements under individual federal award programs. This does not preclude state and federal agencies from making any additional audits that are necessary to carry out their responsibilities under federal laws and regulations. State and federal agencies may contact you to arrange for additional audits.

If you have any questions regarding this letter or any other single audit issue, please contact a member of my Single Audits staff by telephone at (916) 324-6442 or by email at singleaudits@sco.ca.gov.

Sincerely,



JIM L. SPANO, CPA, Chief
Financial Audits Bureau
Division of Audits

Attachment

cc: State Funding Agencies

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ATTACHMENT

AUDIT REPORT FINDING(S)--STATE AGENCIES

County of Sierra
2015-16 Fiscal Year

| *Program Name* | *CFDA #* | *Finding #* | *Page #* | *Enc. #* |
|---|---|---|---|---|
| **No Findings Noted** | | | | |

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