

COUNTY OF SACRAMENTO, CALIFORNIA

**Single Audit Report
(Uniform Guidance)**

For the Fiscal Year Ended June 30, 2017

COUNTY OF SACRAMENTO, CALIFORNIA

**SINGLE AUDIT REPORT
(UNIFORM GUIDANCE)**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Board of Supervisors
County of Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Sacramento (County), California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2017. Our report included an emphasis of a matter paragraph regarding the settlement of a lawsuit involving the County alleging breach of contract. The primary elements of the settlement agreement consist of an agreed obligation to be paid by the County in the amount of \$93.6 million over a fifteen (15) year period.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

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 Standard*.

County's Responses to Findings

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
November 30, 2017



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Board of Supervisors
County of Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited the County of Sacramento, 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, 2017. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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, 2017.

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 items 2017-002 through 2017-004. Our opinion on each major federal program is not modified with respect to these matters

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and separate corrective action plan. 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 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 item 2017-002 that we consider to be a significant deficiency.

The County's responses to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the responses.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 30, 2017, which contained unmodified opinions on those financial statements. Our report included an emphasis of matter paragraph regarding the settlement of a lawsuit involving the County alleging breach of contract. The primary elements of the settlement agreement consist of an agreed obligation to be paid by the County in the amount of \$93.6 million over a fifteen (15) year period. 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

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
March 9, 2018

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASSED THROUGH GRANT PROGRAM TITLE/CLUSTER	FEDERAL CFDA NUMBER	DIRECT/PASS-THROUGH AGENCY GRANT NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<u>SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) CLUSTER</u>				
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF PUBLIC HEALTH</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16-10169	\$ 1,857,327	\$ 858,342
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF SOCIAL SERVICES</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - SNAP E&T 50% Participant Reimbursement - CalFresh Employment or Training Program Supply of Service	10.561	16167CACA4S2514	23,386	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - SNAP E&T 50% - CalFresh Employment or Training Program	10.561	16167CACA4S2514	714,735	191,214
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program- SNAP Employment & Training (E&T) 100% - CFET	10.561	16167CACA4S2514	593,897	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - SNAP State Administrative Expense - CalFresh	10.561	16167CACA4S2514	33,585,439	155,540
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - CalFresh (Food Stamps) – CalWIN Project	10.561	16167CACA4S2514	1,452,567	-
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) CLUSTER TOTAL			<u>38,227,351</u>	<u>1,205,096</u>
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE</u>				
Plant and Animal Disease, Pest Control, and Animal Care - European Grape Vine	10.025	16-0698-SF	78,936	-
Plant and Animal Disease, Pest Control, and Animal Care - Glassy-winged Sharpshooter (GWSS)	10.025	16-0503-SF	213,296	-
Plant and Animal Disease, Pest Control, and Animal Care - High Risk Pest Exclusion	10.025	16-0028	30,971	-
Plant and Animal Disease, Pest Control, and Animal Care - Light Brown Apple Moth Pest Detection (LBAM I)	10.025	15-0509-SF	5,040	-
Plant and Animal Disease, Pest Control, and Animal Care - Light Brown Apple Moth Pest Detection (LBAM II)	10.025	16-0446-SF	5,219	-
Plant and Animal Disease, Pest Control, and Animal Care - Light Brown Apple Moth Regulatory (LBAM I)	10.025	16-0534-SF	40,845	-
Plant and Animal Disease, Pest Control, and Animal Care - Light Brown Apple Moth Regulatory (LBAM II)	10.025	15-0470-SF	15,676	-
Plant and Animal Disease, Pest Control, and Animal Care - Nursery	10.025	16-0303-SA	7,390	-
Plant and Animal Disease, Pest Control, and Animal Care - Organic	10.025	16-0247-SA	1,130	-
Plant and Animal Disease, Pest Control, and Animal Care - Sudden Oak Death (SOD)	10.025	16-0394-SF	43,141	-
Plant and Animal Disease, Pest Control, and Animal Care - Dog Team Inspections	10.025	16-0208-SF	296,139	-
Plant and Animal Disease, Pest Control, and Animal Care - Pest Detection	10.025	16-0113-1	432,937	-
CATALOG TOTAL			<u>1,170,720</u>	<u>-</u>
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF PUBLIC HEALTH</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10107	5,106,396	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>44,504,467</u>	<u>1,205,096</u>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASSED THROUGH GRANT PROGRAM/TITLE/CLUSTER	FEDERAL CFDA NUMBER	DIRECT/PASS-THROUGH AGENCY GRANT NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF DEFENSE</u>				
<u>DIRECT PROGRAMS</u>				
Public Benefit Land Conveyance- Mather Dam	12.UNKNOWN	N/A	\$ 466,457	\$ -
Defense Environmental Restoration Program - Environmental Services Cooperative Agreement (ESCA) – ESCA # 4	12.FA8903-09-2-0002	FA8903-09-2-0002	2,395,731	-
Defense Environmental Restoration Program - Environmental Services Cooperative Agreement (ESCA) – ESCA # 5	12.Mc Clellan Foset #2 ESCA	Mc Clellan Foset #2 ESCA	3,442,308	-
Defense Environmental Restoration Program - Environmental Services Cooperative Agreement (ESCA) – ESCA # 6	12.Mc Clellan Foset #3 ESCA	Mc Clellan Foset #3 ESCA	1,349,199	-
CATALOG TOTAL			<u>7,187,238</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>7,653,695</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<u>DIRECT PROGRAMS</u>				
Continuum of Care Program - Volunteers of America - Adolfo Transitional Housing Program for Emancipated Youth	14.267	CA0130L9T031508	264,779	264,779
<u>COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) ENTITLEMENT GRANTS CLUSTER</u>				
<u>PASSED THROUGH SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY</u>				
Community Development Block Grants/Entitlement Grants - (CDBG I)	14.218	B-14-UC-06-0005	416,532	-
Community Development Block Grants/Entitlement Grants - (CDBG II)	14.218	B-14-UC-06-0005	304,287	-
Community Development Block Grants/Entitlement Grants - (CDBG III)	14.218	B-14-UC-06-0005	419,458	-
Community Development Block Grants/Entitlement Grants - (CDBG IV)	14.218	B-13-UC-06-0005	656	-
Community Development Block Grants/Entitlement Grants - (CDBG V)	14.218	B-14-UC-06-0005	31,045	-
Community Development Block Grants/Entitlement Grants - (CDBG VI)	14.218	B-17-UC-06-0005	8,864	-
Community Development Block Grants/Entitlement Grants - (CDBG VII)	14.218	B-16-UC-06-0005	94,573	-
Community Development Block Grants/Entitlement Grants - (CDBG VIII)	14.218	B-16-UC-06-0005	53,316	-
Community Development Block Grants/Entitlement Grants - (CDBG IX)	14.218	B-16-UC-06-0005	30,837	-
Community Development Block Grants/Entitlement Grants - (CDBG X)	14.218	B-14-UC-06-0005	53,316	-
Community Development Block Grants/Entitlement Grants - (CDBG XI)	14.218	B-16-UC-06-0005	5,842	-
Community Development Block Grants/Entitlement Grants - (CDBG XII)	14.218	B-15-UC-06-0005	38,755	-
COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG) ENTITLEMENT GRANTS CLUSTER TOTAL			<u>1,457,481</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1,722,260</u>	<u>264,779</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>				
<u>DIRECT PROGRAMS</u>				
Wild Horse and Burro Resource Management - Wild Horse Training Grant	15.229	L13AC00086	170,835	-
Partners for Fish and Wildlife - Partners for Fish and Wildlife 2012	15.631	F12AS00014	1,072	-
Partners for Fish and Wildlife	15.631	F14AC00496	18,650	-
CATALOG TOTAL			<u>19,722</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF INTERIOR			<u>190,557</u>	<u>-</u>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASSED THROUGH GRANT PROGRAM TITLE/CLUSTER	FEDERAL CFDA NUMBER	DIRECT/PASS-THROUGH AGENCY GRANT NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<u>DIRECT PROGRAMS</u>				
Domestic Cannabis Eradication and Suppression Program (DCESP I)	16.2016-40	2016-40	\$ 32,583	\$ -
Drug Court Discretionary Grant Program - Adult Drug Court Discretionary Grant	16.585	2014-DC-BX-0003	133,354	-
Missing Children's Assistance - Internet Crimes Against Children (I)	16.543	2013-MC-FXK004	10,776	-
Missing Children's Assistance - Internet Crimes Against Children (II)	16.543	2016-MC-FX-K020	380,053	47,729
CATALOG TOTAL			390,829	47,729
State Criminal Alien Assistance Program	16.606	2016-AP-BX-0219	464,997	-
Public Safety Partnership and Community Policing Grants - Community Oriented Policing Services (COPS) Anti-Gang Initiative Program	16.710	2015-GV-WX-0006	340,433	-
PREA Program: Demonstration Projects to Establish "Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities - Prison Rape Elimination Act (PREA)	16.735	2015-RP-BX-0001	156,874	-
Edward Byrne Memorial Justice Assistance Grant Program - 2015	16.738	2015-0495	216,788	-
DNA Backlog Reduction Program - 2015 DNA Capacity Enhancement and Backlog Reduction Program	16.741	2015 DN BX 0111	403,343	-
Equitable Sharing Program	16.922	N/A	1,534,225	-
<u>PASSED THROUGH BOARD OF STATE & COMMUNITY CORRECTIONS (BSCC)</u>				
Juvenile Accountability Block Grant - (JABG) Evidence Based Practices (EBP) Training	16.523	BSCC 223-15	17,765	-
<u>PASSED THROUGH GOVERNOR'S OFFICE OF EMERGENCY SERVICES</u>				
Crime Victim Assistance - County Victim Services Program	16.575	XC 16 01 0340	452,313	389,722
Crime Victim Assistance - Human Trafficking and Advocacy (I)	16.575	HA 16 03 0340	52,823	-
Crime Victim Assistance - Human Trafficking and Advocacy (II)	16.575	HA 15 02 0340	36,402	-
Crime Victim Assistance - Unserved/Underserved Victim Advocacy/Outreach (I)	16.575	UV 16 02 0340	31,331	-
Crime Victim Assistance - Unserved/Underserved Victim Advocacy/Outreach (II)	16.575	UV 15 01 0340	139,718	-
Crime Victim Assistance - Victim Witness Assistance Program	16.575	VW 16 35 0340	1,075,912	-
CATALOG TOTAL			1,788,499	389,722
Violence Against Women Formula Grants - Violence Against Women Vertical Prosecution	16.588	VV 16 08 0340	202,545	-
Residential Substance Abuse Treatment for State Prisoners (RSAT)	16.593	BSCC 528-16	155,853	-
Paul Coverdell Forensic Sciences Improvement Grant Program - Paul Coverdell FSIA (CA Coverdell I)	16.742	CQ 16 12 0340	10,166	-
Paul Coverdell Forensic Sciences Improvement Grant Program - Paul Coverdell FSIA (CA Coverdell II)	16.742	CQ 15 11 0340	8,847	-
CATALOG TOTAL			19,013	-
TOTAL U.S. DEPARTMENT OF JUSTICE			5,857,101	437,451

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASSED THROUGH GRANT PROGRAM TITLE/CLUSTER	FEDERAL CFDA NUMBER	DIRECT/PASS-THROUGH AGENCY GRANT NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<u>DIRECT PROGRAMS</u>				
Airport Improvement Program (I)	20.106	3-06-0204-56-2016	\$ 14,762,033	\$ -
Airport Improvement Program (II)	20.106	3-06-0363-019-2016	770,624	-
CATALOG TOTAL			<u>15,532,657</u>	<u>-</u>
<u>HIGHWAY PLANNING AND CONSTRUCTION CLUSTER</u>				
<u>PASSED THROUGH STATE DEPARTMENT OF TRANSPORTATION</u>				
Highway Planning and Construction - Regional Surface Transportation Program (I)	20.205	03-5924R	1,264,485	-
Highway Planning and Construction - Regional Surface Transportation Program (II)	20.205	03-5924R	775,703	-
Highway Planning and Construction - Moving Ahead for Progress in the 21st Century Act (MAP-21 I)	20.205	03-5924R	5,925,083	-
Highway Planning and Construction - Moving Ahead for Progress in the 21st Century Act (MAP-21 II)	20.205	03-5924R	5,783,622	-
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER TOTAL			<u>13,748,893</u>	<u>-</u>
<u>HIGHWAY SAFETY CLUSTER</u>				
<u>PASSED THROUGH STATE DEPARTMENT OF TRAFFIC SAFETY</u>				
National Priority Safety Programs - Alcohol and Drug Impaired Driver Vertical Prosecution Program (I)	20.616	DI 1612	231,836	-
National Priority Safety Programs - Alcohol and Drug Impaired Driver Vertical Prosecution Program (II)	20.616	DI 1709	498,961	-
National Priority Safety Programs - Selective Traffic Enforcement and Multilingual Child Passenger Safety Program (I)	20.616	OP 1617	104,671	-
National Priority Safety Programs - Selective Traffic Enforcement and Multilingual Child Passenger Safety Program (II)	20.616	OP 1708	94,309	-
National Priority Safety Programs - Traffic Safety Resource Prosecutor Program	20.616	AL 1606	156,407	-
HIGHWAY SAFETY CLUSTER TOTAL			<u>1,086,184</u>	<u>-</u>
<u>PASSED THROUGH STATE DEPARTMENT OF TRAFFIC SAFETY</u>				
Selective Traffic Enforcement Program	20.608	PT 17104	43,104	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - Enhanced Forensic Laboratory Support for Prosecution of Alcohol and Drug Impaired Drivers	20.608	AL 1605	2,864	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - Forensic Laboratory Impairment Program	20.608	AL 1725	170,739	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - Impaired Driving Awareness and Education Program	20.608	AL 1716	146,535	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - Intensive Probation Supervision For High Risk Felony & Repeat DUI Offender (I)	20.608	AL 1649	84,022	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - Intensive Probation Supervision For High Risk Felony & Repeat DUI Offender (II)	20.608	AL 1707	322,433	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - Avoid Driving Under the Influence Program	20.608	AL 1637	17,859	-
CATALOG TOTAL			<u>787,556</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>31,155,290</u>	<u>-</u>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASSED THROUGH GRANT PROGRAM TITLE/CLUSTER	FEDERAL CFDA NUMBER	DIRECT/PASS-THROUGH AGENCY GRANT NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>				
<u>HEALTH CENTER PROGRAM CLUSTER</u>				
<u>DIRECT PROGRAMS</u>				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless and Public Housing Primary Care) - McKinney Homeless Grant	93.224	H80CS00045	\$ 1,469,151	\$ -
HEALTH CENTER PROGRAM CLUSTER TOTAL			<u>1,469,151</u>	<u>-</u>
HIV Emergency Relief Projects Grants - Ryan White Part A (I)	93.914	H89HA00048	998,305	899,777
HIV Emergency Relief Projects Grants - Ryan White Part A (II)	93.914	H89HA00048	2,480,528	2,163,901
CATALOG TOTAL			<u>3,478,833</u>	<u>3,063,678</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance - Room for Dads Project	93.243	5H79TI026101-02	160,957	160,202
Centers for Disease Control and Prevention Investigations and Technical Assistance - Centers for Disease Control and Prevention (CDC) BioSense 2.0	93.283	5U500E000015-03	6,937	-
<u>AGING CLUSTER</u>				
<u>PASSED THROUGH AREA 4 AGENCY ON AGING</u>				
Special Programs for the Aging, Title III, Part B Grants for Supportive Service and Senior Centers - Area 4 Agency on Aging (A4AA I)	93.044	1100-46-01-17	72,730	-
Special Programs for the Aging, Title III, Part B Grants for Supportive Service and Senior Centers - Area 4 Agency on Aging (A4AA II)	93.044	1100-46-01-17	2,913	-
AGING CLUSTER TOTAL			<u>75,643</u>	<u>-</u>
<u>MEDICAID CLUSTER</u>				
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES</u>				
Medical Assistance Program - Child Health Disability Protection (CHDP) - Medi-Cal and Foster Care	93.778	2016-2017	1,274,111	-
Medical Assistance Program - Medi-Cal	93.778	1605CA5ADM	35,658,748	-
Medical Assistance Program - Medi-Cal - CalWin Project	93.778	1405CA5ADM	4,266,548	-
Medical Assistance Program - Medi-Cal - Outreach and Enrollment - AB 82	93.778	1405CA5ADM	58,829	45,767
SUBTOTAL			<u>41,258,236</u>	<u>45,767</u>
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF SOCIAL SERVICES</u>				
Medical Assistance Program - Adult Protective Services	93.778	County 34	4,788,122	175,402
Medical Assistance Program - Child Welfare Services - Title XIX	93.778	County 34	2,321,889	-
Medical Assistance Program - Community Services Block Grant (CSBG)	93.778	County 34	421,239	-
Medical Assistance Program - In-Home Support Services (IHSS)	93.778	County 34	14,974,739	380,821
MEDICAID CLUSTER TOTAL			<u>63,764,225</u>	<u>601,990</u>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASSED THROUGH GRANT PROGRAM TITLE/CLUSTER	FEDERAL CFDA NUMBER	DIRECT/PASS-THROUGH AGENCY GRANT NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (CONTINUED)</u>				
<u>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) CLUSTER</u>				
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF SOCIAL SERVICES</u>				
Temporary Assistance for Needy Families - Child Welfare Service - Emergency Assistance (EA) (TANF)	93.558	County 34	\$ 12,416,111	\$ -
Temporary Assistance for Needy Families - CalWORKS (TANF)	93.558	1601CATANF	76,408,041	9,159,471
Temporary Assistance for Needy Families - CalWORKS (TANF) - Approved Relative Care (ARC)	93.558	1601CATANF	218,508	-
Temporary Assistance for Needy Families - CalWORKS (TANF) - CalWIN Project	93.558	1601CATANF	795,655	-
Temporary Assistance for Needy Families - CalWORKS (TANF) - Federal	93.558	1601CATANF	38,576,961	-
Temporary Assistance for Needy Families - CalWORKS (TANF) - Incentives	93.558	1601CATANF	55,374	-
Temporary Assistance for Needy Families - CalWORKS (TANF) - Stage One Child Care	93.558	1601CATANF	10,692,628	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) CLUSTER Total			<u>139,163,278</u>	<u>9,159,471</u>
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES</u>				
Children's Health Insurance Program- California Children's Services (CCS) - TCLIP	93.767	N/A	760,133	-
HIV Prevention Activities Health Department Based - HIV Prevention Program	93.940	15-10945	517,071	256,482
Block Grants for Prevention and Treatment of Substance Abuse Alcohol & Drug - Substance Abuse Prevention & Treatment (SAPT)	93.959	14-90086	6,426,462	3,106,494
Maternal and Child Health Services Block Grant to the States - California Children's Services	93.994	N/A	3,804,519	-
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF PUBLIC HEALTH</u>				
Maternal and Child Health Services Block Grant to the States - Black Infant Health (BIH)	93.994	201634	467,055	-
Maternal and Child Health Services Block Grant to the States - California Home Visiting Program (CHVP)	93.994	15-10167 A01	1,544,002	-
Maternal and Child Health Services Block Grant to the States - Maternal, Child & Adolescent Health (MCAH)	93.994	201634	355,798	37,732
CATALOG TOTAL			<u>6,171,374</u>	<u>37,732</u>
Public Health Emergency Preparedness - Public Health Emergency Preparedness (PHEP)	93.069	14-10532 A02	1,384,252	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements - Ebola Preparedness and Response	93.074	15-10377 A01	45,214	-
Affordable Care Act (ACA) Personal Responsibility Education Program - Personal Responsibility Education Program (PREP)	93.092	15-10305 A01	147,826	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs - Tuberculosis (TB) Program	93.116	TB Base Award	419,201	-
Immunization Cooperative Agreements - Immunization Assistance Program (IAP)	93.268	15-10443	388,533	-
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke - Center for Disease Control 1305 Prevention First	93.757	14-10944 A01	222,973	-
National Bioterrorism Hospital Preparedness Program - Hospital Preparedness Program (HPP)	93.889	14-10532 A0	429,446	8,000
HIV Care Formula Grants - HIV Care Program Part B & Minority AIDS Initiative (MAI)	93.917	15-11070 A01/16-10855	1,829,519	1,654,529
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - Refugee Health Assessment Program	93.566	15-34-90840-00	1,624,269	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - Refugee Health Promotion Project	93.566	16-34-90893-00	53,055	-

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASSED THROUGH GRANT PROGRAM TITLE/CLUSTER	FEDERAL CFDA NUMBER	DIRECT/PASS-THROUGH AGENCY GRANT NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (CONTINUED)</u>				
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF SOCIAL SERVICES</u>				
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - Refugee and Entrant Assistance (RCA)	93.566	1601CARCMA	\$ 46,849	\$ -
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - Refugee and Entrant Assistance (RCA)	93.566	1601CARSOC	1,590,193	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs - Refugee and Entrant Assistance (RCA) - CalWIN Project	93.566	1601CARCMA	980	-
CATALOG TOTAL			<u>3,315,346</u>	<u>-</u>
Guardianship Assistance - Kinship Guardianship Assistance Program Title IV-E (Kin-GAP) 18+	93.090	1601CAGARD	210,475	-
Guardianship Assistance - Kinship Guardianship Assistance Payment Title IV-E (Fed-GAP) 4T	93.090	1601CAGARD	3,223,242	-
Guardianship Assistance - Kinship Guardianship Program - Title IV-E (Kin-GAP IV-E)	93.090	1601CAGARD	219,067	-
CATALOG TOTAL			<u>3,652,784</u>	<u>-</u>
Promoting Safe and Stable Families (PSSF)	93.556	County 34	1,138,565	314,697
Promoting Safe and Stable Families (PSSF) – Monthly Caseworker visits	93.556	County 34	116,089	-
CATALOG TOTAL			<u>1,254,654</u>	<u>314,697</u>
Community Services Block Grant - Adult Protective Services Community Services Block Grant (APS-CSBG)	93.569	N/A	307,899	-
Stephanie Tubbs Jones Child Welfare Services Program - Child Welfare Services - Title IV-B	93.645	County 34	2,056,564	-
Stephanie Tubbs Jones Child Welfare Services Program - Group Home Monthly Visits	93.645	County 34	209,338	-
CATALOG TOTAL			<u>2,265,902</u>	<u>-</u>
Foster Care Title IV-E - CalWIN Project	93.658	County 34	11,608	-
Foster Care Title IV-E - Child Welfare Services Outcome Improvement Project (CWSOIP) - COHORT	93.658	County 34	314,568	-
Foster Care Title IV-E - Child Welfare Services (CWS) - Title IV-E California Well-Being Project	93.658	County 34	34,888,119	832,410
Foster Care Title IV-E - Child Welfare Services - Title IV-E	93.658	County 34	5,190,175	2,023,314
Foster Care Title IV-E - Community Care Licensing (CCL) - Foster Family Homes (FFH)	93.658	County 34	267,409	-
Foster Care Title IV-E - Aid to Families with Dependent Children (AFDC)	93.658	1601CAFOST	1,432,860	-
Foster Care Title IV-E - Aid to Families with Dependent Children (AFDC) - Foster Care	93.658	1601CAFOST	25,510,058	-
Foster Care Title IV-E - Emergency Assistance	93.658	1601CAFOST	2,640,761	-
Foster Care Title IV-E - Emergency Assistance - Residentially Based Services (RBS)	93.658	1601CAFOST	27,143	-
Foster Care Title IV-E - Residentially Based Services (RBS)	93.658	1601CAFOST	221,072	-
Foster Care Title IV-E - Extended Foster Care 18+	93.658	1601CAFOST	2,900,932	-
Foster Care Title IV-E - Program (I)	93.658	1601CAFOST	2,591,027	-
Foster Care Title IV-E - Program (II)	93.658	1701CAFOST	7,002,920	-
Foster Care Title IV-E - Foster Parent Training & Recruitment (AB2129)	93.658	County 34	103,623	-
Foster Care Title IV-E - Kinship Program	93.658	County 34	116,694	-
CATALOG TOTAL			<u>83,218,969</u>	<u>2,855,724</u>

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASSED THROUGH GRANT PROGRAM TITLE/CLUSTER	FEDERAL CFDA NUMBER	DIRECT/PASS-THROUGH AGENCY GRANT NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (CONTINUED)</u>				
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CONTINUED)</u>				
Adoption Assistance - Title IV-E	93.659	County 34	\$ 2,156,167	\$ -
Adoption Assistance - Title IV-E	93.659	1701CAADPT	598,592	-
Adoption Assistance - Title IV-E	93.659	1601CAADPT	24,404,947	-
Adoption Assistance - Title IV-E - 18+ Program	93.659	1601CAADPT	27,841	-
CATALOG TOTAL			<u>27,187,547</u>	<u>-</u>
Social Services Block Grant - Child Welfare Services - Title XX	93.667	County 34	4,641,109	-
Social Services Block Grant - AFDC Foster Care Title XX	93.667	1601CASOSR	2,055,665	-
Social Services Block Grant - Title XX	93.667	1601CASOSR	3,415,468	-
CATALOG TOTAL			<u>10,112,242</u>	<u>-</u>
Chafee Foster Care Independence Program - Independent Living Program	93.674	County 34	675,245	641,510
<u>PASSED THROUGH CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES</u>				
Child Support Enforcement - Child Support Administration	93.563	1604CASES	21,618,070	-
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>380,469,686</u>	<u>21,860,509</u>
<u>U.S. CORPORATION FOR NATIONAL & COMMUNITY SERVICE</u>				
<u>FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER</u>				
<u>DIRECT PROGRAMS</u>				
Foster Grandparent Program - Foster Grandparent Program (FGP)	94.011	14SFPCA003	387,164	224,478
Senior Companion Program (SCP)	94.016	16SCPCA001	88,891	50,443
FOSTER GRANDPARENT/SENIOR COMPANION CLUSTER TOTAL			<u>476,055</u>	<u>274,921</u>
Retired and Senior Volunteer Program - Retired and Senior Volunteer Program	94.002	16SRPCA008	190,666	-
TOTAL U.S. CORPORATION FOR NATIONAL & COMMUNITY SERVICE			<u>666,721</u>	<u>274,921</u>
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>				
<u>DIRECT PROGRAMS</u>				
High Intensity Drug Trafficking Areas Program - Central Valley California High Intensity Drug Trafficking Area (I)	95.001	G17CV0002A	147,524	-
High Intensity Drug Trafficking Areas Program - Central Valley California High Intensity Drug Trafficking Area (II)	95.001	G15CV0002A	1,179,923	-
High Intensity Drug Trafficking Areas Program - Central Valley California High Intensity Drug Trafficking Area (III)	95.001	G16CV0002A	1,845,031	-
High Intensity Drug Trafficking Areas Program - Central Valley California High Intensity Drug Trafficking Area (IV)	95.001	G14CV0002A	5,279	-
CATALOG TOTAL			<u>3,177,757</u>	<u>-</u>
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			<u>3,177,757</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<u>DIRECT PROGRAMS</u>				
Port Security Grant Program - 2014 Post Security Grant Program	97.056	EMW2014PU000383	2,961	-
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS0216HSLR667	160,600	-
Boating Safety Financial Assistance - Law Enforcement Equipment Grant Program	97.012	C16L0607	6,653	-

See accompanying notes to the schedule of expenditures of federal awards.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR PASSED THROUGH GRANT PROGRAM TITLE/CLUSTER	FEDERAL CFDA NUMBER	DIRECT/PASS-THROUGH AGENCY GRANT NUMBER	FEDERAL EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (CONTINUED)</u>				
<u>PASSED THROUGH GOVERNOR'S OFFICE OF EMERGENCY SERVICES</u>				
Emergency Management Performance Grants - Emergency Management Performance Grant (EMPG)	97.042	2016-0010	\$ 430,140	\$ -
Pre-Disaster Mitigation - Pre Disaster Mitigation Competitive Grant Program	97.047	067-00000	46,080	-
Homeland Security Grant Program- Federal Emergency Management Agency - 4301 January and February 2017 Storms	97.036	067-99067-10	1,976,898	-
Homeland Security Grant Program	97.067	2016-0102	41,676	-
Homeland Security Grant Program (I)	97.067	2015-00078	2,222,220	-
Homeland Security Grant Program (II)	97.067	2015-00078	630,820	-
Homeland Security Grant Program (III)	97.067	2016-00102	4,766	-
CATALOG TOTAL			2,899,482	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			5,522,814	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 480,920,348	\$ 24,042,756

See accompanying notes to the schedule of expenditures of federal awards.

COUNTY OF SACRAMENTO, CALIFORNIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the County of Sacramento California (County) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the proprietary funds. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – MEDICAID CLUSTER

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

NOTE 4 – 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 has 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.

NOTE 5 – INDIRECT COST RATE

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

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

CFDA Numbers	Name of Federal Programs or Clusters
10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.914	HIV Emergency Relief Projects Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.566	Refugee and Entrant Assistance State Administered Programs
93.563	Child Support Enforcement
93.658	Foster Care Title IV-E
93.659	Adoption Assistance
95.001	High Intensity Drug Trafficking Areas Program
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 3,000,000
Auditee qualified as low-risk auditee?	Yes

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

II. FINANCIAL STATEMENT FINDINGS

The following findings represent significant deficiencies that are required to be reported in accordance with generally accepted government auditing standards.

Finding 2017-001

GENERAL FUND UNASSIGNED FUND BALANCE

Criteria:

County management has the responsibility of ensuring the ongoing financial health of the County. To accomplish this task it is imperative that the County adopt and adhere to balanced budgets, provide for the ongoing monitoring for all financial aspects of the County, and adjust/react to changes in the financial position of the County in a timely manner. The adequacy of unassigned fund balance in the general fund should be assessed based upon the County's own specific circumstances. According to the Government Finance Officers Association, it is recommended, at a minimum, that general-purpose local governments, regardless of size, maintain unassigned fund balance in their general fund of no less than two months of regular general fund operating revenues or expenditures. A government's particular situation, of course, may require levels of unassigned fund balance in the general fund significantly in excess of these recommended minimum levels.

Condition:

Significant Deficiency - As noted in the prior year finding, the County's General Fund fund balance has been increasing over the past several years, however does not meet the recommended levels of unassigned fund balance. Interfund transfers and one-time revenue sources have been used to balance the general fund budget, in addition to expenditure reductions. As of June 30, 2017, the General Fund unassigned fund balance was \$37.3 million as compared to an unassigned fund balance of \$24.9 million and a fund balance deficit of \$13.5 in fiscal year 2016 and 2015, respectively.

Context:

The County's financial condition was considered as part of the audit process.

Cause:

As a result of the economic downturn starting in Fiscal Year 2008-09, the County was required to use all of the available fund balance of the General Fund and borrow from other funds, in order to balance the budget. These interfund advances took place in Fiscal Years 2008-09, 2009-10 and 2010-11, and resulted in negative unassigned fund balance. As such, the County's General Fund unassigned fund balance will likely be needed to repay these remaining outstanding interfund advances.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

II. FINANCIAL STATEMENT FINDINGS

Effect:

There may be significant financial consequences to the general fund unassigned fund balance if the County delays in repaying the interfund advances and does not increase the unassigned fund balance to levels recommended by the GFOA.

Recommendation:

This is a repeat condition from Fiscal Year 2016

We noted that the County adopted an interfund repayment plan as part of the 2017-2018 County Budget that commits the County to repaying the full amount of interfund advances on a six year schedule. We recommend that the County continue to develop short and long-range planning and budgeting aimed at addressing the observed conditions relating to the County's unassigned fund balance condition. We recommend that the County focus on factors that will positively increase the general fund unassigned fund balance, while also accelerating the repayment of interfund advances.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

The following findings represent significant deficiencies, and/or instances of noncompliance, including questioned costs, required to be reported in accordance with the Uniform Guidance.

Finding 2017-002

Program: Adoption Assistance – Title IV-E

CFDA No.: 93.659

Federal Agency: Department of Health and Human Services

Passed-through: California Department of Social Services

Award Year: 2016-2017

Compliance Requirement: Eligibility

Criteria:

The *2017 OMB Compliance Supplement* states that for adoption agreements, the child is categorically eligible if the child was eligible, or would have been eligible, for the former AFDC (Aid to Families with Dependent Children) program.

Condition Found:

Significant Deficiency, Instance of Non-Compliance – As a result of our eligibility testing, we noted one case out of 40 where the child was determined by the County to be ineligible for federal AFDC-FC. However, the case was inputted incorrectly as a federally eligible case within CalWIN and federal payments were issued on behalf of the ineligible recipient.

Questioned Costs:

There are known questioned costs totaling \$4,174.

Context:

The condition noted above was identified during our testing over eligibility requirements of the program.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

Effect:

Improper or inaccurate eligibility determinations may result in improper payments or overpayments of benefits.

Cause:

The condition is caused by the County not following its policies and procedures to ensure the eligibility was properly determined and entered into the system.

Recommendation:

We recommend that the County strengthen its current policies and procedures with regards to eligibility determination, required documentation, and maintenance of participant files and ensure that such policies and procedures are formally documented. This will help ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2017-003

Program: Child Support Enforcement

CFDA No.: 93.563

Federal Agency: Department of Health and Human Services

Passed-through: California Department of Child Support Services

Award Year: 2016-2017

Compliance Requirement: Cash Management

Criteria:

Per the *2017 OMB Compliance Supplement* and 2 CFR Section 200.302(b)(6) of the Uniform Guidance, non-Federal entities are required to establish written procedures to implement the requirements of 2 CFR Section 200.305 (Payments).

Condition Found:

Instance of Non-Compliance – As a result of our audit procedures, we noted the County did not maintain written cash management procedures as required by 2 CFR Section 200.302 (b)(6) (Payments).

Questioned Costs:

We identified no questioned costs in our tests of compliance with this requirement.

Context:

The condition noted above was identified during our testing of the County's cash management compliance.

Effect:

The County has not complied with the specific requirements for written procedures over cash management as described in 2 CFR Section 200.305 (Payments).

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

Cause:

The County did not have the required written procedures implemented in 2 CFR Section 200.302(b)(6).

Recommendation:

We recommend that the County implement written procedures to comply with 2 CFR Section 200.305.

View of Responsible Officials and Planned Corrective Action:

See separate corrective action plan.

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2017-004

Program: Homeland Security Grant Program

CFDA No.: 97.067

Federal Agency: Department of Homeland Security

Passed-through: Governor's Office of Emergency Services

Award Year: 2016-2017

Compliance Requirement: Cash Management

Criteria:

Per the *2017 OMB Compliance Supplement* and 2 CFR Section 200.302(b)(6) of the Uniform Guidance, non-Federal entities are required to establish written procedures to implement the requirements of 2 CFR Section 200.305 (Payments).

Condition Found:

Instance of Non-Compliance – As a result of our audit procedures, we noted the County did not maintain written cash management procedures as required by 2 CFR Section 200.302 (b)(6) (Payments).

Questioned Costs:

We identified no questioned costs in our tests of compliance with this requirement.

Context:

The condition noted above was identified during our testing of the County's cash management compliance.

Effect:

The County has not complied with the specific requirements for written procedures over cash management as described in 2 CFR Section 200.305 (Payments).

**COUNTY OF SACRAMENTO, CALIFORNIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

Cause:

The County did not have the required written procedures implemented in 2 CFR Section 200.302(b)(6).

Recommendation:

We recommend that the County implement written procedures to comply with 2 CFR Section 200.305.

View of Responsible Officials and Planned Corrective Action:

See separate corrective action plan.

**COUNTY OF SACRAMENTO, CALIFORNIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Summarized below is the current status of corrective action on audit findings reported in the prior year schedule of audit findings and questioned costs.

Finding No.	Program Name/Description	CFDA No.	Compliance Requirement	Status of Corrective Action
2016-001	General Fund Unassigned Fund Balance	N/A	N/A	Partially Implemented – See Finding 2017-001 See County’s Separate Summary Schedule of Prior Audit Findings for Status of Correction Action Plan
2016-002	Medicaid Cluster – Medi-Cal Assistance	93.778	Eligibility	Implemented
2016-003	Medicaid Cluster - In-Home Supportive Services	93.778	Eligibility	Implemented
2016-004	Medicaid Cluster - Alcohol & Drug, Medicaid Cluster - In-Home Supportive Services, Temporary Assistance for Needy Families (TANF) – TANF, Cluster - Maternal and Child Health Services Block Grant to the States	93.778, 93.558, 93.994	Cash Management	Implemented
2016-005	Guardianship Assistance	93.090	Eligibility	Implemented
2016-006	Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	Reporting	Implemented

Department of Finance
Ben Lamera
Director



Auditor-Controller Division
Joyce Renison
Assistant Auditor-Controller

County of Sacramento

COUNTY OF SACRAMENTO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2017

Prepared by: Poonam Aujla, Accounting Manager
County of Sacramento, California

COUNTY OF SACRAMENTO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2017

I. FINANCIAL STATEMENT FINDING

Finding 2017-001

GENERAL FUND UNASSIGNED FUND BALANCE

Management’s or Department’s Response:

We concur.

Views of Responsible Officials and Corrective Actions:

In recent fiscal years, the County’s approach has been to identify annual budget needs – including repayment of the Interfund Transfers – and resources – including estimated available fund balance – as part of the budget preparation process. Departments also submit Impact Statements that identify the impact on service delivery of funding at the available level of resources. Based on this information, the County Executive developed and recommended a balanced budget to the Board of Supervisors. At that time, staff also provided the Board with a Five Year General Fund Sensitivity Analysis that puts budget year expenditure and revenue decisions in a longer-term context. The Board approves a balanced budget in June and then adopts a balanced budget in September, once actual year-end fund balance numbers are available. Under the General Reserves Policy adopted by the Board in April of 2016, General Reserves are increased at September Budget adoption by an amount equal to 10% of the General Fund’s actual “Available” ending fund balance carry-forward. The goal is to build General Reserves to an amount equal to 10% of discretionary revenue and reimbursements.

Using this approach, the County has been able to repay \$38.8 million of the \$77.7 million in Interfund Transfers made to the General Fund, with an additional \$5.3 million repayment in the FY2017-18 Adopted Budget. All-told, by the end of FY2017-18 the General Fund will have repaid approximately 57% of the original Interfund Transfer amount. Further, as noted, as part of the FY2017-18 Budget, the County Executive proposed an Interfund Transfer Repayment Plan that calls for repaying the remaining amount owed over a six-year period as shown in the following table:

**Sacramento County
Interfund Transfer Repayment Plan
June 30, 2017**

	FY2017-18 Budgeted	FY2018-19 Planned	FY2019-20 Planned	FY2020-21 Planned	FY2021-22 Planned	FY2022-23 Planned
Beginning Balance Owed	38,759,773	33,489,506	26,791,605	20,093,704	13,395,803	6,697,902
Repayment	5,270,267	6,697,901	6,697,901	6,697,901	6,697,901	6,697,902
Ending Balance Owed	33,489,506	26,791,605	20,093,704	13,395,803	6,697,902	-

Projected Implementation Date:

The corrective action plan was implemented in September 2016 and the deficit is expected to be corrected by FY 2022-23

COUNTY OF SACRAMENTO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2017

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2017-002

Program: Adoption Assistance – Title IV-E

CFDA No.: 93.659

Federal Agency: Department of Health and Human Services

Passed-through: California Department of Social Services

Award Year: 2016-2017

Compliance Requirement: Eligibility

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

The County is in agreement with the recommendation to strengthen current policies and procedures with regards to eligibility determination, required documentation, and maintenance of participant file and ensure that such policies and procedures are formally documented to ensure the accuracy of the participant data and that eligibility determinations are supported by the proper documentation in the participant file.

Continuing staff administering the Adoption Assistance Program will be reminded at the next Bureau Meeting and staff unit meetings to review the Title IV-E Foster Care eligibility determination when first receiving the new Adoption Assistance Program case. Staff will also review the Foster Care eligibility records at time of renewal.

The Case Review Training Supervisor will also review new adoption cases as they are being transferred from the Adoption Assistance intake worker to the continuing Adoption Assistance worker to ensure for correct eligibility determination and funding.

Projected Implementation Date:

March 30, 2018

Contact:

Julie Sato-Ruzich

Foster Care Program Specialist

(916) 875-5078

COUNTY OF SACRAMENTO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2017

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2017-003

Program: Child Support Enforcement

CFDA No.: 93.563

Federal Agency: Department of Health and Human Services

Passed-through: California Department of Child Support Services

Award Year: 2016-2017

Compliance Requirement: Cash Management

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

The County will develop and implement written cash management procedures as required by 2 CFR 200.302.

Projected Implementation Date:

May 1, 2018

Contact:

Sue Wittorff
(916) 875-7765

COUNTY OF SACRAMENTO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2017

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2017-004

Program: Homeland Security Grant Program

CFDA No.: 97.067

Federal Agency: Department of Homeland Security

Passed-through: Governor's Office of Emergency Services

Award Year: 2016-2017

Compliance Requirement: Cash Management

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

The Sheriff's Department will develop and implement written cash management procedures as required by 2 CFR 200.302.

Projected Implementation Date:

May 1, 2018

Contact:

Karter Putnam
(916) 874-1550