

COUNTY OF MADERA
SINGLE AUDIT REPORT
JUNE 30, 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



COUNTY OF MADERA

Single Audit Report
For the Year Ended June 30, 2016

Table of Contents

	<u>Page</u>
Independent Auditor's 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.....	1-3
Schedule of Expenditures of Federal Awards	4-6
Notes to Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs	8-10
Summary Schedule of Prior Audit Findings.....	11



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**INDEPENDENT AUDITOR'S 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
County of Madera
Madera, California

Report on Compliance for Each Major Federal Program

We have audited the County of Madera's (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, 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 (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 of the Other 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.

Board of Supervisors
County of Madera
Madera, California

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to above that 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 item 2016-002. Our opinion on each major program is not modified with respect to these matters.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-002 that we consider a material weakness.

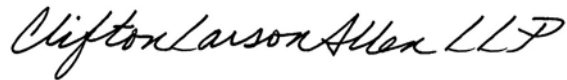
The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express 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.

Board of Supervisors
County of Madera
Madera, California

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

The financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2016, were audited by GALLINA LLP, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2017, and whose report dated December 30, 2016, expressed an unmodified opinion on those statements. Their audit was conducted for the purpose of forming opinions 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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.



Roseville, California
March 22, 2017

COUNTY OF MADERA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

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 Agriculture</u>				
Direct Programs:				
Rural Utilities Service	10.760	RUS 1780-12	\$ 854,536	\$ --
Passed through CA Department of Food & Agriculture:				
Pierce's Disease Control Program	10.025	14-0178-SF	17,200	-
Pierce's Disease Control Program	10.025	14-0185-SF	48,917	-
Subtotal CFDA 10.025			<u>66,117</u>	<u>-</u>
Passed through State Department of Education:				
School Breakfast Program	10.553	--	25,635	-
National School Lunch Program	10.555	--	49,442	-
Passed through State Department of Social Services:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	--	2,477,184	-
Passed through CA Department of Public Health:				
Supplemental Nutrition Assistance Program (PH - SNAP Ed)	10.561	14-20508	507,913	-
Subtotal SNAP Cluster - CFDA 10.561			<u>2,985,097</u>	<u>-</u>
Passed through CA Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	14-10257 & 15-10090	1,960,105	-
Total U.S. Department of Agriculture			<u>\$ 5,940,932</u>	<u>\$ --</u>
<u>U.S. Department of Housing and Urban Development</u>				
Passed through CA Department of Public Health:				
Housing Opportunities for Persons with AIDS	14.241	13-20422	54,283	-
Passed through the State Department of Housing and Community Development Block Grant/State's Program:				
Community Development Block Grant/State's Program	14.228	B-11-UN-06-0008	507,501	507,501
Community Development Block Grant/State's Program	14.228	14-HRPP-9242	377,087	376,300
Community Development Block Grant/State's Program	14.228	Outstanding Loans	3,487,926	-
Community Development Block Grant Cluster - CFDA 14.228			<u>4,372,514</u>	<u>883,801</u>
Home Investment Partnerships Program	14.239	Outstanding Loans	1,825,250	-
Total U.S. Department of Housing and Urban Development			<u>\$ 6,252,047</u>	<u>\$ 883,801</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
Edward Byrne Memorial JAG	16.738	BSCC 601-15	89,723	-
Passed through City of Madera:				
ADA - Edward Byrne Memorial Justice Assistance Grant	16.738	BSCC 601-14	100,474	-
Edward Byrne Memorial JAG	16.738	2015-DJ-BX-0779	25,402	-
Edward Byrne Memorial JAG	16.738	2014-DJ-BX-0605	17,603	-
Subtotal CFDA 16.738			<u>233,202</u>	<u>-</u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF MADERA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

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 Justice (continued)				
Passed through Department of Drug Enforcement Agency:				
Domestic Cannabis Eradication	16.579	2016-26	\$ 30,098	\$ -
Domestic Cannabis Eradication	16.579	2015-33	54,696	-
Subtotal CFDA 16.579			<u>84,794</u>	<u>-</u>
Passed through California Emergency Management Agency:				
Domestic Cannabis Eradication	16.606	2016APBX0246	66,971	-
Total U.S. Department of Justice			<u>\$ 384,967</u>	<u>\$ -</u>
<u>U.S. Department of Labor</u>				
Passed through Employment Development Department via County ETR:				
Workforce Investment Act - Disability Employment Initiative	17.207	--	4,416	-
Workforce Investment Act - National Emergency	17.277	--	2,077,254	1,946,083
Workforce Investment Act - Adult	17.258	--	904,391	-
Workforce Investment Act - Youth	17.259	--	777,685	-
Workforce Investment Act - Dislocated Worker	17.278	--	1,020,513	-
Total WIA Cluster			<u>2,702,589</u>	<u>-</u>
Total U.S. Department of Labor			<u>\$ 4,784,259</u>	<u>\$ 1,946,083</u>
<u>U.S. Department of Transportation</u>				
Passed through CA State Department of Transportation:				
Highway Planning & Construction (RSTP Apportionment)	20.205	--	2,185,917	-
Federal Transit Administration (FTA) Section 5311	20.509	643141	325,724	-
Passed through CA Office of Traffic Safety:				
Vertical Prosecution	20.601	D1 1529	29,412	-
Vertical Prosecution	20.616	D1 1626	68,696	-
Total Vertical Prosecution Cluster			<u>98,108</u>	<u>-</u>
Total U.S. Department of Transportation			<u>\$ 2,609,749</u>	<u>\$ -</u>
<u>U.S. Department of Museum & Library Services</u>				
Passed through California State Library:				
Grants to States	45.310	40-8426	4,155	-
Grants to States	45.310	40-8549	8,489	-
Subtotal CFDA 45.310			<u>12,644</u>	<u>-</u>
Total Dept of Museum & Library Services			<u>\$ 12,644</u>	<u>\$ -</u>
<u>U.S. Environmental Protection Agency</u>				
Passed through California Water Resource Control Board:				
Division of Drinking Water and Environmental Mgt	66.468	SRFLPA50	32,275	-
Clean Water State Revolving Fund	66.468	SRF12P109	6,866	-
Clean Water State Revolving Fund	66.468	SRF13P107	93,204	-
Clean Water State Revolving Fund	66.468	D15-02053	3,652	-
Subtotal CFDA 66.468			<u>135,997</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>\$ 135,997</u>	<u>\$ -</u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF MADERA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

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</u>				
Direct Programs:				
Food and Drug Administration-Research	93.103	G-T-1510-03060	\$ 2,794	\$ -
Passed through State Department of Social Services:				
Family Preservation and Support Services	93.556	--	156,076	-
Temporary Assistance for Needy Families	93.558	--	10,688,964	-
Child Support Enforcement	93.563	LCSA 15-08	1,838,909	-
Community Based Child Abuse Prevention	93.590	ACIN I-14-16	114,471	-
Child Welfare Services – State Grants	93.645	--	97,076	-
Foster Care – Title IV-E	93.658	--	4,078,045	-
Adoption Assistance	93.659	--	1,582,710	-
In-Home Supportive Services	93.667	--	603,161	-
Independent Living	93.674	--	55,567	-
Passed through CA Dept of Public Health:				
Personal Responsibility Education Program	93.092	15-10311	122,062	-
Tuberculosis Control Program	93.116	2013-199	28,151	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	38,658	-
Childhood Lead Poisoning Prevention Program (CLPPP)	93.197	14-10025	69,643	-
Immunization	93.268	15-10429	58,113	-
ACA Maternal, Infant and Early Childhood, HVP	93.505	15-10163	606,226	-
HIV Care Formula Grants	93.917	13-20057A03/15-10486A01	126,310	-
Prevention first	93.945	14-10956	380,092	-
Block Grants for Community MH Services	93.958	--	279,988	-
Adolescent Family Life Demonstration Projects	93.995	201520	5,466	-
Hospital Preparedness Program	93.074	EPO 14-10515	132,456	-
Public Health Emergency Preparedness	93.074	EPO 14-10515	142,935	-
Subtotal CFDA 93.074			<u>275,391</u>	<u>-</u>
California Children's Services	93.767	CCS IN 15-07	372,087	-
Health Care for Children in Foster Care	93.767	CCS IN 15-07	63,541	-
Subtotal CFDA 93.767			<u>435,628</u>	<u>-</u>
Children's Health and Disability Prevention	93.994	CHDPL 15-04	98,437	-
Maternal, Child and Adolescent Health	93.994	201520	78,658	-
Subtotal CFDA 93.994			<u>177,095</u>	<u>-</u>
Passed through CA Dept of Health Care Services:				
Medical Assistance Program	93.778	--	2,943,171	-
Medi-Cal Renewal Assistance	93.778	SB18	15,285	-
Medi-Cal Outreach /Enroll	93.778	AB82	26,451	-
Child Health & Disability Prev - Title XIX	93.778	CHDPL 15-06	193,683	-
Total Medi-Cal Cluster - CFDA 93.778			<u>3,178,590</u>	<u>-</u>
Passed through CA Dept of Health Care Services:				
Block Grants for Substance Abuse Prevention and Treatment (SAPT)	93.959	10287B-C-2015	945,656	-
Total U.S. Department of Health and Human Services			<u>\$ 25,944,842</u>	<u>\$ -</u>
<u>U.S. Department of Homeland Security</u>				
Passed through CA Office of Emergency Services:				
Emergency Management Performance Grants (EMPG) (2014)	97.042	2015-0049	157,236	-
State Homeland Security Grant Program (HSGP) (2014)	97.067	2014-0093	177,741	-
Total U.S. Department of Homeland Security			<u>\$ 334,977</u>	<u>\$ --</u>
Total Expenditures of Federal Awards			<u>\$ 46,400,414</u>	<u>\$ 2,829,884</u>

See Notes to the Schedule of Expenditures of Federal Awards

COUNTY OF MADERA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

NOTE 1: REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Madera. The County of Madera'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 Generally Accepted Accounting Principles. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

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: INDIRECT COST RATE

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

NOTE 7: LOANS WITH CONTINUING COMPLIANCE REQUIREMENT

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2016 as follows:

Federal CFDA#	Program Title	July 1, 2015	New Loans	Payments and Adjustments	June 30, 2016
14.228	Community Development Block Grant	\$ 4,189,638	\$ --	\$ (701,712)	\$ 3,487,926
14.239	HOME Housing Rehabilitation Loan Program	\$ 1,641,106	\$ --	\$ 184,144	\$ 1,825,250

NOTE 8: OTHER LOANS

Outstanding federally-funded program loans, carried balances as of June 30, 2016 as follows:

Federal CFDA#	Program Title	July 1, 2015	New Loans	Payments and Adjustments	June 30, 2016
10.760	Water and Waste Disposal Systems for Rural Counties	\$ 2,886,000	\$ -	\$ (91,000)	\$ 2,795,000

COUNTY OF MADERA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 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 the Uniform Guidance? | Yes |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.561	Supplemental Nutrition Assistance Program
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
14.239	Home Investment Partnerships Program
93.558	Temporary Assistance for Needy Families
93.778	Medical Assistance Program

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 1,392,012 |
| 6. Auditee qualified as a low-risk auditee under the Uniform Guidance, Section 520? | No |

COUNTY OF MADERA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number **2016-001 – Capital Assets – Construction in Progress**
Type of Finding Material Weakness

Criteria

Under generally accepted accounting principles (GAAP), completed CIP projects should be reported as a transfer in (increase) to the appropriate asset category, and a transfer out (decrease) from CIP in the fiscal year in which the project was completed.

Condition

During the audit, we noted that projects completed in years other than the current fiscal year were transferred out of CIP, and into asset categories. This included \$2,448,061 of projects completed during the year ended June 30, 2013, \$1,702,721 of projects completed during the year ended June 30, 2014, and \$613,467 of projects completed during the year ended June 30, 2017.

Cause of Condition

County staff relies on the staff at the Department of Public Works to notify them when projects are completed.

Effect of Condition

CIP transfers were overstated by \$4,764,250.

Recommendation

We recommend that the County work with Public Works Department to establish a more efficient system for recognizing completed CIP projects to ensure that future costs are reported in accordance with GAAP.

Management Response

We will work with the Public Works Department to update the current process and develop a more efficient system to recognize completed CIP projects.

COUNTY OF MADERA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number	2016-002
Type of Finding	Material Weakness
Federal Program	Home Investment Partnership Program
CFDA #	14.239
Federal Grantor	U.S Department of Housing and Urban Development
Pass Through Entity	State Department of Housing and Community Development
Category of Finding	Eligibility – Continuing Compliance

Criteria

Grant compliance requires that Home Investment Partnership Program loans be monitored for compliance with the loan provisions on a regular basis.

Condition

During our test of five loan recipients, we noted that the County did not have adequate documentation to show monitoring of loans receivable to ensure compliance with loan provisions.

Cause of Condition

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

Effect of Condition

The County has not received documentation to determine if the properties continue to be in compliance with the loan provisions.

Recommendation

The County should develop procedures to ensure that outstanding loan continuing compliance is documented and followed per the grant loan provisions.

Management Response and Corrective Action Plan

The County will implement measures and procedures to ensure documentation of required loan compliance per grant guidelines.

COUNTY OF MADERA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Reference Number	2015-001 – Unavailable Revenue
Type of Finding	Material Weakness

Recommendation

We recommend that all journal entries be reviewed and approved by someone other than the preparer to reduce the risk that an error will go undetected and not be corrected.

Status

No instances of finding noted in the current year.