

**COUNTY OF BUTTE**  
**SINGLE AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2018**



**COUNTY OF BUTTE  
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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**

Board of Supervisors  
County of Butte  
Oroville, 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 Butte (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 20, 2018.

**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 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.

**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.

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



**CliftonLarsonAllen LLP**

Roseville, California  
December 20, 2018



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

Board of Supervisors  
County of Butte  
Oroville, California

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

We have audited the County of Butte's (the County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each 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, 2018.

**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.

**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, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2018, and have issued our report thereon dated December 20, 2018, that contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



**CliftonLarsonAllen LLP**

Roseville, California  
December 20, 2018

**COUNTY OF BUTTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b><u>U.S. Department of Agriculture</u></b>				
Direct Via U.S. Forestry Service:				
Cooperative Law Enforcement - Lassen US Forest (Plumas)	10.664	16-LE-11051360-006	\$ 6,000	\$ -
Cooperative Law Enforcement - Plumas US Forest (Lassen)	10.664	16-LE-11051360-010	6,000	-
Cooperative Law Enforcement - Marijuana Eradication - Plumas, Tahoe & Lassen National Forests	10.664	16-LE-11051360-010	24,000	-
Passed through California Department of Forestry & Fire Protection:				
Volunteer Fire Assistance Program (VFA)	10.664		19,956	-
Passed through CA Department of Food & Agriculture:				
USFS State & Private Forestry - Broom Eradication	10.664	16-0343-SF	8,042	-
Subtotal CFDA 10.664			<u>63,998</u>	<u>-</u>
Plant and Animal Disease, Pest Control and Animal Care -- Pierce's Disease/Glassy-Winged Sharpshooter (GWSS)	10.025	16-0336-SF	55,239	-
Plant and Animal Disease, Pest Control and Animal Care -- European Grapevine Moth	10.025	17-0549-004-SF	5,537	-
Plant and Animal Disease, Pest Control and Animal Care -- Exotic Pest Detection	10.025	17-0144	36,449	-
Plant and Animal Disease, Pest Control and Animal Care -- Asian Citrus Psyllid (ACP) & Exotic Pest Detection	10.025	17-0144	5,350	-
Subtotal CFDA 10.025			<u>102,575</u>	<u>-</u>
Passed through State Department of Education:				
National School Lunch Program	10.555		58,471	-
Passed through State Department of Social Services:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561		5,062,095	-
CFET Admin	10.561		128,304	-
ISAWS/C-IV Conversion	10.561		50,823	-
Passed through CA Department of Public Health:				
Supplemental Nutrition Assistance Program (PH - SNAP Ed)	10.561		576,591	331,792
Subtotal SNAP Cluster - CFDA 10.561			<u>5,817,813</u>	<u>331,792</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557		1,396,173	-
<b>Total U.S. Department of Agriculture</b>			<u>\$ 7,439,030</u>	<u>\$ 331,792</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Program:				
HUD Housing grants	14.267		124,348	-
Development Block Grant/State's Program:				
Community Development Block Grant/State's Program	14.228	14-CDBG-9888	141,802	86,587
Community Development Block Grant/State's Program	14.228	Outstanding Loans	4,654,545	-
Community Development Block Grant Cluster - CFDA 14.228			<u>4,796,347</u>	<u>86,587</u>
Home Investment Partnerships Program - Housing Rehab (HIPP)	14.239	13-HOME-8994	90,276	26,307
Home Investment Partnerships Program	14.239	Outstanding Loans	316,530	-
Subtotal CFDA 14.239			<u>406,806</u>	<u>26,307</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>\$ 5,327,501</u>	<u>\$ 112,894</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF BUTTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b><u>U.S. Department of Justice</u></b>				
Passed through California Office of Emergency Services:				
Probation Specialized Supervision Program (VAWA)	16.588	PU16 04 0040 PU17 05 0040	\$ 95,058	\$ 95,058
Passed through California Emergency Management Agency:				
Victim Witness Assistance Program	16.575	VW16060040	65,558	-
Victim Witness Assistance Program	16.575	VW17070040	188,712	-
Crime Victim Assistance - Victim Witness Protection (VOCA)	16.575	KC17010040	26,601	-
Subtotal CFDA 16.575			<u>280,871</u>	<u>-</u>
Passed through State of California Board of State & Community Corrections:				
Edward Byrne Memorial Justice Assistance (JAG - Youthbuild)	16.738	651-17	363,040	363,040
Edward Byrne Memorial Justice Assistance (JAG - Youthbuild)	16.738	651-17	213,066	213,066
Edward Byrne Memorial Justice Assistance (JAG - Youthbuild)	16.738	651-17	24,000	24,000
Subtotal CFDA 16.738			<u>600,106</u>	<u>600,106</u>
Passed through Department of Justice Criminal Division				
Department of Justice DEA grant	16.922	2017-08	45,251	-
Department of Justice DEA grant	16.922	2018-06	4,223	-
Passed through U.S. Marshal's Office:				
Federal Equitable Sharing	16.922	CA004013A	639,725	-
Subtotal CFDA 16.922			<u>689,199</u>	<u>-</u>
<b>Total U.S. Department of Justice</b>			<u>\$ 1,665,234</u>	<u>\$ 695,164</u>
<b><u>U.S. Department of Treasury</u></b>				
Direct Programs:				
Federal Equitable Sharing	21016	CA004013A	238,160	-
<b>Total U.S. Department of Treasury</b>			<u>\$ 238,160</u>	<u>\$ -</u>
<b><u>U.S. Department of Transportation</u></b>				
Passed through CA State Department of Transportation:				
Highway Bridge Program (HBP)	20.205		2,611,940	-
Congestion Mitigation Air Quality (CMAQ)	20.205		76,177	-
Transportation Enhancement (TE)	20.205		4,427	-
Highway Safety Improvement Program (HR3)	20.205		559,185	-
Subtotal CFDA 20.205			<u>3,251,729</u>	<u>-</u>
Passed through CA Office of Traffic Safety:				
Regional Collision Response & Extrication Improvement Program	20.600	402EM	105,000	-
OTS Grant Bike Safety	20.600		23,555	-
National Priority Safety Programs	20.616		92,783	-
Subtotal Highway Safety Cluster			<u>221,338</u>	<u>-</u>
High Intensity DUI Enforcement	20.608	AL1701	46,717	-
High Intensity DUI Enforcement	20.608	AL18001	143,821	-
Subtotal CFDA 20.608			<u>190,538</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>			<u>\$ 3,663,605</u>	<u>\$ -</u>
<b><u>Institute of Museum and Library Services</u></b>				
Passed through State Library Administrative Agencies:				
Bilingual Books	45.310		7,190	7,190
<b>Total Institute of Museum and Library Services</b>			<u>\$ 7,190</u>	<u>\$ 7,190</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF BUTTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b><u>U.S. Department of Health and Human Services</u></b>				
Direct Programs:				
Strategic Prevention Framework Partnership for Success	93.243	17-94665	\$ 104,727	\$ -
<b><u>U.S. Department of Health and Human Services (continued)</u></b>				
Substance Abuse and Mental Health Services Drug Free Communities Support Program Grants (SAMHSA -STOP ACT)	93.276		167,441	-
Passed through Essential Access Health:				
Family Planning Services (TITLE X)	93.217		108,650	-
Passed through California Department of Social Services:				
Temporary Assistance for Needy Families - CalWorks	93.558		4,053,255	-
Temporary Assistance for Needy Families - CEC Programs Admin CalWorks	93.558		11721848	-
Child Welfare Services TANF Admin	93.558		306,640	-
ISAWS/C-IV Conversion	93.558		20,423	-
Foster Care – Title IV-E - Foster Care EA (5K)	93.558		1,395,860	-
Fraud Recovery Incentive	93.558		58,264	-
Subtotal CFDA 93.558			17,556,290	-
Foster Care – Title IV-B - Child Welfare Services	93.645		(831,017)	-
PSSF Admin (Includes PSSF Monthly Caseworker visits)	93.556		226,798	-
ISAWS/C-IV Conversion	93.566		33	-
Kin-GAP Title IV-E Admin	93.090		30,006	-
Kin-GAP Fed Assistance	93.090		304,750	-
Subtotal CFDA 93.090			334,756	-
OCAP / Community Based Child Abuse Prevention	93.590		5,281	-
Independent Living	93.674		52,789	-
SACWIS (New System Project Intake Module Participation)	93.658		28,078	-
	93.658		363,811	-
Foster Care – Title IV-E - Foster Care	93.658		46,890	-
Foster Care – Title IV-E - Foster Care Licensing	93.658		25,197	-
Foster Care - AB 2129	93.658		31,953	-
CSEC	93.658		5,217	-
CWS Case Review	93.658		193,311	-
CWS Title IV-E	93.658		2,674,697	-
SA/HIV Infant Admin	93.658		109,742	-
Foster Care - Monthly Visited Group Homes	93.658		56,572	-
Foster Care - Kinship/Emergency	93.658		2,835	-
Foster Care – Title IV-E - Foster Care SB 163	93.658		103,127	-
Foster Care – Title IV-E - Foster Care Assistance (42)	93.658		4,379,649	-
Foster Parent Recruitment, Retention and Support Program (FPRRS)	93.658		58,471	-
Child & Family Team	93.658		101,126	-
CWSOIP	93.658		93,492	-
STOP Admin	94.658		41,046	-
Passed through CA Dept of Public Health:				
Resource Family	93.658		100,379	-
Subtotal CFDA 93.658			8,415,593	-
Passed through California Department of Social Services:				
Adoption Assistance Program - Adoptions	93.659		72,693	-
Adoption Assistance Program - Admin	93.659		834,118	-
Adoption Assistance Program - Adoptions - Co.	93.659		6,807,141	-
Subtotal CFDA 93.659			7,713,952	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF BUTTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b><u>U.S. Department of Health and Human Services (continued)</u></b>				
Social Services Block Grants:				
In Home Supportive Services (IHSS) - P SCP - Individual Provider	93.667		596,331	-
Child Welfare Services Title XX Admin	93.667		859,425	-
Foster Care Assistance Title XX	93.667		366,788	-
Subtotal CFDA 93.667			1,822,544	-
Passed through the State Department of Child Support Services:				
Child Support Enforcement	93.563	1604CA CSES	5,024,163	-
Passed through CA Dept of Public Health:				
Zika Preparedness and Response	93.069		\$ 23,084	\$ -
TB Real Time Allocation (CDC)	93.116		5,920	-
Opioid Misuse Grant	93.136		30,592	-
Immunization Grants (IAP)	93.539		59,623	-
MCAH-CA Home Visiting Program	93.870		559,903	526,098
HIV Care (HRSA)	93.917		140,632	-
HIV / Aids Surveillance (CDC)	93.944		35,961	-
Maternal and Child Health Services (MCAH)- Title V	93.994		124,243	-
CDC - National Bioterrorism Hospital Preparedness, Public Health Emergency Preparedness (CDC BASE) (HPP PGM) (PHEP EBOLA)				
National Bioterrorism Hospital Preparedness Program (HPP Program)	93.074		214,498	-
Subtotal CFDA 93.074			12,312	-
Passed through CA Dept of Health Care Services:				
Medical Assistance Program (MH-MEDI-CAL UR/ADMIN)	93.778	17-94575	139,181	-
Medical Assistance Program (OPIOID CRISIS)	93.778	17-94461	11,450	-
Medical Assistance Program (Social Services Admin)	93.778		5,825,000	-
Medical Assistance Program (CHDP) - TITLE XIX	93.778		183,280	-
Medical Assistance Program (MCAH) - TITLE XIX	93.778		20,020	-
Medical Assistance Program Childhood Lead Poisoning Prevention	93.778		15,697	-
Medical Assistance Program (CCS)-TITLE XIX	93.778		448,039	-
Medical Assistance Program	93.778		165,084	-
Medical Assistance Program (HCPCFC RX Oversight)	93.778		26,324	-
Medical Assistance Program Cost Avoidance Program	93.778		35,179	-
Medical Assistance Program (SUD Admin)	93.778	17-94064	184,142	-
Total Medi-Cal Cluster - CFDA 93.778			8,306,030	-
Projects for Assistance in Transition from Homelessness (PATH)				
CCS Admin - Title XXI	93.150		78,296	-
Block Grants for Community Mental Health Services (SAMHSA)	93.767		89,814	-
	93.958		611,060	-
Block Grants for Prevention and Treatment of Substance Abuse				
Block Grants for Prevention and Treatment of Substance Abuse - Friday Night Live (FNL)	93.959	17-94064	819,450	-
Block Grants for Prevention and Treatment of Substance Abuse - Perinatal S/A	93.959	17-94064	6,000	-
Block Grants for Prevention and Treatment of Substance Abuse - Perinatal S/A	93.959	17-94064	328,876	-
Block Grants for Prevention and Treatment of Substance Abuse - Yth Tx S/A	93.959	17-94064	11,496	-
Block Grants for Prevention and Treatment of Substance Abuse - Prev	93.959	17-94064	321,449	-
Subtotal CFDA 93.959			1,487,271	-
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 52,591,239</b>	<b>\$ 526,098</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF BUTTE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b><u>Social Security Administration</u></b>				
Direct Program:				
Social Security Reporting Program	96.002		11,524	-
<b>Total Social Security Administration</b>			<b>\$ 11,524</b>	<b>\$ -</b>
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through CA Office of Emergency Services:				
Federal Emergency Management Agency-Crisis Counseling Program	97.032	17-94643	\$ 240,929	\$ 198,023
Emergency Management Agency-Disaster Grant	97.036	(Jan 17 & Feb 17)	2,146,772	-
Hazard Mitigation Grant Program FEMA	97.039	FEMA 4240	5,004	-
Emergency Management Performance Grants (EMPG) (2016)	97.042	2017	17,101 <del>5</del>	-
State Homeland Security Grant Program (HSGP) (2015)	97.067	2015-078	76,709	-
State Homeland Security Grant Program (HSGP) (2016)		2016-0102	71,799	-
State Homeland Security Grant Program (HSGP) (2017)	97.067	2017	22,367	-
Subtotal CFDA 97.067			<u>170,875</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 2,734,595</b>	<b>\$ 198,023</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 73,678,078</b>	<b>\$ 1,871,161</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF BUTTE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the County of Butte for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 CATALOG OF FEDERAL DOMESTIC (CFDA) NUMBERS**

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2017 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word "unknown" were used.

**NOTE 4 INDIRECT COST RATE**

The County did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414. Uniform Guidance §200.510(6) requires the County to disclose whether or not it elected to use the 10 percent de minimis cost rate that §200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate.

**NOTE 5 LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2018 as follows:

Federal CFDA No.	Program Title	SEFA June 30, 2018	FY 16/17 Paydowns	County Balance June 30, 2018
14.228	Community Development Block Grants/ States Program	\$ 4,654,545	\$ 723,650	\$ 3,930,895
14.239	HOME Investment Partnerships Program	\$ 316,530	-	\$ 316,530

**COUNTY OF BUTTE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**NOTE 6 OUTSTANDING LOANS OF FEDERAL FUNDS**

The following schedule presents the amount of outstanding loans of federal funds. The loans were provided by the USDA Rural Housing Service:

Federal CFDA No.	Program Title	Amount Outstanding	
		July 1, 2017	June 30, 2018
10.766	Community Facilities Loans and Grants	\$ 8,471,287	\$ 8,354,287

**NOTE 7 PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

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

**COUNTY OF BUTTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

***Section I – Summary of Auditors’ Results***

***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

***Identification of Major Federal Programs***

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
14.228	Community Development Block Grant
93.558	Temporary Assistance For Needy Families
93.658	Foster Care

Dollar threshold used to distinguish between Type A and Type B programs: \$   2,210,342  

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes        x   no

**COUNTY OF BUTTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).