

**COUNTY OF LASSEN
SUSANVILLE, CALIFORNIA**

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2021**

**COUNTY OF LASSEN
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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

To the Board of Supervisors
County of Lassen
Susanville, 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 Lassen, California (the County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 29, 2022.

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) as a basis for designing 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.

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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 financial statements. 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 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.

Price Pange & Company

Clovis, California
September 29, 2022



INDEPENDENT AUDITOR'S 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 AND SUPPLEMENTAL SCHEDULE OF THE
CALIFORNIA OFFICE OF EMERGENCY SERVICES (CALOES) GRANT EXPENDITURES

To the Board of Supervisors
County of Lassen
Susanville, California

Report on Compliance for Each Major Federal Program

We have audited the County of Lassen, California's (the 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, 2021. County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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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 a 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.

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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 29, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The accompanying Supplemental Schedule of California Office of Emergency Services (CalOES) Grant Expenditures is presented for purposes of additional analysis as required by CalOES 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 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 and Supplemental Schedule of California Office of Emergency Services Grant Expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Price Pange & Company

Clovis, California
September 29, 2022

COUNTY OF LASSEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract/ Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the State Controller's Office:			
Forest Service Schools and Roads Cluster:			
Schools and Roads - Grants to Counties (Title I)	10.665	N/A	\$ 534,057
Schools and Roads - Grants to Counties (Title III)	10.665	N/A	122,459
Subtotal Forest Service Schools and Roads Cluster			<u>656,516</u>
Total U.S. Department of Agriculture			<u>656,516</u>
U.S. Department of the Interior			
Direct Programs:			
Recreation Resource Management	15.225	N/A	15,382
Payment in Lieu of Taxes	15.226	N/A	2,228,198
Distribution of Receipts to State and Local Government	15.227	N/A	7,935
Geothermal Resources	15.434	N/A	<u>35,506</u>
Total U.S. Department of Interior			<u>2,287,021</u>
U.S. Department of Justice			
Passed through the California Office of Emergency Services (CalOES):			
Lassen County Victim Witness	16.807	VW18260180	212,815
Child Advocacy Center	16.575	KC19030180	<u>126,209</u>
Direct Programs:			
JAG Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	BSCC634-19	<u>219,753</u>
Total JAG Program			<u>219,753</u>
Total U.S. Department of Justice			<u>558,777</u>
U.S. Department of Transportation			
Highway Planning and Construction Cluster:			
Passed through the California Department of Transportation:			
Highway Planning and Construction	20.205	RSTPL-5907(014)	50,113
Highway Planning and Construction	20.205	BRLO-5907(033)	597,005
Highway Planning and Construction	20.205	BRLO-5907(033)	601,657
Highway Planning and Construction	20.205	BRLO-5907(061)	1,402
Highway Planning and Construction	20.205	N/A	13,474
Highway Planning and Construction	20.205	BRLO-5907(065)	1,402
Highway Planning and Construction	20.205	BRLO-5907(063)	1,897
Highway Planning and Construction	20.205	BRLO-5907(060)	<u>41,997</u>
Subtotal Highway Planning and Construction Cluster			<u>1,308,947</u>
Total U.S. Department of Transportation			<u>1,308,947</u>
U.S. Department of the Treasury			
Passed through State Department of Finance:			
COVID-19 Coronavirus Relief Fund	21.019	N/A	<u>2,939,790</u>
Total U.S. Department of the Treasury			<u>2,939,790</u>

See accompanying note to the Schedule of Expenditures of Federal Awards.

COUNTY OF LASSEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021
(Continued)

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract/ Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through the State Department of Social Services:			
Promoting Safe and Stable Families	93.556	N/A	31,396
TANF Cluster:			
Temporary Assistance for Needy Families	93.558	N/A	1,629,650
Subtotal TANF Cluster			<u>1,629,650</u>
Adoption and Legal Guardianship Incentive Payments	93.603	N/A	459
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	128,533
Foster Care - Title IV-E	93.658	N/A	644,369
Adoption Assistance	93.659	N/A	7,625
Social Services Block Grant	93.667	N/A	23,338
Chafee Foster Care Independence Program	93.674	N/A	<u>39,619</u>
Passed through the Department of Child Support Enforcement:			
Child Support Enforcement	93.563	N/A	<u>637,812</u>
Passed through State Department of Health Care Services:			
Center for Disease Control and Prevention Investigations and Technical Assistance	93.283	N/A	<u>40,440</u>
Medicaid Cluster:			
Medical Assistance Program	93.778	N/A	<u>593,270</u>
Subtotal Medicaid Cluster			<u>593,270</u>
Passed through the State Department of Public Health:			
Public Health Emergency Preparedness	93.069	N/A	30,342
Childhood Lead Poisoning Prevention	93.197	N/A	11,373
Immunization Grant	93.268	N/A	11,235
Children's Health Insurance Program	93.767	N/A	19,693
National Bioterrorism Hospital Preparedness Program	93.889	N/A	39,153
HIV Prevention Activities-Health Department Based	93.940	N/A	970
Maternal and Child Health Services Block Grant to the States	93.994	N/A	<u>154,003</u>
SNAP Cluster			
Supplemental Nutrition Assistance Program	10.551	N/A	53,740
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	<u>478,918</u>
Subtotal SNAP Cluster			<u>532,658</u>
Passed through the State Department of Mental Health:			
Block Grants for Community Mental Health Services	93.958	07-771180-0100	156,792
Passed through the State Department of Alcohol and Drug Abuse Programs:			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	N/A	<u>383,096</u>
Total U.S. Department of Health and Human Services			<u>5,115,826</u>
U.S. Department of Homeland Security			
Passed through the California Office of Emergency Services (CalOES):			
Homeland Security - CalEMA	97.067	CalEMA 035-00000	56,750
Emergency Management Performance Grant (OES)	97.042	CalEMA 035-00000	<u>222,654</u>
Total U.S. Department of Homeland Security			<u>279,404</u>
Total Expenditures of Federal Awards			<u>\$ 13,146,281</u>

See accompanying note to the Schedule of Expenditures of Federal Awards.

COUNTY OF LASSEN
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - REPORTING ENTITY

The financial reporting entity, as defined by the Government Accounting Standards Board ("GASB"), consists of the primary government, which is the County of Lassen, California (the "County"), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A. Basis of Accounting

Funds received under the various grant programs have been recorded within various funds of the County. The County utilizes the modified accrual basis of accounting for these funds. The accompanying Schedule of Expenditures of Federal Awards (the "SEFA") is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the presentation of County's basic financial statements.

B. Schedule of Expenditures of Federal Awards

The accompanying SEFA presents the activity of all federal financial assistance programs of the County. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other agencies is included in the SEFA. The SEFA was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the County.

When the County receives federal awards as a sub-recipient, the pass-through agency generally provides the County with a pass-through number that will be referenced on the SEFA. If the pass-through agency does not generate or provide such a number, the County will denote "N/A" on the SEFA in the absence of a pass-through number.

C. Indirect Cost Rate

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

**COUNTY OF LASSEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
15.226	Payment in Lieu of Taxes
16.738	Edward Byrne Memorial Justice Assistance Grant Program
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

**COUNTY OF LASSEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

None reportable.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reportable.

**COUNTY OF LASSEN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2020-001 – Year-End Closing Process (Material Weakness)

Condition: During the audit of the County’s financial statements, we identified material misstatements in the County’s general ledger account balance which necessitated the proposal of audit adjustments.

Criteria: A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process in order to accurately and completely close the current year general ledger in a timely manner. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cause: Towards the end of the fiscal year and throughout the closing process, there was significant turnover in the County’s Auditor/Controller Department, including leadership and other experienced staff positions. This resulted in the need to replace each position and provide the appropriate training. Additionally, COVID-19 caused unforeseen delays as County staff had to work remotely and/or quarantine at various points over time which resulted in significant delays.

Effect: Various areas of the financial statements, including accounts receivable, accounts payable, capital assets, unavailable revenue, revenue and expenditures were materially misstated, which required journal entries to be posted subsequent to receiving the County’s final trial balance.

Recommendation: We recommend that the County perform the following steps in order to address the matters described above:

- Create a closing checklist to assist with the preparation of audit schedules that are complete, accurate, and reconcile to the County’s general ledger account balances. Additionally, ensure that a system is in place to allow the County to perform this in a timely matter.
- Fully staff the Auditor/Controller Department through the hiring of experienced personnel.
- Provide additional training in accounting specific to governmental entities to Auditor/Controller Department staff in order to ensure that they are current with all financial accounting and reporting requirements as directed by the Governmental Accounting Standards Board.

Status: Implemented.

COUNTY OF LASSEN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2020-002 - Tracking of Unused Realignment Funds (Material Weakness) - Compliance

Condition: Funding that has been transferred from the Mental Health Realignment, Social Services Realignment and Public Health Realignment in previous years to cover budget deficits has accrued a significant balance over time. These funding sources may carry different purpose restrictions and the department is unaware of how much of the remaining funding in the Health and Social Services Fund is applicable to each of the funding source.

Criteria: A strong system of internal control over financial reporting ensures that the use of all restricted funding is limited to the appropriate purpose.

Cause: The County does not have a mechanism to delineate between unused Mental Health Realignment, Social Services Realignment and Public Health realignment funds within the Health and Human Services Funds.

Effect: Since there is no mechanism in place to track the realignment funding remaining within the Health and Social Services Fund, there is a potential of improper use of that funding.

Recommendation: We recommend the County review at least five years of activity within the Health and Human Services Fund and develop an analysis of realignment revenue transferred into and other revenue received compared to eligible expenditures for each grant and realignment type. The result of the analysis would be a calculation of how much of the cash and investments remaining in the fund is related to each type of realignment funding. Additionally, we recommend the department develop a mechanism to track any unused realignment funds by type each year and develop and implement controls to oversee this process.

Status: Implemented.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reportable.

**SUPPLEMENTAL SCHEDULE OF
CALIFORNIA OFFICE OF EMERGENCY SERVICES (CALOES)
GRANT EXPENDITURES**

COUNTY OF LASSEN
SUPPLEMENTAL SCHEDULE OF THE CALIFORNIA OFFICE OF
EMERGENCY SERVICES (CALOES) GRANT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021

Program	Expenditures Claimed		Current Year		
	For the Year	For the Year	Federal	State	County
	Ended June 30, 2020	Ended June 30, 2021	Share	Share	Share
VW18260180 - Victim Witness Assistance Program					
Personnel services	\$ 194,246	\$ 202,168	\$ 185,746	\$ 16,422	\$ -
Operating expenses	53,706	35,533	27,069	8,464	-
Equipment	<u>23,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 271,282</u>	<u>\$ 237,701</u>	<u>\$ 212,815</u>	<u>\$ 24,886</u>	<u>\$ -</u>