

**COUNTY OF YOLO**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2016**



**COUNTY OF YOLO**

Single Audit Report  
For the Year Ended June 30, 2016

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**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**

To the Honorable Members of the  
Board of Supervisors  
County of Yolo  
Woodland, 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 Yolo (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 February 14, 2017. Our report includes a reference to other auditors who audited the financial statements of First 5 Yolo and Yolo County Housing, 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 were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002, to be material weaknesses.

To the Honorable Board of Supervisors  
County of Yolo

### **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 responses were 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.



Roseville, California  
February 14, 2017



**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**

To the Honorable Board of Supervisors  
County of Yolo  
Woodland, California

**Report on Compliance for Each Major Federal Program**

We have audited the County of Yolo'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.

The County's basic financial statements include the operations of Yolo County Housing, a discretely presented component unit, which expended \$18,653,584 in federal awards that are not included in the County's schedule of expenditures of federal awards for the year ended June 30, 2016. Our audit, described below, did not include the operations of Yolo County Housing because it was audited by other auditors who performed an audit in accordance with the Uniform Guidance.

**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.

To the Honorable Board of Supervisors  
County of Yolo

**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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-003 and 2016-004, which we consider to be significant deficiencies.

To the Honorable Board of Supervisors  
County of Yolo

**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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 14, 2017, which contained unmodified opinions on those financial statements. We did not audit the financial statements of First 5 Yolo and Yolo County Housing, discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for First 5 Yolo and Yolo County Housing, are based solely on the reports of the other auditors. 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Supplementary Schedules**

The Schedules of the Department of Community Services and Development Grant Revenues and Expenditures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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.



Roseville, California  
March 27, 2017

**COUNTY OF YOLO**

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>	<u>Passed through to Subrecipients</u>
<b><u>U.S. Department of Agriculture</u></b>				
Passed through CA Department of Food and Agriculture				
Plant and Animal Disease, Pest Control and Animal Care	10.025	15-0139	\$ 131,921	\$ --
Plant and Animal Disease, Pest Control and Animal Care	10.025	15-0462	3,232	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	14-0434	3,096	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	15-0431	3,016	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	14-0133	32,330	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	14-0166	315	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	14-0511	25,769	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	14-0511	7,777	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	15-0451	6,279	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	14-0433	5,578	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	14-0433	6,828	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	15-0593	305	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	14-0435	5,730	--
Plant and Animal Disease, Pest Control and Animal Care	10.025	14-0435	5,292	--
Subtotal CFDA 10.025			<u>237,468</u>	<u>--</u>
Farm to School Grant Program	10.575	CN-F2S-SS-16CA-01	46,750	--
Soil and Water Conservation	10.902	68-9104-5-331	1,972	--
Passed through CA Department of Public Health				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	--	1,226,782	--
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	--	791,682	--
Passed through State Department of Social Services				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	--	3,342,726	--
Subtotal CFDA 10.561			<u>4,134,408</u>	<u>--</u>
Passed through State Department of Education				
National School Lunch Program	10.555	--	65,372	--
<b>Total U.S. Department of Agriculture</b>			<b><u>\$ 5,712,752</u></b>	<b><u>\$ --</u></b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Passed through the State Department of Housing and Community Development				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	Outstanding Loans	2,763,976	--
Home Investment Partnership Program	14.239	Outstanding Loans	4,529,343	--
Home Investment Partnership Program	14.239	13-Home-9692	3,627	--
Subtotal CFDA 14.239			<u>4,532,970</u>	<u>--</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>\$ 7,296,946</u></b>	<b><u>\$ --</u></b>
<b><u>U.S. Department of the Interior</u></b>				
Passed through State of California Controller's Office				
Distribution of Receipts to State and Local Governments	15.227	--	8	--
<b>Total U.S. Department of the Interior</b>			<b><u>\$ 8</u></b>	<b><u>\$ --</u></b>
<b><u>U.S. Department of Justice</u></b>				
Direct Programs				
State Criminal Alien Assistance Program	16.606	--	62,073	--

See accompanying notes to Schedule of Federal Awards

**COUNTY OF YOLO**

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>	<u>Passed through to Subrecipients</u>
<b><u>U.S. Department of Justice (continued)</u></b>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0863	\$ 29,418	\$ --
Passed through State Department of Corrections and Rehabilitation				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 631-14	267,078	--
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC 631-15	269,445	--
Subtotal CFDA 16.738			<u>565,941</u>	<u>--</u>
Passed through the State of California Emergency Management Agency				
Crime Victim Assistance	16.575	VW15330570	152,661	--
Passed through Yolo Empower, Inc.				
Crime Victim Assistance	16.575	AT14111034	21,180	--
Crime Victim Assistance	16.575	AT15011304	28,445	--
Subtotal CFDA 16.575			<u>202,286</u>	<u>--</u>
<b>Total U.S. Department of Justice</b>			<b><u>\$ 830,300</u></b>	<b><u>\$ --</u></b>
<b><u>U.S. Department of Labor</u></b>				
Passed through State Department of Employment Development				
WIA/WIOA Adult Program	17.258	K594802	392,553	--
WIA/WIOA Adult Program	17.258	K698403	587,690	--
Subtotal CFDA 17.258			<u>980,243</u>	<u>--</u>
WIA/WIOA Youth Activities	17.259	K594802	519,087	441,849
WIA/WIOA Youth Activities	17.259	K698403	7,604	--
Subtotal CFDA 17.259			<u>526,691</u>	<u>441,849</u>
WIA/WIOA Dislocated Worker Formula Grants	17.278	K594802	218,554	--
WIA/WIOA Dislocated Worker Formula Grants	17.278	K698403	207,625	--
WIA/WIOA Rapid Response	17.278	K594802	121,537	--
WIA/WIOA Rapid Response	17.278	K698403	48,667	--
Subtotal CFDA 17.278			<u>596,383</u>	<u>--</u>
Total WIA Cluster			<u>2,103,317</u>	<u>441,849</u>
<b>Total U.S. Department of Labor</b>			<b><u>\$ 2,103,317</u></b>	<b><u>\$ 441,849</u></b>
<b><u>U.S. Department of Transportation</u></b>				
Direct Program				
Airport Improvement Program	20.106	3-06-0342-017-2015	26,587	--
Airport Improvement Program	20.106	3-06-0342-017-2016	1,800	--
Airport Improvement Program	20.106	3-06-0342-017-2017	509,585	--
Subtotal CFDA 20.106			<u>537,972</u>	<u>--</u>
Passed through California Department of Transportation				
Highway Planning and Construction	20.205	Solano County Project STPL-5922(047)	61	--
Highway Planning and Construction	20.205	STPL-5922(093)	212,502	--
Highway Planning and Construction	20.205	BRLO 5922 (059)	4,401	--
Highway Planning and Construction	20.205	BRLO 5922 (066)	24,147	--
Highway Planning and Construction	20.205	BRLO 5922 (073)	138,957	--
Highway Planning and Construction	20.205	BRLO 5922 (074)	1,379,207	--
Highway Planning and Construction	20.205	BRLO 5922 (077)	57,499	--
Highway Planning and Construction	20.205	BRLO 5922 (078)	29,007	--
Highway Planning and Construction	20.205	BPMP 5922 (090)	4,164	--
Highway Planning and Construction	20.205	HSPIL-5922(094)	513,716	--

See accompanying notes to Schedule of Federal Awards

**COUNTY OF YOLO**

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

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Disbursements/ Expenditures</b>	<b>Passed through to Subrecipients</b>
<b><u>U.S. Department of Transportation (continued)</u></b>				
Passed through California Department of Transportation (continued)				
Highway Planning and Construction	20.205	BRLO 5922 (095)	\$ 3,787	\$ --
Highway Planning and Construction	20.205	BPMP-5922(097)	348,157	--
Highway Planning and Construction	20.205	BRLO 5922 (098)	143,046	--
Highway Planning and Construction	20.205	BRLO 5922 (099)	150,314	--
Highway Planning and Construction	20.205	STPL 5922 (101)	821,611	--
Highway Planning and Construction	20.205	BRLO 5922 (103)	200,406	--
Highway Planning and Construction	20.205	BRLO 5922 (104)	373	--
Subtotal CFDA 20.205			<u>4,031,355</u>	<u>--</u>
Alcohol/Drug Impaired Driver Vertical Prosecution	20.616	--	77,754	--
Alcohol/Drug Impaired Driver Vertical Prosecution	20.616	--	90,352	--
National Priority Safety Programs	20.616	DI1511	36,099	--
National Priority Safety Programs	20.616	DI1611	132,007	--
National Priority Safety Programs	20.616	--	2,754	--
Subtotal CFDA 20.616			<u>338,966</u>	<u>--</u>
Passed through City of West Sacramento				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1512	3,286	--
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL1624	6,594	--
Subtotal CFDA 20.608			<u>9,880</u>	<u>--</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 4,918,173</u></b>	<b><u>\$ --</u></b>
<b><u>U.S. Institute of Museum and Library Services</u></b>				
Passed through the California State Library				
Grants to States	45.310	40-8613	6,500	--
Grants to States	45.310	40-8614	10,000	--
Subtotal CFDA 45.310			<u>16,500</u>	<u>--</u>
<b>Total U.S Institute of Museum and Library Services</b>			<b><u>\$ 16,500</u></b>	<b><u>\$ --</u></b>
<b><u>U.S. Department of Education</u></b>				
Passed through Yolo County Office of Education				
Title I Grants to Local Educational Agencies	84.010	16-21	39,979	--
<b>Total U.S Department of Education</b>			<b><u>\$ 39,979</u></b>	<b><u>\$ --</u></b>
<b><u>U.S. Department of Health and Human Services</u></b>				
Direct Program				
Unaccompanied Alien Children Program	93.676	HHSP2332008290 7YB	2,187,203	--
Passed through State of California Department of Public Health				
Public Health Emergency Preparedness	93.069	--	276,364	--
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) and Public Health Emergency	93.074	--	153,940	--
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	--	10,832	--
Immunization Cooperative Agreements	93.268	--	77,381	--
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	--	396,703	--
Maternal and Child Health Services Block Grant to the States	93.994	--	125,489	--
Maternal and Child Health Services Block Grant to the States	93.994	--	45,214	--
Subtotal CFDA 93.994			<u>170,703</u>	<u>--</u>

See accompanying notes to Schedule of Federal Awards

**COUNTY OF YOLO**

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

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>	<u>Passed through to Subrecipients</u>
<b><u>U.S. Department of Health and Human Services (continued)</u></b>				
Passed through State Department of Social Services				
Promoting Safe and Stable Families	93.556	--	\$ 139,142	\$ --
Temporary Assistance for Needy Families	93.558	--	15,132,109	1,911,143
Refugee and Entrant Assistance - State Administered Programs	93.566	--	44,736	--
Community-Based Child Abuse Prevention Grants	93.590	--	15,446	--
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	126,867	--
Foster Care - Title IV-E	93.658	--	4,634,849	--
Adoption Assistance	93.659	--	4,014,854	--
Social Services Block Grant	93.667	--	1,170,099	--
Chafee Foster Care Independence Program	93.674	--	49,984	--
Children's Health Insurance Program	93.767	--	134,773	--
Passed through the State Department of Child Support Services				
Child Support Enforcement	93.563	--	3,803,894	--
Passed through the State Department of Community Services and Development				
Community Services Block Grant	93.569	15F-2052-2016	192,672	132,574
Community Services Block Grant	93.569	16F-2052-2016	119,149	52,036
Subtotal CFDA 93.569			<u>311,821</u>	<u>184,610</u>
Passed through the Yolo County Office of Education				
Head Start	93.600	--	5,000	--
Passed through CA Department of Health Care Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	--	32,251	--
Block Grants for Community Mental Health Service (MHBG)	93.958	--	211,022	--
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	--	977,969	--
Passed through CA Department of Health Care Services (continued)				
Medical Assistance Program	93.778	--	11,158,571	--
Passed through State of California Department of Public Health				
Medical Assistance Program	93.778	--	45,906	--
Medical Program Cluster CFDA 93.778			<u>11,204,477</u>	<u>--</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>\$ 45,282,419</u></b>	<b><u>\$ 2,095,753</u></b>
<b><u>Social Security Administration</u></b>				
Direct Program				
Supplemental Security Income	96.006	--	21,000	--
<b>Total Social Security Administration</b>			<b><u>\$ 21,000</u></b>	<b><u>\$ --</u></b>
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through State of California Emergency Management Agency				
Emergency Management Performance Grants	97.042	2015-0049	168,228	--
Emergency Management Performance Grants	97.042	2014-0093	286,232	--
Subtotal CFDA 97.042			<u>454,460</u>	<u>--</u>
Fire Management Performance Grants	97.046	FEMA-5094-FM-CA	2,031	--
<b>Total U.S. Department of Homeland Security</b>			<b><u>\$ 456,491</u></b>	<b><u>\$ --</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 66,677,885</u></b>	<b><u>\$ 2,537,602</u></b>

See accompanying notes to Schedule of Federal Awards

## COUNTY OF YOLO

### 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 (SEFA) presents the activity of all federal awards programs of the County of Yolo (County). The County'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 is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements, except for programs recorded in the County's enterprise funds. The enterprise funds are presented using the accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

#### NOTE 3: **RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within the County's basic financial statements.

#### NOTE 4: **CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS**

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

#### NOTE 5: **MEDICAL ASSISTANCE PROGRAM**

Except for Medi-Cal administrative expenditures, Medi-Cal and Medicare program expenditures are excluded from the Schedule. These expenditures represent fees for services; therefore, neither is considered a federal award of the County for purposes of the Schedule or in determining major federal programs. The County assists the State of California (State) in determining eligibility and provides Medi-Cal and Medicare services through County-owned health facilities. Medi-Cal administrative expenditures are included in the Schedule as they do not represent fees for services.

#### NOTE 6: **INDIRECT COST RATE**

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

**COUNTY OF YOLO**

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

NOTE 7: **LOAN PROGRAMS**

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

<b>CFDA</b>	<b>Program Title</b>	<b>Amount</b>
14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	\$ 2,783,976
14.239	Home Investment Partnership Program	<u>\$ 4,529,343</u>
	Total	<u><u>\$ 7,313,319</u></u>

**COUNTY OF YOLO**

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

**Section 1**

Financial Statements

Summary of Auditor's Results

- |   |               |
|---|---------------|
| 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   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses                           | Yes        |
| 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:  |            |

CFDA Number

Name of Federal Program

14.228	Community Development Block Grant
14.239	Home Investment Partnership Program
93.558	Temporary Assistance for Needy Families
93.676	Residential Services for Unaccompanied Alien Children
93.778	Medical Assistance Program

- |   |             |
|---|-------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs?         | \$2,000,337 |
| 6. Auditee qualified as a low-risk auditee under the Uniform Guidance, Section 520? | No          |

**COUNTY OF YOLO**

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

**Section 2 - Financial Statement Findings**

**Reference Number** 2016-001  
**Type of Finding** Material Weakness

**Mental Health Managed Care Receivables and Unavailable Revenue**

Criteria

Under generally accepted accounting principles, specifically Governmental Accounting Standards Board Statement No. 65, revenue not received within the County's availability period should be deferred as 'unavailable revenue' (a deferred inflow of resources) in the governmental funds.

Condition

The working trial balance and draft financial statements provided by the County for the audit did not include any unavailable revenue reported in the Mental Health Managed Care Fund, despite the fund reporting \$2.6 million of unavailable revenue in the previous year.

In response to our inquiries, the County provided us material adjustments to the financial statements approximately one month after field work, including a \$1.9 million adjustment to unavailable revenue and a \$2.4 million adjustment to receivables.

Cause of Condition

County mental health fiscal staff with Health and Human Services Agency did not follow closing instructions and submit its reporting schedules by the reporting deadline.

Effect of Condition

As a result of this condition, the financial statements and working trial balance provided for the audit were not accurate, causing a delay in the audit process. We were not able to complete our audit of the Mental Health Managed Care Fund, a major fund of the County, until a month after our scheduled field work when we received the updated balances. The late adjustments provided for the Mental Health Care Managed Care Fund impacted several statements and schedules in the financial statements, including the government-wide statements, management discussion and analysis, statistical section and the Fund's budgetary schedule.

Recommendation

The County Department of Financial Services (DFS) should improve its existing procedures by monitoring other County departments to ensure the other County departments are following the DFS closing instructions and deadlines and the County's policies for reporting revenue not meeting the County period of availability in accordance with generally accepted accounting principles as a deferred inflow of resources in its governmental funds at year-end.

Management Response

For the fiscal year ended June 30, 2016 under audit, this was the first fiscal year that the County closed the financial ledgers in the County's new financial accounting system INFOR Lawson after a go-live date of November, 2015. For the INFOR system implementation, key staff from both DFS and the Mental Health division of the County's Health & Human Services Agency (HHSA) were committed to the project

## COUNTY OF YOLO

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

and routine fiscal tasks were behind schedule going into the end of the fiscal year. As a result, the County Department of Financial Services (DFS) communicated out the year end instructions later than normal in mid-June of 2016 and did not have one on one meetings on closing instructions with departments. In addition to this the Mental Health division experienced significant fiscal staff turnover which limited the division's ability to comply with year-end timelines set forth by DFS.

The County is planning to remedy this as we approach the fiscal year end June 30, 2017 through filling vacancies and hiring additional fiscal personnel needed in the Mental Health division. Once these staff are trained, this will help the division to catch up on routine fiscal processing. The Department of Financial Services (DFS) plans to communicate the year end closing instructions more timely to departments targeting early May, 2017. This will allow departments more time to do preliminary preparations for year end. DFS staff also plan to meet one-on-one with key fiscal divisions within the county to ensure that year end procedures can be complied in accordance with required timelines. The County DFS will also perform additional review of the general ledger and trial balances to ensure the ledgers are as complete as possible prior to providing the external financial auditor for the year ended June 30, 2017.

## COUNTY OF YOLO

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

**Reference Number** 2016-002  
**Type of Finding** Material Weakness

#### **Schedule of Expenditures of Federal Awards (SEFA)**

##### Criteria

The auditee's responsibility per the Uniform Guidance, section 200.508 part b, is to "prepare appropriate financial statements, including the schedule of expenditures of Federal awards."

##### Condition

Our audit procedures identified misstated expenditures reported for two major programs (Temporary Assistance for Needy Families & Medical Assistance Program). The TANF program expenditures were overstated by more than \$4 million. The Medi-Cal program expenditures were understated by more than \$7 million.

##### Cause of Condition

The County's internal controls are inadequate to ensure all federal program expenditures are identified and reported accurately. The SEFA preparer relies on information from multiple departments which may or may not be complete and accurate.

##### Effect of Condition

As a result of this condition, the SEFA required material adjustments to the TANF and Medi-Cal program balances. This resulted in a change of Type A programs threshold which could affect the major programs required for testing.

##### Recommendation

The County Department of Financial Services (DFS) should establish procedures to test the accuracy and completeness of the SEFA to ensure that information provided to the auditors can be relied on to select major programs for testing.

##### Management Response

The SEFA is compiled by the Department of Financial Services (DFS) based on reporting templates distributed to financial managers of each department throughout the County. The SEFA compiled by DFS includes this departmental reported information and is reviewed by DFS staff to ensure the SEFA is complete and accurate. For the TANF Program, the total expenditures of the program were reported initially. This reported amount included the state and local cost sharing portions reported on the County's CA-800 monthly claims. The federal portion on the CA-800 claims is an estimate initially based on guidance from the state until later finalization. For the Medical Assistance program, the County reports expenditures on a quarterly County Expenditure Claim to the state which includes a local, state, federal, and Department of Health Services (DHS) expenditure components. The DHS portion has a federal cost sharing portion that needs to be included on the SEFA. The federal share of the DHS portion was not included on the initial draft of the SEFA provided to the auditors. During the fiscal year ended June 30, 2016, the staff in DFS performing the SEFA compilation and review changed from the prior year due to staff turnover.

**COUNTY OF YOLO**

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

In order to remedy the finding for the next fiscal year, DFS will perform a detailed current year to prior year analysis to ensure that the SEFA appears complete, reasonable, and large variances are investigated. DFS will also revise the SEFA template instructions and worksheets to departments to help ensure all federal expenditures were captured.

## COUNTY OF YOLO

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

#### Section 3 - Federal Award Findings

**Reference Number** 2016-003  
**Type of Finding** Significant Deficiency

**Category of Finding**  
Eligibility

**Federal Program Titles**  
Temporary Assistance for Needy Families (93.558)  
Medical Assistance Program (93.778)

#### Criteria

Under the Uniform Guidance compliance supplement, the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.

#### Condition

The County was properly requesting the Income Eligibility Verification System (IEVS) reports on an annual basis, however County caseworkers were not completing an electronic signature indicating the IEVS reports were reviewed. Other supporting documentation was reviewed indicating program participants were eligible to receive assistance. 6 of 40 TANF casefiles tested had IEVS reports filed but not signed off, indicating review and completion of report. 4 of 40 Medi-Cal participant casefiles tested had IEVS reports filed but not signed off, indicating review and completion of report.

#### Questioned Costs

There are no questioned costs associated with this condition.

#### Cause of Condition

The County is aware of this requirement but is experiencing staff shortages, thus the signoff of the IEVS reports has been an oversight.

#### Effect of Condition

The County exposes itself for risk that program participants are not eligible to receive assistance.

#### Recommendation

The County should develop policies and procedures and provide staff training to ensure the IEVS reports are signed off indicating caseworker review.

#### Management Response and Corrective Action

Caseworkers will be informed of the requirement to check IEVS on all future eligibility determinations. Supervisors will remind all staff of this requirement at upcoming team meetings. Supervisors will also be randomly reviewing 5 eligibility determinations per caseworker per month for IEVS compliance and completeness.

**COUNTY OF YOLO**

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

**Reference Number** 2016-004  
**Type of Finding** Significant Deficiency

**Category of Finding**  
Eligibility

**Federal Program Titles**  
Medical Assistance Program (93.778)

Criteria

Under the Uniform Guidance compliance supplement, the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs. Redetermination of Medicaid eligibility is to be performed for participants on an annual basis.

Condition

A redetermination of Medical Assistance Program recipient eligibility had not been performed during the fiscal year. 1 of 40 Medical Assistance Program casefiles tested did not have a current eligibility redetermination performed during fiscal year 2015-2016.

Cause of Condition

The County is aware of this requirement but is experiencing staff shortages, thus has not been able to complete the required eligibility redeterminations in a timely manner or to follow established policies for document retention.

Effect of Condition

The County did not complete timely redeterminations of eligibility requirements, which can result in ineligible participants receiving benefits.

Recommendation

The County should develop and/or hire the resources necessary so that established policies and procedures

Management Response and Corrective Action

Caseworkers will be informed of the annual reassessment requirements. Supervisors will remind all staff of the requirements at upcoming team meetings. Supervisors will also be randomly reviewing 5 reassessments per caseworker per month for completeness.

Although we have made great strides in meeting the annual reassessment requirement for all IHSS recipients, staff deficits have played a major obstacle in meeting this goal. The Yolo County Health and Human Services Agency acknowledges the importance of timely IHSS reassessments and continues to make this a high priority. Over the past few fiscal years we have seen significant increases in our reassessment compliance rate and we are confident our efforts will continue to be successful in the next year.

**COUNTY OF YOLO**

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

**Reference Number** 2015-001  
**Type of Finding** Material Weakness

**Unavailable Revenue**

Recommendation

The County Department of Financial Services (DFS) should improve its existing procedures by monitoring other County departments to ensure the other County departments are following DFS closing instructions and the County's policies for reporting revenue not meeting the County period of availability in accordance with generally accepted accounting principles as a deferred inflow of resources in its governmental funds at year-end.

Status

Condition was present in current year. See current year finding 2016-001.

**Reference Number** 2015-002  
**Type of Finding** Significant Deficiency

**Timely Preparation and Issuance of the Annual Financial Statements**

Recommendation

Management should establish a well-defined process for its annual financial reporting. The process and its key attributes (e.g., overall timing, methodology, communication with component units, segregation of duties, frequency of analyses and review by County management) should be formally documented, approved, and reviewed on a regular basis.

Status

Condition was not present in current year. Recommendation is deemed to have been implemented.

**Reference Number** 2015-003  
**Type of Finding** Significant Deficiency

**Timely Preparation and Issuance of the Annual Financial Statements**

Recommendation

The County should issue its Single Audit Report in a more timely fashion.

Status

Condition was not present in current year. Recommendation is deemed to have been implemented.

**COUNTY OF YOLO**

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

**Reference Number** 2015-004  
**Type of Finding** Significant Deficiency

**Eligibility**

Medical Assistance Program (93.778)  
Medical Assistance Program (93.778)

Recommendation

The County should develop policies and procedures and provide staff training to ensure the IEVS reports are signed off indicating caseworker review.

Status

Condition was present in current year. Recommendation is deemed to have not been implemented. See current year finding 2016-003.

**Reference Number** 2015-005  
**Type of Finding** Material Weakness

**Eligibility**

Medical Assistance Program (93.778)

Recommendation

The County should develop and/or hire the resources necessary so that established policies and procedures are operating as designed.

Status

Condition was present in current year. Recommendation is deemed to have not been implemented. See current year finding 2016-004.

**SUPPLEMENTARY SCHEDULES  
OF THE DEPARTMENT  
OF  
COMMUNITY SERVICES  
AND DEVELOPMENT  
GRANT REVENUES AND EXPENDITURES**

## COUNTY OF YOLO

Supplemental Statement of Revenue and Expenditures  
 CSD Contract No. 15F-2052 (CSBG - \$276,257)  
 For The Period January 1, 2015 through March 31, 2016

	July 1, 2014 through June 30, 2015	July 1, 2015 through December 31, 2015	Total Reported	Total Budget
<u>Revenue</u>				
Grant revenue	\$ 83,585	\$ 192,672	\$ 276,257	\$ 276,257
Total Revenue	\$ 83,585	\$ 192,672	\$ 276,257	\$ 276,257
<u>Expenditures</u>				
Administration:				
Salaries and wages	\$ 1,608	\$ 6,299	\$ 7,907	\$ 7,907
Fringe benefits	1,003	4,681	5,684	5,684
Operating expenses	1,908	--	1,908	1,908
Other costs	514	3,876	4,390	4,390
Subtotal Administrative Costs	5,033	14,856	19,889	19,889
Program Costs:				
Salaries and wages	\$ 2,652	\$ 25,369	\$ 28,021	\$ 28,021
Fringe benefits	1,610	15,352	16,962	16,962
Other costs	8,882	33,741	42,623	42,623
Subcontractor services	65,408	103,354	168,762	168,762
Subtotal Program Costs	78,552	177,816	256,368	256,368
Total Expenditures	\$ 83,585	\$ 192,672	\$ 276,257	\$ 276,257