

**COUNTY OF TRINITY  
SINGLE AUDIT REPORT  
YEAR ENDED JUNE 30, 2020**



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**COUNTY OF TRINITY  
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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 Trinity  
Weaverville, 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 Trinity (the County), as of and for the year ended June 30, 2020, 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 18, 2020. Our report includes a reference to other auditors who audited the financial statements of Waterworks District No. 1, a discretely presented component unit, as described in our report on the County of Trinity's financial statements. This report does not include the result of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) 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 County'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 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.



**CliftonLarsonAllen LLP**

Roseville, California  
December 18, 2020



**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 Trinity  
Weaverville, California

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

We have audited the County of Trinity'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, 2020. 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 qualified and unmodified opinions on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Basis for Qualified Opinion on Home Partnership Investment Program***

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA 14.239 Home Partnership Investment Program as described in finding number 2020-001 for Allowable Costs and Activities. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

***Qualified Opinion on Home Partnership Investment Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the Home Partnership Investment Program for the year ended June 30, 2020.

***Unmodified Opinion on Each of the Other Major Federal Programs***

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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

***Other Matters***

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 18, 2020, 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. We did not audit the financial statements of Waterworks District No. 1, which represents 100% of the assets, net position, and revenue of the County's discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Waterworks District No. 1, is based solely on the report of the other auditors. 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.



**CliftonLarsonAllen LLP**

Roseville, California  
March 26, 2021

**COUNTY OF TRINITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

| Federal Grantor/Pass-through Grantor/Program Title                                     | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures | Expenditures<br>to<br>Subrecipients |
|--|---------------------------|--|-------------------------|-------------------------------------|
| <b><u>U.S. Department of Agriculture</u></b>   |                           |  |                         |                                     |
| Passed through the State Department of Social Services:                                |                           |  |                         |                                     |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561                    |  | \$ 649,917              | \$ -                                |
| Subtotal - SNAP Cluster  |                           |  | <u>649,917</u>          |                                     |
| Passed through the State Department of Health Services:                                |                           |  |                         |                                     |
| Special Supplemental Nutrition Program for Women, Infants, and Children                | 10.557                    |  | 303,451                 | -                                   |
| Passed through State Department of Public Works:                                       |                           |  |                         |                                     |
| USDA Forest Service Co-Operative LE Controlled Substance Shasta-Trinity NF             | 10.704                    | 16-LE-11051360-029                           | 7,560                   | -                                   |
| USDA Forest Service Co-Operative LE Controlled Substance Six Rivers NF                 | 10.704                    | 16-LE-11051360-030                           | 6,880                   | -                                   |
| USDA Forest Service Co-Operative LE Patrol Operations Shasta-Trinity NF                | 10.704                    | 16-LE-11051360-029                           | 3,216                   | -                                   |
| USDA Forest Service Co-Operative LE Patrol Operations Six Rivers NF                    | 10.704                    | 16-LE-11051360-030                           | 4,520                   | -                                   |
| USDA Forest Service Co-Op LE Controlled Substance Shasta-Trinity                       | 10.704                    | 16-LE-11051360-029                           | 12,378                  | -                                   |
| USDA Forest Service Co-Op LE Controlled Substance Six Rivers                           | 10.704                    | 16-LE-11051360-030                           | 10,458                  | -                                   |
| USDA Forest Service Co-Op LE Patrol Shasta Trinity NF                                  | 10.704                    | 16-LE-11051360-029                           | 1,411                   | -                                   |
| Subtotal - CFDA 10.704   |                           |  | <u>46,423</u>           | <u>-</u>                            |
| Total U.S. Department of Agriculture   |                           |  | <u>\$ 999,791</u>       | <u>\$ -</u>                         |
| <b><u>U.S. Department of Housing and Urban Development</u></b>                         |                           |  |                         |                                     |
| Passed through State Department of Housing and Community Development:                  |                           |  |                         |                                     |
| Community Development Block Grants/Entitlement Grants (outstanding loan)               | 14.228                    |  | 1,026,761               | -                                   |
| Home Investment Partnership Program (outstanding loan)                                 | 14.239                    |  | <u>2,620,868</u>        | <u>-</u>                            |
| Total U.S. Department of Housing and Urban Development                                 |                           |  | <u>\$ 3,647,629</u>     | <u>\$ -</u>                         |
| <b><u>U.S. Department of the Interior</u></b>  |                           |  |                         |                                     |
| Direct Program:  |                           |  |                         |                                     |
| Central Valley Improvement Act Title XXXIV   | 15.532                    |  | <u>21,939</u>           | <u>-</u>                            |
| Total U.S. Department of the Interior  |                           |  | <u>\$ 21,939</u>        | <u>\$ -</u>                         |
| <b><u>U.S. Department of Justice</u></b>   |                           |  |                         |                                     |
| Direct Programs:   |                           |  |                         |                                     |
| Board of State & Community Corrections (BSCC) JAG                                      | 16.804                    | BSCC 643-19                                  | 64,065                  | -                                   |
| Domestic Cannabis Eradication Suppression Program (CEP)                                | 16.922                    | 2019-53                                      | 71,921                  | -                                   |
| Domestic Cannabis Eradication Suppression Program (CEP)                                | 16.922                    | 2020-49                                      | <u>16,824</u>           | <u>-</u>                            |
| Subtotal - CFDA 16.922   |                           |  | <u>88,745</u>           | <u>-</u>                            |
| Passed through California Emergency Management Agency:                                 |                           |  |                         |                                     |
| Crime Victim Witness Program   | 16.575                    | VW18230530                                   | 219,296                 | -                                   |
| Adult Drug Court Discretionary Grant FY 19   | 16.585                    | VV18010530                                   | <u>68,799</u>           | <u>-</u>                            |
| Total U.S. Department of Justice   |                           |  | <u>\$ 440,905</u>       | <u>\$ -</u>                         |
| <b><u>U.S. Department of Transportation</u></b>  |                           |  |                         |                                     |
| Direct Programs:   |                           |  |                         |                                     |
| Airport Improvement Program FAA  | 20.106                    | 3-06-0310-005-2016                           | \$ 108,271              | \$ -                                |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF TRINITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

| Federal Grantor/Pass-through Grantor/Program Title          | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures | Expenditures<br>to<br>Subrecipients |
|---|---------------------------|--|-------------------------|-------------------------------------|
| <b><u>U.S. Department of Transportation (Continued)</u></b> |                           |  |                         |                                     |
| Passed through the State Department of Transportation:      |                           |  |                         |                                     |
| Highway Planning and Construction                           | 20.205                    | BRLO-5905(082)                               | \$ 126,627              | \$ -                                |
| Highway Planning and Construction                           | 20.205                    | BRLS-5905(071)                               | 44,535                  | -                                   |
| Highway Planning and Construction                           | 20.205                    | BRLO-5905(111)                               | 86,094                  | -                                   |
| Highway Planning and Construction                           | 20.205                    | BRLO-5905(103)                               | 1,658                   | -                                   |
| Highway Planning and Construction                           | 20.205                    | BPMP-5905(104)                               | 461                     | -                                   |
| Highway Planning and Construction                           | 20.205                    | BRLO-5905(108)                               | 28,300                  | -                                   |
| Highway Planning and Construction                           | 20.205                    | BRLO-5905(109)                               | 13,023                  | -                                   |
| Highway Planning and Construction                           | 20.205                    | BRLO-5905(114)                               | 80,385                  | -                                   |
| Highway Planning and Construction                           | 20.205                    | RPSTPL-5905(036)                             | 18,729                  | -                                   |
| Highway Planning and Construction                           | 20.205                    | RPSTPL-5905(102)                             | 144,738                 | -                                   |
| Hazzard Elimination Safety Program                          | 20.205                    | HSIPL-5905(099)                              | 357,121                 | -                                   |
| Hazzard Elimination Safety Program                          | 20.205                    | HSIPL-5905(100)                              | 281,471                 | -                                   |
| Hazzard Elimination Safety Program                          | 20.205                    | HSIPL-5905(101)                              | 189,947                 | -                                   |
| Hazzard Elimination Safety Program                          | 20.205                    | HSIPL-5905(0119)                             | 12,457                  | -                                   |
| Hazzard Elimination Safety Program                          | 20.205                    | HSIPL-5905(118)                              | 29,893                  | -                                   |
| Subtotal - Highway Planning and Construction Cluster        |                           |  | 1,415,439               | -                                   |
| Formula Grants for Rural Areas                              | 20.509                    | 64CO19-01013                                 | 227,775                 |                                     |
| Formula Grants for Rural Areas                              | 20.509                    | 5311   | 83,458                  |                                     |
| Formula Grants for Rural Areas                              | 20.509                    | 64V020-01042                                 | 6,704                   |                                     |
| Formula Grants for Rural Areas                              | 20.509                    | 64Ko20-01262                                 | 23,332                  | -                                   |
| Subtotal CFDA - 20.509                                      |                           |  | 341,269                 | -                                   |
| Formula Grants for Rural Areas                              | 20.526                    | 64GC17-00496                                 | 393,581                 |                                     |
| Total U.S. Department of Transportation                     |                           |  | \$ 2,258,560            | \$ -                                |
| <b><u>U.S. Department of Education</u></b>                  |                           |  |                         |                                     |
| Passed through State Office of Education:                   |                           |  |                         |                                     |
| Special Education Grants (IDEA)                             | 84.027                    |  | 28,902                  | -                                   |
| Subtotal - IDEA Cluster                                     |                           |  | 28,902                  | -                                   |
| Total U.S. Department of Education                          |                           |  | \$ 28,902               | \$ -                                |
| <b><u>U.S. Department of Health and Human Services</u></b>  |                           |  |                         |                                     |
| Passed through the State Department of Social Services:     |                           |  |                         |                                     |
| Guardianship Assistance                                     | 93.090                    |  | 9,640                   | -                                   |
| Promoting Safe and Stable Families                          | 93.556                    |  | 4,404                   | -                                   |
| Child Support Enforcement                                   | 93.563                    |  | 124,830                 | -                                   |
| Community Based Child Abuse Prevention Grants               | 93.590                    |  | 31,586                  | -                                   |
| Stephanie Tubbs Jones Child Welfare Services Program        | 93.645                    |  | 13,101                  | -                                   |
| Foster Care Title IV-E                                      | 93.658                    |  | 778,658                 | -                                   |
| Foster Care Title IV-E                                      | 93.658                    |  | 41,309                  | -                                   |
| Foster Care Title IV-E                                      | 93.658                    |  | 160,767                 | -                                   |
| Subtotal CFDA - 93.658                                      |                           |  | 980,734                 | -                                   |
| Adoption Assistance   | 93.659                    |  | 1,036,771               | -                                   |
| Adoption Assistance   | 93.659                    |  | 15,953                  | -                                   |
| Subtotal CFDA - 93.659                                      |                           |  | 1,052,724               | -                                   |
| Social Services Block Grant                                 | 93.667                    |  | 142,522                 | -                                   |
| Chafee Foster Care Independence Program                     | 93.674                    |  | 15,828                  | -                                   |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF TRINITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

| Federal Grantor/Pass-through Grantor/Program Title                      | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures     | Expenditures<br>to<br>Subrecipients |
|---|---------------------------|--|-----------------------------|-------------------------------------|
| <b><u>U.S. Department of Health and Human Services (continued)</u></b>  |                           |  |                             |                                     |
| Passed through the State Department of Social Services:                 |                           |  |                             |                                     |
| Temporary Assistance for Needy Families                                 | 93.558                    |  | \$ 1,407,949                | \$ -                                |
| Subtotal TANF Cluster   |                           |  | <u>1,407,949</u>            | <u>-</u>                            |
| Passed through the State Department of Health Care Services:            |                           |  |                             |                                     |
| Medical Assistance Programs   | 93.778                    |  | 699,137                     | -                                   |
| Medical Assistance Programs - Foster Care                               | 93.778                    |  | 14,315                      | -                                   |
| Medical Assistance Programs - Foster Care PMM&O                         | 93.778                    |  | 5,584                       | -                                   |
| Medical Assistance Programs   | 93.778                    |  | 7,414                       | -                                   |
| Medical Assistance Programs - CHDP                                      | 93.778                    |  | 28,854                      | -                                   |
| Medical Assistance Programs   | 93.778                    |  | 17,005                      | -                                   |
| Medical Assistance Programs   | 93.778                    |  | 39,045                      | -                                   |
| Subtotal - Medicaid Cluster   |                           |  | <u>811,354</u>              | <u>-</u>                            |
| Immunization Cooperative Agreements                                     | 93.268                    |  | 34,032                      | -                                   |
| Public Health Emergency Response - COVID CT/CI                          | 93.323                    |  | 15,580                      | -                                   |
| Public Health Emergency Response - COVID                                | 93.354                    |  | 254,882                     | -                                   |
| Children's Health Insurance Program                                     | 93.767                    |  | 4,883                       | -                                   |
| Maternal and Child Health Services Block Grant to the States            | 93.994                    |  | 64,652                      | -                                   |
| Trinity Opioid Safety Coalition   | 93.788                    |  | 20,150                      | -                                   |
| Passed through the State Department of Public Health:                   |                           |  |                             |                                     |
| Hospital Preparedness Program (HPP)                                     | 93.074                    |  | 122,730                     | -                                   |
| Public Health Emergency Preparedness Program                            | 93.074                    |  | 117,680                     | -                                   |
| Subtotal - CFDA 93.074  |                           |  | <u>240,410</u>              | <u>-</u>                            |
| Passed through the State Department of Mental Health:                   |                           |  |                             |                                     |
| Assistance in Transition from Homelessness                              | 93.150                    |  | 16,667                      | -                                   |
| Substance Abuse and Mental Health Services Administration (SAMSHA)      | 93.958                    |  | 230,749                     | -                                   |
| Passed through the State Department of Alcohol and Drug Abuse Programs: |                           |  |                             |                                     |
| Block Grants for Prevention and Treatment of Substance Abuse (SAPT)     | 93.959                    |  | 444,674                     | -                                   |
| Total U.S. Department of Health and Human Services                      |                           |  | <u>\$ 5,921,351</u>         | <u>\$ -</u>                         |
| <b><u>U.S. Department of Homeland Security</u></b>                      |                           |  |                             |                                     |
| Passed through the State Department of Homeland Security:               |                           |  |                             |                                     |
| Homeland Security Grant Program   | 97.067                    | 2017-0083                                    | 64,617                      | -                                   |
| Homeland Security Grant Program   | 97.067                    | 2018-0054                                    | 21,003                      | -                                   |
| Homeland Security Grant Program   | 97.067                    | 2019-0035                                    | 2,944                       | -                                   |
| Subtotal - CFDA 97.067  |                           |  | <u>88,564</u>               | <u>-</u>                            |
| Passed through the California Emergency Management Agency:              |                           |  |                             |                                     |
| Emergency Management Performance Grants                                 | 97.042                    | 2019-003                                     | 60,897                      | -                                   |
| Total U.S. Department of Homeland Security                              |                           |  | <u>\$ 149,461</u>           | <u>\$ -</u>                         |
| <b>Total Expenditures of Federal Awards</b>                             |                           |  | <u><b>\$ 13,468,538</b></u> | <u><b>\$ -</b></u>                  |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF TRINITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2020**

**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 Trinity for the year ended June 30, 2020. 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 2020 *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, 2020 as follows:

| <u>CFDA No.</u> | <u>Federal Program</u>                              | <u>Outstanding<br/>Loans</u> | <u>Loans with<br/>Continuing<br/>Compliance<br/>Requirements</u> |
|-----------------|---|------------------------------|--|
| 14.228          | Community Development Block<br>Grant/States Program | \$ 1,078,073                 | \$ 1,026,761   |
| 14.239          | Home Investment Partnership<br>Program              | 3,481,376                    | 2,620,868  |

**COUNTY OF TRINITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2020**

**NOTE 6 PASS-THROUGH ENTITIES' IDENTIFYING NUMBER**

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

**COUNTY OF TRINITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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

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**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?   x   yes      \_\_\_\_\_ no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified for all major federal programs except for the Home Investment Partnership Program, CFDA 14.239, which was qualified.
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   x   yes      \_\_\_\_\_ no

**Identification of Major Federal Programs**

| CFDA Number(s) | Name of Federal Program or Cluster  |
|----------------|-------------------------------------|
| 14.239         | Home Investment Partnership Program |
| 93.659         | Adoption Assistance                 |

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

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

**COUNTY OF TRINITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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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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**2020 – 001**

Federal agency: U.S. Department of Housing and Urban Development

Federal program title: Home Partnership Investment Program

CFDA Number: 14.239

Pass-Through Agency: State Department of Housing and Urban Development

Pass-Through Number(s): N/A

Award Period: July 1, 2019 to June 30, 2020

Type of Finding: Material Weakness in Internal Control over Compliance, Material Noncompliance

**Criteria:** Grant compliance requires that Home Investment Partnership Program loans be monitored for compliance with the loan provisions on a regular basis. Such loan requirements are required to ensure HOME loan funds are used in accordance with all program requirements. The requirements are noted in the OMB 24 CFR Part 92.500 and 92.201(b). This requirement states the participating jurisdiction "has committed and expended HOME funds, as required, and has met HOME program requirements particularly as they relate to eligible activities, income targeting, affordability, and matching contribution requirement."

**Condition:** During our test of the outstanding loans for continuing compliance, we noted the County did not have adequate documentation to support monitoring of program loans to ensure compliance with loan provisions for three of the loans. These three loans were investigated by the County who later discovered the residents were deceased. The County followed up with successors of each loan. However, when no successors decided to inherit the loans, The County did not begin the foreclosure procedures to recover the outstanding loan balances.

**Questioned costs:** Likely questioned costs of \$463,313, the value of the loans, though the County is not yet able to determine the amount to be recovered through the foreclosure process.

**Context:** HOME loans must be monitored annually to ensure recipients are still living in the residence covered by the loan. CLA haphazardly selected 9 loans of a population of 27 HOME Program loans to test continuing compliance and found that 3 of those loans did not have adequate documentation to show continued monitoring occurred.

**Cause:** Due to an empty employment position at the time of monitoring, the County was unable to perform foreclosure filing procedures in a timely manner after realizing loans were not in compliance.

**Effect:** Not following through on continual monitoring requirements could result in noncompliance with program requirements and could potentially cause an overstatement of program loan receivables reported by the County. The department was not aware of any other loans requiring foreclosure procedures.

**COUNTY OF TRINITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

**Repeat Finding:** Not a repeat finding.

**Recommendation:** CLA recommends the County develop procedures, such as including a compliance checklist in the receivables listing sent to the auditor's office, to ensure that outstanding loan continuing compliance is performed timely and documented in accordance with the HOME grant loan provision.

**Views of responsible officials:** There is no disagreement with the audit finding.