

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



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SINGLE AUDIT REPORT
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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

The Honorable Board of Supervisors
County of Madera
Madera, 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Madera (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 31, 2018. Our report includes a reference to other auditors who audited the financial statements of the Community Action Partnership of Madera County and the Madera County Workforce Investment Corporation, discretely presented component units, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 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’s Response to Findings

The County’s response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 31, 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

The Honorable Board of Supervisors
County of Madera
Madera, California

Report on Compliance for Each Major Federal Program

We have audited the County of Madera's (the County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (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.

As described in Note 1 to the Schedule, the County of Madera's basic financial statements include the operations of the Madera County Workforce Investment Corporation (MCWIC) which reported \$2,257,805 in federal awards, which are not included in the County of Madera's Schedule for the fiscal year ended June 30, 2018. Our audit, described below, did not include the operations of MCWIC because MCWIC engaged other auditors to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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.

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 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. 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.

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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2018, and have issued our report thereon dated December 31, 2018, that contained an unmodified opinion on those financial statements. We did not audit the Community Action Partnership of Madera County and the Madera County Workforce Investment Corporation, which represents 100 percent of the assets, liabilities and revenues of the discretely presented component units, as of and for the year ended June 30, 2018. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Community Action Partnership of Madera County and the Madera County Workforce Investment Corporation, is based solely on the report of the auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Roseville, California
January 17, 2019

**COUNTY OF MADERA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Agriculture</u>				
Passed through State Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	16-0516-SF	\$ 102,288	\$ 32,342
Plant and Animal Disease, Pest Control, and Animal Care	10.025	116-0348-SF	30,053	-
Subtotal			<u>132,341</u>	<u>32,342</u>
Passed through the State Department of Education:				
School Breakfast Program	10.553		31,442	-
National School Lunch Program	10.555		58,723	-
Subtotal - Child Nutrition Cluster			<u>90,165</u>	<u>-</u>
Passed through the State Department of Public Health:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.551	16-10175	286,823	-
Passed through the State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		2,925,936	-
Subtotal - SNAP Cluster			<u>3,212,759</u>	<u>-</u>
Passed through the State Department of Public Health:				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10090 A03	2,009,428	-
Passed through State Department of Forestry and Fire Protection:				
Volunteer Fire Assistance (VFA) Program	10.664		19,818	-
Total U.S. Department of Agriculture			<u>\$ 5,464,511</u>	<u>\$ 32,342</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through the State Department of Public Health:				
Housing Opportunities for Persons with AIDS	14.241	16-10300	64,076	-
Passed through State Department of Housing and Community Development:				
Community Development Block Grants/Entitlement Grants	14.228	15-HRPP-10977	189,049	189,049
Community Development Block Grants/Entitlement Grants	14.228	15-CDBG-10573	158,416	-
Community Development Block Grants/Entitlement Grants	14.228	Program Income	185,995	185,995
Community Development Block Grants/Entitlement Grants	14.228	Program Income	142,055	142,055
Community Development Block Grants/Entitlement Grants	14.228	Outstanding Loans	4,215,315	-
Subtotal			<u>4,890,830</u>	<u>517,099</u>
Home Investment Partnership Program	14.239	Outstanding Loans	1,726,750	-
Total U.S. Department of Housing and Urban Development			<u>\$ 6,681,656</u>	<u>\$ 517,099</u>
<u>U.S. Department of Justice</u>				
Passed through the Board of State and Community Corrections:				
Edward Byrne Memorial JAG	16.738	BSCC 601-17	91,450	-
Passed through the Governor's Office of Emergency Services:				
Crime Victim Assistance	16.575	XC16010200	150,313	-
Crime Victim Assistance	16.575	VW17-31-0200	146,725	-
Crime Victim Assistance	16.575	VW16-30-0200	209,171	-
Subtotal			<u>506,209</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MADERA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Justice</u>				
Direct Program:				
Domestic Cannabis Eradication	16.U01	2018-23	\$ 29,728	\$ -
Domestic Cannabis Eradication	16.U01	2017-25	17,198	-
Subtotal			46,926	-
Total U.S. Department of Justice			\$ 644,585	\$ -
<u>U.S. Department of Transportation</u>				
Passed through the State Department of Transportation:				
Highway Planning and Construction	20.205	CML-5941(102)	1,893	-
Highway Planning and Construction	20.205	CML-5941(113)	51,429	-
Highway Planning and Construction	20.205	CML-5941(115)	20,665	-
Highway Planning and Construction	20.205	BRLO-5941(081)	5,100	-
Highway Planning and Construction	20.205	BRLO-5941(089)	6,084	-
Highway Planning and Construction	20.205	BPMP-5941(100)	153,211	-
Highway Planning and Construction	20.205	BRLO-5941(103)	1,586	-
Highway Planning and Construction	20.205	BRLO-5941(104)	71,895	-
Highway Planning and Construction	20.205	BRLS-5941(088)	39,585	-
Highway Planning and Construction	20.205	BPMP-5941(098)	2,849	-
Subtotal			354,297	-
Federal Transit Administration (FTA) Section 5311	20.509	2018	321,533	-
Total U.S. Department of Transportation			\$ 675,830	\$ -
<u>U.S. Department of Environmental Protection Agency</u>				
Passed through the State Water Resource Control Board:				
Drinking Water State Revolving Fund	66.468	SRFLPA50	28,919	-
Drinking Water State Revolving Fund - FY 12/13 Adjustment	66.468	2011P112	2,291	-
Drinking Water State Revolving Fund - FY 13/14 Adjustment	66.468	2011P112	354,674	-
Drinking Water State Revolving Fund - FY 14/15 Adjustment	66.468	2011P112	(224,875)	-
Drinking Water State Revolving Fund - FY 13/14 Adjustment	66.468	2013P113	9,756	-
Drinking Water State Revolving Fund - FY 14/15 Adjustment	66.468	2013P113	(55,320)	-
Drinking Water State Revolving Fund - FY 12/13 Adjustment	66.468	2013P109	76,759	-
Drinking Water State Revolving Fund - FY 13/14 Adjustment	66.468	2013P109	85,802	-
Drinking Water State Revolving Fund - FY 14/15 Adjustment	66.468	2013P109	33,873	-
Drinking Water State Revolving Fund - FY 16/17 Adjustment	66.468	2013P109	(31,261)	-
Drinking Water State Revolving Fund - FY 11/12 Adjustment	66.468	2013P107	480	-
Drinking Water State Revolving Fund - FY 12/13 Adjustment	66.468	2013P107	1,015	-
Drinking Water State Revolving Fund - FY 13/14 Adjustment	66.468	2013P107	8,256	-
Drinking Water State Revolving Fund - FY 14/15 Adjustment	66.468	2013P107	8,029	-
Drinking Water State Revolving Fund - FY 16/17 Adjustment	66.468	2013P107	(25,823)	-
Subtotal			272,575	-
Total U.S. Department of Environmental Protection Agency			\$ 272,575	\$ -
<u>U.S. Department of Health and Human Services</u>				
Passed through Association of Food and Drug Officials:				
Food and Drug Administration-Research	93.103	G-T-1709-05031	2,830	-
Passed through the State Department of Social Services:				
Guardianship Assistance	93.090		618	-
Promoting Safe and Stable Families	93.556		97,721	-
Temporary Assistance for Needy Families	93.558		12,191,732	-
Adoption Incentive	93.603		2,509	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		1,558,941	-
Foster Care - Title IV-E	93.658		4,095,884	-
Adoption Assistance	93.659		1,831,089	-
Social Services Block Grant	93.667		664,871	-
Chafee Foster Care Independence Program	93.674		156,510	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MADERA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Passed through the State Department of Public Health:				
Personal Responsibility Education Program	93.092	15-10311	\$ 106,605	\$ -
Tuberculosis Control Program	93.116	2013-199	24,142	-
Childhood Lead Poisoning Prevention Program (CLPPP)	93.197	17-10225	19,057	-
Immunization	93.268	17-10327	59,094	-
ACA Maternal, Infant and Early Childhood, HVP	93.505	15-10163	540,373	-
		16-10372		
		15-11061		
HIV Care Formula Grants	93.917	16-10849	239,215	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	14-10956	178,188	-
Adolescent Family Life Demonstration Projects	93.995	201720	14,818	-
Hospital Preparedness Program	93.074	EPO 17-10167	237,806	-
Public Health Emergency Preparedness	93.074	EPO 17-10167	137,130	-
Subtotal			374,936	-
Maternal, Child and Adolescent Health	93.994	201720	72,334	-
Passed through the State Department of Health Care Services:				
Children's Health and Disability Prevention	93.994	CHDPL 17-05	103,174	-
Subtotal			175,508	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150		39,029	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	11037-C-2017	869,201	-
Medical Assistance Program	93.778		3,387,054	-
Medical Assistance Program	93.778	SB18	4,545	-
Medical Assistance Program	93.778	AB82	12,336	-
Medical Assistance Program	93.778	CHDPL 17-04	178,318	-
Subtotal - Medicaid Cluster			3,582,253	-
California Children's Services	93.767	CCS IN 17-03	411,763	-
Health Care for Children in Foster Care	93.767	CCS IN 17-03	90,401	-
Subtotal			502,164	-
Block Grants for Community Mental Health Services	93.958		356,727	50,000
Passed through the State Department of Child Support Services:				
Child Support Enforcement	93.563	LCSA 17-06	1,950,799	-
Passed through the Fresno-Madera Area Agency on Aging:				
Special Programs for the Aging - Title III, Part C, Nutrition Services	93.045	18-1455	80,000	-
Total U.S. Department of Health and Human Services			\$ 29,714,814	\$ 50,000
<u>U.S. Department of Homeland Security</u>				
Passed through the State Governor's Office of Emergency Services:				
2017 Emergency Management Performance Grants	97.042	2017-0007	151,408	-
2015 Homeland Security Grant Program	97.067	2015-00078	105,539	-
2016 State Homeland Security Grant Program	97.067	2016-0102	102,040	-
2017 State Homeland Security Grant Program	97.067	2017-0083	67,659	-
Subtotal			275,238	-
Total U.S. Department of Homeland Security			\$ 426,646	\$ -
Total Expenditures of Federal Awards			\$ 43,880,617	\$ 599,441

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MADERA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the County of Madera for the year ended June 30, 2018, except for federal awards received by the Madera County Workforce Investment Corporation. Madera County Workforce Investment Corporation engaged other auditors to perform an audit in accordance with the U.S. Office of Management and Budget, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200) also referred to as the Uniform Guidance.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 CATALOG OF FEDERAL DOMESTIC (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2018 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

NOTE 4 INDIRECT COST RATE

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

NOTE 5 LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

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

<u>CFDA No.</u>	<u>Federal Program</u>	<u>Outstanding Loans</u>	<u>Loans with Continuing Compliance Requirements</u>
14.228	Community Development Block Grant/States Program	\$ 4,288,945	\$ 4,215,315
14.239	Home Investment Partnership Program	1,726,750	1,726,750

**COUNTY OF MADERA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

NOTE 6 OTHER LOANS

Outstanding federally-funded program loans, carried balances as of June 30, 2018 as follows:

<u>CFDA No.</u>	<u>Federal Program</u>	<u>Outstanding Loans</u>
10.760	Water and Water Disposal Systems for Rural Counties	\$ 2,700,000

NOTE 7 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.

**COUNTY OF MADERA
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? yes x no
 - Significant deficiency(ies) identified? yes x 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)? yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grant
14.239	HOME Investment Partnership Program
93.645	Child Welfare Services
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,316,418

Auditee qualified as low-risk auditee? yes x no

**COUNTY OF MADERA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

2018 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The County recorded prior period adjustments to correct capital asset balances for construction in progress (CIP), depreciable assets, and non-depreciable assets. Capital projects in CIP that had been completed in prior years had not been appropriately reported as depreciable assets when completed. In addition, several adjustments were recorded for project costs that had not been previously captured as well as prior year disposals that had not been removed from the capital asset listing.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP, including reconciling capital asset account balances at year-end.

Context: While performing audit procedures over capital assets, we noted the County recorded prior period adjustments during the fiscal year to correct capital asset reporting errors from prior years. Reconciliations and controls implemented during the current fiscal year identified the errors from prior years resulting in beginning balance adjustments to capital asset schedules and balances.

Effect: The effect of the prior period adjustments to governmental activities totaled \$3,140,225 and business-type activities of \$779,103.

Cause: The County, in prior years, did not reconcile the capital asset balances at year-end to ensure balances accurately reflected capital asset activities that occurred during the fiscal year.

Repeat Finding: The audit finding is not a repeat finding from the prior year.

Recommendation: The County should review all of the capital asset account balances at year-end to ensure capital asset activity is properly reported in accordance with GAAP.

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

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).