

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



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**WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING**

**COUNTY OF SISKIYOU  
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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 and the Grand Jury  
County of Siskiyou  
Yreka, 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 Siskiyou, (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 March 28, 2019. Our report includes a reference to other auditors who audited the financial statements of the County's STAGE Fund, an enterprise fund of the County, as described in our report on the County's financial statements. This report does not include the results of the auditor's 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control described as 2018-001 in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **County of Siskiyou's Response to Finding**

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

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Roseville, California  
March 28, 2019



**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 and the Grand Jury  
County of Siskiyou  
Yreka, California

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

We have audited the County of Siskiyou's (County) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 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 the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and 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, 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 the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 28, 2019, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the STAGE fund, which represents the following percentages of assets and revenues/additions as of and for the fiscal year ended June 30, 2018:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Revenues/ Additions</u>
Business-Type Activities	33.9%	44.3%

Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included are based solely on the reports of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, 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*

**CliftonLarsonAllen LLP**

Roseville, California  
March 28, 2019

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

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture</b>				
Passed through California Department of Education:				
Special Milk Program for Children	10.556	02785-SN-47-R	\$ 1,065	\$ -
Passed through California Department of Health Care Services:				
Supplemental Nutrition Assistance Program	10.551	16-10153	224,300	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		<u>1,035,413</u>	-
Subtotal SNAP Cluster			1,259,713	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10117 A02	<u>394,319</u>	-
Cooperative Forestry Assistance	10.664	7FG17034	8,418	-
Cooperative Forestry Assistance	10.664	7FG17035	<u>8,501</u>	-
Subtotal CFDA 10.664			<u>16,919</u>	-
Subtotal Pass-Through			1,670,951	-
Passed through State Controller's Office:				
Schools and Roads - Grants to Counties	10.666		<u>1,568,294</u>	-
Passed through California Department of Food and Agriculture:				
Forest Health Protection	10.680	17-PA-11050500-016	6,000	-
Forest Health Protection	10.680	14-DG-11052021-204	<u>28,570</u>	-
Subtotal CFDA 10.680			<u>34,570</u>	-
Total U.S. Department of Agriculture			<u>\$ 3,274,880</u>	\$ -
<b>Department of Housing and Urban Development</b>				
Passed through California Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Nonentitlement Grants in Hawaii	14.228	-	182,534	-
Community Development Block Grants/State's Program and Nonentitlement Grants in Hawaii	14.228	-	<u>2,237,662</u>	-
Subtotal CFDA 14.228			2,420,196	-
Home Investment Partnerships Program	14.239	Outstanding Loans	<u>307,000</u>	-
Total Department of Housing and Urban Development			<u>\$ 2,727,196</u>	\$ -
<b>U.S. Department of the Interior</b>				
Direct Program:				
Invasive and Noxious Plant Management	15.230	L14AC00012	7,178	-
Geothermal Resources	15.434		102,130	-
U.S. Geological Survey Research and Data Collection	15.808	G16PX00271	7,260	-
Fish and Wildlife Management Assistance - Invasive and Noxious Plant	15.608	F15AP00817	5,401	-
Fish and Wildlife Management Assistance	15.608	F16AP00143	<u>9,210</u>	-
Subtotal CFDA 15.608			14,611	-
Total U.S. Department of the Interior			<u>\$ 131,179</u>	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.



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

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Justice</b>				
Direct Program:				
Equitable Sharing Program	16.922		35,823	-
Passed through the California Governor's Office of Emergency Services:				
Crime Victim Assistance	16.575	XC 16 01 0470	117,217	-
Crime Victim Assistance	16.575	VW 16 24 0470/ VW 17 25 0470	123,844	-
Subtotal CFDA 16.575			241,061	-
Passed through Superior Court of Siskiyou County:				
Drug Court Discretionary Grant Program	16.585	2017-49	56,000	-
Drug Court Discretionary Grant Program	16.585	2018-46	29,500	-
Subtotal CFDA 16.585			85,500	-
Total U.S. Department of Justice			<u>\$ 362,384</u>	<u>\$ -</u>
<b>U.S. Department of Transportation</b>				
Passed through State Department of Transportation:				
Highway Planning and Construction	20.205	BRLS-5902 (078)	139,697	-
Highway Planning and Construction	20.205	BRLS-5902 (078)	59,584	-
Highway Planning and Construction	20.205	BRLS-5902 (078)	49,984	-
Highway Planning and Construction	20.205	ER-32D0(015)	615,198	-
Highway Planning and Construction	20.205	RPSTPL-5902(076)	2,124	-
Highway Planning and Construction	20.205	STPLR-7500(263)	10,141	-
Subtotal CFDA 20.205			<u>876,728</u>	<u>-</u>
Passed Through Federal Transit Administration:				
Formula Grants for Rural Areas	20.509	BCG0001038	242,244	-
Total U.S. Department of Transportation			<u>\$ 1,118,972</u>	<u>\$ -</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through California Department of Social Services:				
Guardianship - Assistance	93.090		138,032	-
Promoting Safe and Stable Families	93.556		17,409	-
Temporary Assistance for Needy Families	93.558		3,341,663	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		39,236	-
Foster Care - Title IV-E	93.658		1,796,361	-
Adoption Assistance	93.659		1,562,481	-
Social Services Block Grant	93.667		123,630	-
Chafee Foster Care Independence Program	93.674		31,598	-
Subtotal Pass-Through			<u>7,050,410</u>	<u>-</u>
Passed through California Department of Child Support Services:				
Child Support Enforcement	93.563		1,307,461	-
Passed through California Department of Mental Health Services:				
Block Grants for Community Mental Health Services	93.958	SAMHSA	153,001	-
Passed through California Department of Alcohol and Drug Programs:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	SAPT	700,831	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Passed through California Department of Health Care Services:				
Maternal and Child Health Services Block Grant to the States	93.994	MCH	94,097	-
Medical Assistance Program - Child Health & Disability Prevention	93.778	CHDP	37,752	-
Medical Assistance Program - California Children's Services	93.778	CCS	157,633	-
Medical Assistance Program - Health Care Children Foster Care	93.778	HPCFC	4,209	-
Medical Assistance Program - Childhood Lead	93.778	17-10231	7,875	-
Medical Assistance Program	93.778	DHS Medi-Cal	1,715,538	-
Maternal and Child Health Title XIX section	93.778	MCH	17,465	-
Subtotal CFDA 93.778			1,940,472	-
Subtotal Pass-Through			2,034,569	-
Passed through California Department of Public Health:				
Public Health Emergency Preparedness (PHEP)	93.074	14-10548	108,885	-
National Bioterrorism Hospital Preparedness Program (HPP)	93.074	14-10548	94,629	-
Subtotal CFDA 93.074			203,514	-
Immunization Cooperative Agreements	93.268	17-10353	31,195	-
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	16-10807	4,966	-
Subtotal Pass-Through			239,675	-
Total Department of Health and Human Services			\$ 11,485,947	\$ -
<b>U.S. Executive Office of the President</b>				
Passed through County of Sacramento:				
High Intensity Drug Trafficking Area Program	95.001	G13CV0002	18,970	-
Total U.S. Executive Office of the President			18,970	-
<b>U.S. Social Security Administration</b>				
Direct Program:				
Supplemental Security Income	96.006	-	9,000	-
Total U.S. Social Services Administration			\$ 9,000	\$ -
<b>Department of Homeland Security</b>				
Passed through California Office of Emergency Services:				
Emergency Management Performance Grants	97.042	2017-0007	134,083	-
Homeland Security Grant Program	97.067	2017-0083	34,093	-
Homeland Security Grant Program	97.067	2016-0102	11,071	-
Subtotal CFDA 97.067			45,164	-
Total Department of Homeland Security			\$ 179,247	\$ -
Total			\$ 19,307,775	\$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF SISKIYOU**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2018**

**NOTE 1 REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the County of Siskiyou. The County of Siskiyou reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule of Expenditures of Federal Awards. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 INDIRECT COST RATE**

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

**NOTE 4 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

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

**NOTE 5 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

**COUNTY OF SISKIYOU  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2018**

**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.

**NOTE 7 LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS**

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs require servicing arrangements with the County. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Section 200.510 of the Uniform Guidance, the County has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2018, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2018:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>SEFA June 30, 2018</u>	<u>FY 17/18 Activity</u>	<u>County Balance June 30, 2018</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 2,420,196	\$ (261,528)	\$ 2,158,668
14.239	Home Investment Partnerships Program	\$ 307,000	\$ (100)	\$ 306,900

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

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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?   x   yes      \_\_\_\_\_ 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**

CFDA Number(s)	Name of Federal Program or Cluster
10.561	Supplemental Nutrition Assistance Program
20.205	Highway Planning and Construction
93.558	Temporary Assistance for Needy Families
93.563	Child Support Assistance Program
93.658	Foster Care - Title IX-E

- 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 SISKIYOU  
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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**2018-001**

Revenue Recognition

Type of Finding - Significant Deficiency in Internal Control Over Financial Reporting

**Criteria or specific requirement-** Revenue should be reported as earned in accordance with generally accepted accounting principles (GAAP).

**Condition:** Revenue and fund balance were understated in a prior year because revenue was not reported as earned when all conditions for revenue recognition had been met in a prior year.

**Context:** While performing audit procedures it was determined that the County had recorded revenue in excess of \$1 million in the current year for insurance recoveries received in prior years. It was also determined that the County had recorded a receipt for payment in lieu of taxes (PILT) as unearned revenue in the current year.

**Effect of Condition:** The fund financial statements for the General Fund understated revenues by \$800 thousand and beginning fund balance by \$2.3 million

**Cause:** The County did not properly apply revenue recognition principles when recording these transactions.

**Repeat Finding:** The finding is not a repeat finding

**Recommendation:** We recommend that the County review unearned revenue account balances at year-end to ensure that revenue recognition principles have been properly applied and all earned revenue has been reported in the proper period.

**View of responsible officials and planned corrective actions:** The County of Siskiyou has reviewed the recognition of revenue policies and procedures. We have implemented the charges as outlined by the outside auditors. Future revenue recognition will be managed in accordance with accounting guidelines.

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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).