

**COUNTY OF MADERA
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2021**



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**COUNTY OF MADERA
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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**

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 unit, 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, 2021, 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, 2021. Our report includes a reference to other auditors who audited the financial statements of the Madera County Workforce Investment Corporation, a discretely presented component unit, 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) as a basis for designing 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.

Honorable Board of Supervisors
County of Madera

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.

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 financial statements. 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.



CliftonLarsonAllen LLP

Roseville, California
December 27, 2021



**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**

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, 2021. 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 \$2,519,544 in federal awards, which are not included in the County of Madera's Schedule for the fiscal year ended June 30, 2021. Our audit, described below, did not include the operations of 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.

Basis for Qualified Opinion on Community Development Block Grant

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding ALN 14.228 Community Development Block Grant as described in finding number 2021-001 for Allowable Costs and Activities. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Community Development Block Grant

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, 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 the Community Development Block Grant for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

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

Report on Internal Control Over Compliance

Management of County of Madera 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 County of Madera'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 County of Madera'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.

Honorable Board of Supervisors
County of Madera

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

County of Madera's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Madera'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2021, and have issued our report thereon dated December 27, 2021, that contained an unmodified opinion on those financial statements. We did not audit the Madera County Workforce Investment Corporation, which represents 100% of the assets, liabilities and revenues of the discretely presented component unit, as of and for the year ended June 30, 2021. 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 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
April 19, 2022

**COUNTY OF MADERA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing 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	19-0727-053-SF	\$ 25,020	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	19-0727-052-SF	50,383	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	19-0727-052-SF	75,842	-
Subtotal			151,245	-
Passed through the State Department of Public Health:				
Supplemental Nutrition Assistance Program	10.551	19-10341	215,047	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		3,035,327	-
Subtotal - SNAP Cluster			3,250,374	-
Passed through the State Department of Education:				
School Breakfast Program	10.553	01867-SN-20-R	14,152	-
National School Lunch Program	10.555	01867-SN-20-R	24,304	-
COVID 19 - School Breakfast Program and National School Lunch Program	10.553	01867	1,518	-
Subtotal - Child Nutrition Cluster			39,974	-
Passed through the State Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	19-10158	2,184,313	-
Passed through the State Department of Forestry and Fire Protection:				
Cooperative Forestry Assistance	10.664	7FG20068	19,919	-
Total U.S. Department of Agriculture			\$ 5,645,825	\$ -
<u>U.S. Department of Housing and Urban Development</u>				
Passed through State Department of Housing and Community Development:				
Community Development Block Grants/Entitlement Grants	14.228	17-CDBG-12021	\$ 126,983	\$ -
Community Development Block Grants/Entitlement Grants	14.228	Program Income	146,063	-
Community Development Block Grants/Entitlement Grants (Outstanding Loan)	14.228	Outstanding Loan	4,644,964	-
Subtotal			4,918,010	-
Home Investments Partnership Program (Outstanding Loan)	14.239	Outstanding Loan	2,098,020	-
Subtotal			2,098,020	-
Passed through the State Department of Public Health:				
COVID 19 - Housing Opportunities for Persons with AIDS	14.241	19-11129	10,046	-
Housing Opportunities for Persons with AIDS	14.241	19-10516	66,107	-
Subtotal			76,153	-
Total U.S. Department of Housing and Urban Development			\$ 7,092,183	\$ -
<u>U.S. Department of the Interior</u>				
Direct Award:				
WaterSMART (Sustain & Manage America's Resources for Tomorrow)	15.507	R18APOO205	\$ 203,298	\$ -
Total U.S. Department of the Interior			\$ 203,298	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MADERA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Justice				
Direct Award:				
COVID 19 - Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-1492	\$ 91,997	\$ -
Domestic Cannabis Eradication	16.2020-22	2020-22	59,045	-
Domestic Cannabis Eradication	16.2021-25	2021-25	73,542	-
Subtotal			132,587	-
Passed through the Governor's Office of Emergency Services:				
Crime Victim Assistance	16.575	XC19020200	51,615	-
Crime Victim Assistance	16.575	XC20030200	55,911	-
Crime Victim Assistance	16.575	VW20 34 0200	249,163	-
Crime Victim Assistance	16.575	VW19 33 0200	98,381	-
Subtotal			455,070	-
Violence Against Women Formula Grants	16.588	PU20 03 0200	79,955	-
Violence Against Women Formula Grants	16.588	PU19 02 0200	17,686	-
Subtotal			97,641	-
Direct Award:				
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0080	251,260	-
Edward and Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0684	436	-
Passed through the Board of State and Community Corrections:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 0175-18-MH	22,770	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 601-19	176,643	-
Subtotal			199,413	-
Total U.S. Department of Justice			\$ 1,228,404	\$ -
U.S. Department of Transportation				
Passed through the State Department of Transportation:				
Highway Planning & Construction	20.205	CML5941(122)	\$ 2,273	\$ -
Highway Planning & Construction	20.205	CML 5941(102)	23,250	-
Highway Planning & Construction	20.205	SSARPL-5941(117)	24,371	-
Highway Planning & Construction	20.205	CML5941(129)	142,000	-
Highway Planning & Construction	20.205	BRLS5941(100)	58,604	-
Highway Planning & Construction	20.205	BRLS5941(088)	2,351,897	-
Highway Planning & Construction	20.205	BRLO5941(104)	34,168	-
Highway Planning & Construction	20.205	BRLO5941(081)	85,454	-
Highway Planning & Construction	20.205	BRLO5941(089)	17,092	-
Highway Planning & Construction	20.205	BRLO5941(103)	23,103	-
Subtotal			2,762,212	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	64BO20-01433	299,000	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	64BC17-00480	449,650	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509		166,857	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509		215,600	-
COVID 19 - Formula Grants for Rural Areas	20.509	64VO20-01325	439,758	-
Subtotal			1,570,865	-
Passed through California Office of Traffic Safety:				
State and Community Highway Safety	20.600	EM21019	73,542	-
Total U.S. Department of Transportation			\$ 4,406,619	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MADERA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of the Treasury</u>				
Passed through the North Fork Rancheria: COVID 19 - Coronavirus Relief Fund	21.019		\$ 24,546	\$ -
Passed through the State Department of Finance: COVID 19 - Coronavirus Relief Fund	21.019		16,124,543	403,236
Direct Award: COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>2,231,703</u>	<u>4,668</u>
Total U.S. Department of the Treasury			<u>\$ 18,380,792</u>	<u>\$ 407,904</u>
<u>U.S. Department of Environmental Protection Agency</u>				
Passed through the State Department of Water Resources Control Board: Drinking Water State Revolving Fund	66.468	SRFLPA50	<u>\$ 18,546</u>	<u>\$ -</u>
Total U.S. Department of Environmental Protection Agency			<u>\$ 18,546</u>	<u>\$ -</u>
<u>U.S. Election Assistance Commission</u>				
Passed through State Department of General Services: Help America Vote Act (HAVA)	39.011	18G26120	\$ 25,000	\$ -
Help America Vote Act Requirements Payments	90.401	19S10057	86,430	-
COVID 19 - 2018 HAVA Election Security Grants	90.404	20G26120	<u>182,761</u>	<u>-</u>
Total U.S. Election Assistance Commission			<u>\$ 294,191</u>	<u>\$ -</u>
<u>U.S. Department of Health and Human Services</u>				
Direct Award: Child Support Enforcement	93.103		\$ 1,968,570	\$ -
Passed through the Essential Access Health: Family Planning Services	93.217	5320-70209-21-22	96,159	-
Passed through the State Department of Health Care Services: Projects for Assistance in Transition from Homelessness (PATH)	93.150	18-95252	39,138	29,498
Ending the HIV Epidemic: A Plan for America	93.767	CCS IN 17-03	499,718	-
Ending the HIV Epidemic: A Plan for America	93.767	CCS IN 17-03	<u>86,083</u>	<u>-</u>
Subtotal			<u>585,801</u>	<u>-</u>
Medical Assistance Program	93.778	CHDP17-04	66,061	-
Medical Assistance Program	93.778	19-96012	524,606	-
Medical Assistance Program	93.778	PPA20-19 TCM	253,634	-
Medical Assistance Program	93.778		<u>4,006,699</u>	<u>-</u>
Subtotal			<u>4,851,000</u>	<u>-</u>
Maternal and Child Health Services Block Grant to the States	93.994	CHDPL 16-06	34,874	-
Block Grants for Community Mental Health Services	93.958	18-95252	172,639	84,420
Block Grants for Prevention and Treatment of Substance Abuse	93.959	18-95252	<u>794,247</u>	<u>268,494</u>
Subtotal			<u>6,477,699</u>	<u>382,412</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MADERA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Health and Human Services Continued</u>				
Passed through the State Department of Public Health:				
Public Health Emergency Preparedness	93.069	17-10167	276,651	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2020R-TA00	13,900	-
Childhood Lead Poisoning Prevention Program (CLPPP)	93.197	20-10529	34,729	-
Immunization Cooperative Agreements	93.268	17-10327	122,205	-
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19ELC78	4,971,283	-
PPHF: Racial and Ethnic Approaches to Community Health Program Financed Solely by Public Prevention and Health Funds	93.738	18-10552	162,374	-
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	CHVP 20-20	568,000	-
National Bioterrorism Hospital Preparedness Program	93.889	17-10167	214,273	-
HIV Care Formula Grants	93.917	16-10849 A01	6,289	-
HIV Care Formula Grants	93.917	18-10874	98,789	-
HIV Care Formula Grants	93.917	20-10058	12,860	-
COVID 19 - HIV Care Formula Grants	93.917	19-11155	15,563	-
Subtotal			133,501	-
Maternal and Child Health Services Block Grant to the States	93.994	202020	25,637	-
Maternal and Child Health Services Block Grant to the States	93.994	202020	41,403	-
Subtotal			67,040	-
Total U.S. Department of Health and Human Services			\$ 6,563,956	\$ -
Passed through the State Department of Social Services:				
Guardianship Assistance	93.090		\$ 7,165	\$ -
Promoting Safe and Stable Families	93.556		230,617	-
Temporary Assistance for Needy Families (TANF)	93.558		13,758,576	-
Adoption and Legal Guardianship Incentive Payments	93.603		172,936	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		83,667	-
Foster Care-Title IV-E	93.658		6,451,818	-
COVID 19 - Foster Care-Title IV-E	93.658		142,497	-
Subtotal			6,594,315	-
Adoption Assistance-Title IV-E	93.659		2,674,301	-
COVID 19 - Adoption Assistance-Title IV-E	93.659		286,686	-
Subtotal			2,960,987	-
Social Services Block Grant	93.667		781,729	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		43,188	-
Subtotal			24,633,180	-
Total U.S. Department of Health and Human Services			\$ 39,739,564	\$ 382,412

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MADERA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Homeland Security</u>				
Passed through the State Governor's Office of Emergency Services:				
Emergency Management Performance Grants	97.042	2019-0003	\$ 44,449	\$ -
Emergency Management Performance Grants	97.042	2020-0006	157,100	-
COVID 19 - Emergency Management Performance Grants	97.042	2020-0019	51,330	-
Subtotal			<u>252,879</u>	<u>-</u>
Direct Award:				
COVID 19 - Assistance to Firefighters Grant	97.044	EMW-2020-FG-01496	70,250	-
Passed through the California Governor's Office of Emergency Services:				
Homeland Security Grant Program (HSGP)	97.067	2019-0035	92,276	-
Direct Award:				
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2017-FH000457	215,497	-
Total U.S. Department of Homeland Security			<u>\$ 630,902</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 77,640,324</u>	<u>\$ 790,316</u>

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, 2021**

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, 2021, 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 FEDERAL ASSISTANCE LISTING NUMBER

The program titles and Federal Assistance Listing numbers were obtained from the federal or pass-through grantor. When no Federal Assistance Listing 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, 2021 as follows:

<u>Assistance Listing Number</u>	<u>Federal Program</u>	<u>Outstanding Loans</u>	<u>Loans with Continuing Compliance Requirements</u>
14.228	Community Development Block Grant/States Program	\$ 4,321,913	\$ 4,644,964
14.239	Home Investment Partnership Program	2,039,285	2,098,020

**COUNTY OF MADERA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

NOTE 6 OTHER LOANS

Outstanding federally funded program loans, carried balances as of June 30, 2021 as follows:

Assistance Listing Number	Federal Program	Outstanding Loans
10.760	Water and Water Disposal Systems for Rural Counties	\$ 2,548,000

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, 2021**

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? _____ yes x 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? _____ yes x none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified for all major federal programs except for the Community Development Block Grant Program, Federal Assistance Listing Number 14.228, which was qualified.

2. 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

Assistance Listing Number

Name of Federal Program or Cluster

14.228
21.019
21.027

Community Development Block Grants
COVID 19 - Coronavirus Relief Fund
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds
COVID 19 - ELC Program
Foster Care

93.323
93.658

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

\$ 2,329,210

Auditee qualified as low-risk auditee?

_____ yes x no

**COUNTY OF MADERA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

Section III – Findings and Questioned Costs – Major Federal Programs

2021 – 001

Federal agency: US Department of Housing and Urban Development

Federal program title: Community Development Block Grant

Federal Assistance Listing Number: 14.228

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

Award Period: July 1, 2020 – June 30, 2021

Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria: Grant compliance requires that Community Development Block Grant loans be monitored for compliance with the loan provisions on a regular basis. Such loan requirements are required to ensure CDBG loan funds are used in accordance with all program requirements. The requirements are noted in the OMB 24 CFR 570.483 and 570.490.

Condition: During our test of the outstanding loans for continuing compliance, we noted the County did not have adequate documentation to support monitoring of program loans to ensure compliance with loan provisions for thirteen of the loans. These thirteen loans were investigated by the County, and it was discovered that residents had not responded to the Annual Residency Verification or provided Proof of Occupancy. The County was not able to start the foreclosure procedures to recover the receivable and the loans remained on the receivable listing.

Questioned costs: \$325,906

Context: CDBG loans must be monitored annually to ensure recipients are still living in the residence covered by the loan. CLA haphazardly selected 29 loans of a population of 241 CDBG loans to test continuing compliance and found that 13 of those loans did not have adequate documentation to show continued monitoring occurred.

Cause: Due to lack of staffing at the time of monitoring, the County was unable to perform foreclosure filing procedures in a timely manner after realizing loans were not in compliance and failed to remove them from the receivables listing.

Effect: Not following through on continual monitoring requirements could result in noncompliance with program requirements and could potentially cause an overstatement of program loan receivables reported by the County. After inquiry with the department, we believe there are no more loans that are affected by this control.

**COUNTY OF MADERA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Repeat Finding: Not a repeat finding.

Recommendation: CLA recommends the County develop procedures to ensure that outstanding loan continuing compliance is documented and followed per the CDBG grant loan provision and that staffing allows for timely procedures. CLA also recommends the Community and Economic Development Planning Division include a compliance check box in the receivables listing sent to the Auditor-Controller's office to document the compliance status of the loans.

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

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