

**COUNTY OF COLUSA,
CALIFORNIA**



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

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

Table of Contents

	Page
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.	1-2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance..	3-5
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2016.	6-8
Notes to Schedule of Expenditures of Federal Awards.....	9-10
Schedule of Findings and Questioned Costs.	11-14
Schedule of Prior Year Findings and Questioned Costs.	15
Management's Corrective Action Plan.	16-18
Supplemental Schedules.	19-20

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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 Board of Supervisors and Grand Jury
County of Colusa
Colusa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Colusa, California, (County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 7, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2016-001)

To the Board of Supervisors and Grand Jury
County of Colusa
Colusa, California

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2016-002 and 2016-003)

Compliance and Other Matters

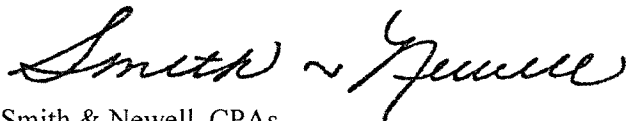
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 Responses to Findings

The County's responses to the findings identified in our audit are 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 them.

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.

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Smith & Newell, CPAs
Yuba City, California
March 7, 2017

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

To the Board of Supervisors and Grand Jury
County of Colusa
Colusa, California

Report on Compliance for Each Major Federal Program

We have audited the County of Colusa, California's (County) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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.

To the Board of Supervisors and Grand Jury
County of Colusa
Colusa, California

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which 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 2016-004. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding 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.

Report on Internal Control Over Compliance

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

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

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

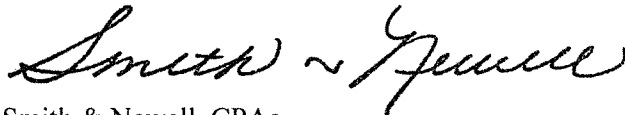
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

To the Board of Supervisors and Grand Jury
County of Colusa
Colusa, California

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County of Colusa, California, 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 March 7, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Supplemental Schedules have not been subjected to auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

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Smith & Newell, CPAs
Yuba City, California
March 7, 2017

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

Federal Program/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
State Department of Social Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10-Unknown	\$ -	\$ 410,263
State Controller's Office: Schools and Roads - Grants to States	10.665	-	-	49,416
Total Forest Service Schools and Roads Cluster			-	49,416
Total U.S. Department of Agriculture			-	459,679
Department of Housing and Urban Development				
State Department of Housing and Community Development: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	12-EDOC-8491	-	52,100
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	12-CDBG-8377	-	16,100
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	15-CDBG-10570	-	27,605
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	-	-	6,537,696
Subtotal 14.228			-	6,633,501
Home Investment Partnerships Program	14.239	-	-	89,148
Total Department of Housing and Urban Development			-	6,722,649
U.S. Department of the Interior				
Direct Program: Payments in Lieu of Taxes	15.226	-	-	249,305
Total U.S. Department of the Interior			-	249,305
U.S. Department of Justice				
Direct Program: Drug Court Discretionary Grant Program	16.585	-	-	10,000
State Emergency Management Agency: Crime Victim Assistance	16.575	VW 1419 0060	-	67,553
Total U.S. Department of Justice			-	77,553

See accompanying Notes to Schedule of Expenditures of Federal Awards

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

Federal Program/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
State Department of Transportation:				
Highway Planning and Construction	20.205	BRLO-5915 (048)	\$ -	\$ 48,778
Highway Planning and Construction	20.205	BRLO-5915 (054)	-	4,514
Highway Planning and Construction	20.205	BRLO-5915 (055)	-	8,166
Highway Planning and Construction	20.205	BRLO-5915 (056)	-	1,277
Subtotal 20.205			-	62,735
Total U.S. Department of Transportation			-	62,735
U.S. Department of Health and Human Services				
State Department of Aging and CSU Chico:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	IIIB-0212-16	-	12,302
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	IIIC-025-16	-	41,604
Nutrition Services Incentive Program	93.053	IIIC-025-16	-	7,525
Total Aging Cluster			-	61,431
State Department of Social Services:				
Promoting Safe and Stable Families	93.556	93-Unknown	-	17,179
Temporary Assistance for Needy Families	93.558	93-Unknown	-	1,254,594
Stephanie Tubbs Jones Child Welfare Services Program	93.645	93-Unknown	-	14,539
Foster Care - Title IV-E	93.658	93-Unknown	-	480,673
Adoption Assistance	93.659	93-Unknown	-	334,261
Social Services Block Grant	93.667	93-Unknown	-	24,837
Chafee Foster Care Independence Program	93.674	93-Unknown	-	19,987
State Department of Child Support Services:				
Child Support Enforcement	93.563	93-Unknown	-	393,010
State Department of Alcohol and Drug Programs:				
Block Grants for Community Mental Health Services	93.958	93-Unknown	-	54,100
Block Grants for Prevention and Treatment of Substance Abuse	93.959	93-Unknown	-	419,504
State Department of Health Services:				
Public Health Emergency Preparedness	93.069	93-Unknown	-	122,233
Immunization Cooperative Agreements	93.268	93-Unknown	-	32,600
Children's Health Insurance Program	93.767	93-Unknown	-	50,813
National Bioterrorism Hospital Preparedness Program	93.889	93-Unknown	-	105,099
Maternal and Child Health Services Block Grant to the States	93.994	93-Unknown	-	80,010
Medical Assistance Program	93.778	93-Unknown	-	1,347,676

See accompanying Notes to Schedule of Expenditures of Federal Awards

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

Federal Program/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
State Department of Community Services and Development:				
Community Services Block Grant	93.569	14F-3011	\$ -	\$ 193
Community Services Block Grant	93.569	15F-2011	-	2,000
Community Services Block Grant	93.569	16F-5011	-	1,065
Subtotal 93.569			-	3,258
Total U.S. Department of Health and Human Services			-	4,815,804
Department of Homeland Security				
State Department of Emergency Services				
Emergency Management Performance Grants	97.042	2015-0049	-	69,858
Cooperating Technical Partners	97.045	EMW-2014-CA-00121-S01	-	12,286
Cooperating Technical Partners	97.045	EMW-2015-CA-00051-S01	-	11,661
Subtotal 97.045			-	23,947
Homeland Security Grant Program	97.067	2014-00093	-	94,029
Homeland Security Grant Program	97.067	2015-00078	-	903
Subtotal 97.067			-	94,932
Total Department of Homeland Security			-	188,737
Total			\$ -	\$ 12,576,462

See accompanying Notes to Schedule of Expenditures of Federal Awards

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

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Colusa (County). The County 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 of Expenditures of Federal Awards. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the County.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the County financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements. In addition, the outstanding balance of prior years' loans that have significant continuing compliance requirements have been included in total federal expenditures.

3. INDIRECT COST RATE

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

4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

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

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

6. PASS -THROUGH ENTITIES' IDENTIFYING NUMBER

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

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

7. LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs require servicing arrangements with the County. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Section 200.510 of the Uniform Guidance, the County has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2016, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2016:

Federal CFDA	Program Title	Amount Outstanding	
		July 1, 2015	June 30, 2016
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 6,537,696	\$ 6,581,402
14.239	Home Investment Partnerships Program	89,148	89,370
	Total	<u>\$ 6,626,844</u>	<u>\$ 6,670,772</u>

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

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements	<u>Status</u>
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?	Yes
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	Yes
4. Identification of major programs:	
14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	
15.226 Payments In Lieu of Taxes	
93.778 Medical Assistance Program	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$ 750,000
6. Auditee qualified as a low-risk auditee under OMB Circular 2 CFR Section 200.520?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

Prior Period Adjustments	2016-001
Capital Assets	2016-002
Solid Waste	2016-003

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	2016-004
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COUNTY OF COLUSA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

2016-001 Prior Period Adjustments (Material Weakness)

Condition

The County recorded prior period adjustments to correct a prior year understatement of deferred inflows of resources and a prior year overstatement of net pension liability.

Cause

During the current year, the County identified deferred inflows of resources for housing and business loan payments that had been recognized as revenues. In addition, the County determined that the net pension liability was incorrectly recorded in the Solid Waste enterprise fund.

Criteria

GASB Statement No. 65 states that when an asset is recorded in the governmental fund financial statements but the revenue is not available, a deferred inflow of resources should be reported until the revenue becomes available. In addition, the Solid Waste enterprise fund activity has been outsourced and the pension liability should be reviewed.

Effect of Condition

Deferred inflows of resources were understated and required adjustment and net pension liability was overstated and required adjustment.

Recommendation

We recommend that the County review the GASB statements and ensure that items are properly classified.

2016-002 Capital Assets (Significant Deficiency)

Condition

During our audit we noted that the County's schedule of land contained unidentified costs totaling \$311,830. This is a repeat of a prior year finding.

Cause

The County has not completed a review of the historical cost or estimated historical cost of all land owned by the County.

Criteria

Good internal control over capital assets requires that all capital assets be properly identified and recorded.

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

2016-002 Capital Assets (Significant Deficiency) (Continued)

Effect of Condition

Errors in the capital assets listing can result in material misstatements of the financial statements.

Recommendation

We recommend that the County verify that all properties owned are properly recorded at historical cost or estimated historical cost.

2016-003 Solid Waste (Significant Deficiency)

Condition

The Solid Waste enterprise fund had a deficit net position of \$3,278,794 after adjusting the closure/postclosure liability at June 30, 2016. We noted that the County had adopted a pledge of revenue as a mechanism to demonstrate financial responsibility to fund the Evans Road postclosure costs, however, we noted no pledge of revenue for the Stonyford landfill. This is a repeat of a prior year finding.

Cause

The County Solid Waste enterprise fund has not adequately funded the closure/postclosure liability.

Criteria

The County is required by State and Federal laws and regulations to adequately fund or demonstrate financial responsibility for the closure/postclosure liability.

Effect of Condition

The Solid Waste enterprise fund has an unfunded closure/postclosure liability.

Recommendation

We recommend that the County continue to monitor the funding provisions for this liability to ensure that appropriate steps are taken to ultimately fund this liability. We also recommend that the County ensure that an acceptable mechanism is in place to demonstrate financial responsibility for the closure/postclosure costs for the Stonyford landfill.

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

2016-004

Name: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
CFDA #: 14.228
Federal Grantor: U.S. Department of Housing and Urban Development
Pass Through Entity: State Department of Housing and Community Development
Award No.: Various
Year: 2015/16

Condition

During our audit of Grant Number 12-CDBG-8377 we noted that the department was not effectively reconciling funding requests to the County general ledger which resulted in the same expenditure being requested for reimbursement on two separate funding requests.

Perspective

Funding requests were not being effectively reconciled to the County general ledger.

Criteria

Grant accounting for the CDBG program requires that funding requests only be made for actual expenditures related to the grant.

Effect of Condition

The Department requested reimbursement for the same expenditure on two separate funds requests.

Questioned Costs

The questioned costs are \$95,336.

Recommendation

We recommend that the Department reconcile each fund request to the general ledger to verify that expenditures are not reported duplicate times.

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

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
2015-001	Capital Assets Recommendation We recommend that the County verify that all properties owned are properly recorded at actual historical cost or estimated historical cost. Status Not Implemented
2015-002	Solid Waste Recommendation We recommend that the County continue to monitor the funding provisions for this liability to ensure that appropriate steps are taken to ultimately fund this liability. We also recommend that the County ensure that an acceptable mechanism is in place to demonstrate financial responsibility for the closure/postclosure costs for the Stonyford landfill. Status Not Implemented
2015-003	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Recommendation We recommend that the Department reconcile each fund requests to the general ledger to verify that expenditures are not reported duplicate times. Status Not Implemented

COUNTY OF COLUSA
Management's Corrective Action Plan
For the Year Ended June 30, 2016

2016-001 Prior Period Adjustments (Material Weakness)

We recommend that the County review the GASB statements and ensure that items are properly classified.

Responsible Individual: Auditor-Controller staff

Corrective Action Plan: A number of years ago, based on information at that time, the County changed their practice of showing deferred inflows within the Community Development Block Grant (CDBG) funds to showing all activity directly into revenue and expenditure accounts. It was brought to our attention during the 2016 audit that CDBG is requesting that we go back to our old process of showing deferred inflows where applicable. This caused the need for a prior period adjustment.

The pension liability was calculated for the County during the 2015 financial audit and the respective portion of that liability was booked into each of the Enterprise funds. Even though there are no longer employees in this fund, the County still maintains there is a pension liability for Solid Waste retirees that should be reflected. In this rare circumstance, since no active employees currently exist, a new allocation mechanism will need to be determined in order to apportion part of the pension liability to this fund.

Anticipated Completion Date: June 30, 2017

2016-002 Capital Assets (Significant Deficiency)

We recommend that the County verify that all properties owned are properly recorded at actual historical cost or estimated historical cost.

Responsible Individual: Auditor-Controller staff in conjunction with Assessor and Clerk-Recorder staff

Corrective Action Plan: The County Auditor-Controller has developed a complete listing of all land owned by the County, which includes the Assessor parcel numbers. However, much of the land was purchased in the 1800's and in subsequent years. Detailed records regarding land purchases (date of purchase and cost of each item) were not maintained until the last 30 or 40 years. We are in the process of developing a system to identify, date and value the land with the resources that we have available. If actual records are not available, we are working with County appraisers to develop estimated historical costs. We will work diligently to complete this project as time permits. This is a long-term project and requires assistance from the County Assessor and County Clerk-Recorder.

Anticipated Completion Date: Long-term as time permits

COUNTY OF COLUSA
Management's Corrective Action Plan
For the Year Ended June 30, 2016

2016-003 Solid Waste (Significant Deficiency)

We recommend that the County continue to monitor the funding provisions for this liability to ensure that appropriate steps are taken to ultimately fund this liability. We also recommend that the County ensure that an acceptable mechanism is in place to demonstrate financial responsibility for the closure/postclosure costs for the Stonyford landfill.

Responsible Individual: Chief Administrative Officer, Board of Supervisors, Public Works, and Auditor-Controller staff

Corrective Action Plan: Separate closure/post-closure funds were established in 1989; Stonyford Landfill (fund #04003) and Evans Landfill (fund #04004). These two funds are adequately funded on an annual basis. The Board of Supervisors is kept apprised of the large deficit fund balance in the Solid Waste Enterprise fund (#04000), and has taken action to increase revenues and reduce the deficit. The Board continues to analyze possible rate increases, and alternate plans for the solid waste operation. They acknowledge the need to reduce the deficit as it would ultimately be a liability of the General fund. However, they realize the deficit reduction will take a number of years. If the fees are increased at too fast a rate, the current users would find a less expensive option for their landfill needs. As a consequence, the Solid Waste Enterprise cash balance has increased significantly.

In the 2013-14 fiscal year, in an attempt to resolve some of the financial issues, Recology Butte Colusa Counties, Inc. entered into two franchise contract modifications with Colusa County to provide services for the collection of solid waste, recyclable materials, and the operation of the Maxwell Transfer Station. Basically, the modifications required Recology to provide certain improvements to the Maxwell Transfer Station and take over certain personnel and other operation responsibilities, which they have done. Colusa County no longer has Solid Waste Enterprise Fund employees.

Discussions will be held with the Chief Administrative Officer, Board of Supervisors, and Public Works personnel with a recommendation for the Board to adopt a "Resolution of Financial Responsibility" for the Stonyford landfill.

Anticipated Completion Date: June 30, 2017

COUNTY OF COLUSA
Management's Corrective Action Plan
For the Year Ended June 30, 2016

**2016-004 Community Development Block Grants/State's Program and Non-Entitlement Grants
in Hawaii**

We recommend that the Department reconcile each fund requests to the general ledger to verify that expenditures are not reported duplicate times.

Responsible Individual: Auditor-Controller staff in conjunction with Ag Department staff

Corrective Action Plan: The Auditor-Controller's Office, in conjunction with the Ag Department, who oversees this grant project, will conduct an internal audit of the entire grant. We will be sure that we can tie out all grant activity from the general ledgers to the funding requests to the subsequent receipt of reimbursement. Any discrepancies will be noted and followed-up on in order to correct any errors.

Anticipated Completion Date: June 30, 2017

Supplemental Schedules

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COUNTY OF COLUSA
Supplemental Schedule
California Department of Aging (CDA)
For the Year Ended June 30, 2016

A reconciliation of accrual basis expenditures as reported on the Financial Closeout Report to cash basis expenditures confirmed as of June 30, 2016 follows:

Program		Federal CFDA Number	Total Expenditures	Accrual Adjustments	Confirmed Amount
IIIB	Transportation	93.044	\$ 9,302	\$ -	\$ 9,302
IIIB	Transportation One Time Only	93.044	3,000	-	3,000
IIIC-1	Congregate	93.045	9,530	-	9,530
IIIC-1	Congregate One Time Only	93.045	-	-	-
IIIC-1	Congregate Nutrition Services Incentive Program One Time Only	93.045	-	-	-
IIIC-1	Congregate Nutrition Services Incentive Program	93.053	2,074	-	2,074
IIIC-2	Home Delivered Meals	92.045	28,939	-	28,939
IIIC-2	Home Delivered Meals One Time Only	93.045	3,135	-	3,135
IIIC-2	Home Delivered Meals, Nutrition Services Incentive	93.053	5,151	-	5,151
IIIC-2	Home Delivered Meals Nutrition Services Incentive Program One Time Only	93.053	300	-	300
Total Expenditures of CDA Federal Awards			<u>\$ 61,431</u>	<u>\$ -</u>	<u>\$ 61,431</u>

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

The following schedule represents expenditures for U.S. Department of Justice grants passed through the State of California, Emergency Management Agency (CalEMA), as well as CalEMA funded grant expenditures for the year ended June 30, 2016. This information is included in the County's single audit report at the request of CalEMA.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2015	For the Year Through June 30, 2016	Cumulative As Of June 30, 2016	Federal Share	State Share	County Share
<u>VW1520006 - Victim Witness Assistance</u>						
Personal services	\$ -	\$ 101,004	\$ 101,004	\$ 67,553	\$ 33,451	\$ -
Operating expenses	-	17,987	17,987	-	17,987	-
Equipment	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 118,991</u>	<u>\$ 118,991</u>	<u>\$ 67,553</u>	<u>\$ 51,438</u>	<u>\$ -</u>