

YOLO COUNTY FINANCIAL OVERSIGHT COMMITTEE

MINUTES OF MEETING JUNE 25, 2019

County Administration Building, County Admin Room
625 Court Street
Woodland, CA 95695

Members present: Gary Sandy (Supervisor), Kristin Sicke (Special District), Paul Navazio (Cities), and Eric Will (Public).

Members excused: Duane Chamberlain (Chair – Supervisor), Richard Horan (Public), and Crissy Huey (Education)

Others present: Patrick Blacklock (CAO), Chad Rinde (CFO), Tom Haynes (Asst. CFO), Edward Burnham (Treasury Manager), Sarah Meacham (PFM), Brandon Young (LSL), Ryan Pistoichini (Procurement Manager), and Kim Eldredge, Noemy Mora-Beltran, David Estrada (Internal Audit).

Recorded by Kim Eldredge

- 1) Eric Will called the meeting to order at 3:05 PM with Eric and Paul in attendance. Kristin and Gary arriving at 3:10 and 3:30 PM. Quorum was formed with four voting members present.
- 2) The agenda was reviewed and approved; agenda adopted (Sicke/Navazio).
- 3) Introductions were given by members and others in attendance. Brandon Young, LSL, CPAs was introduced and welcomed. Duane Chamberlain (Chair – Supervisor), Richard Horan (Public), and Crissy Huey (Education) were noted as absent.
- 4) There were no follow-up items open from prior meeting.
- 5) Public comments: There were no public comments.
- 6) Approval of the 2/12/19 meeting minutes was accepted and approved (Sicke/Sandy).
- 7) Kim Eldredge provided an update on the Internal Audit division. (a) released audit reports from last meeting (HHSR Risk Assessment Report and P-Card Audit) (b) status of current engagements (c) changes to 2018-19 annual audit plan and audit resources. Noemy Mora-Beltran, auditor-in-charge, provided a summary of the P-Card Audit describing the data analytics and audit procedures performed and findings and recommendations reported.
- 8) Chad Rinde provided an update on the status of the recruitment of the Internal Audit Manager targeting advertising in July, 2019 and onboarding in October, 2019.
- 9) Edward Burnham verbally reported an update on the status of the treasury for quarters ended 6/30/2018 (completed); 9/30/2018 and 12/31/2018 (pending) due to bank reconciliations not completed for a variety of reasons - transitioning to a new financial institution-banking system and lack of available staffing resources.

- 10) Brandon Young of LSL CPAs, county's new external audit firm, provided the independent auditor's plan for the 2018/2019 fiscal year.
- 11) Review Treasury and Cash Investments for Quarter Ending March 31, 2019 (PFM)- Sarah Meacham provided an economic update and overview of the investment portfolio performance for the First Quarter of 2019.
- 12) Chad Rinde provided a verbal update on the State Controller's Audit on Property Tax Allocation and the tax distribution process.
- 13) Members confirmed the next meeting date for August 20, 2019 at 3PM in the Atrium Training Room, 625 Court Street, Woodland CA, Administrative Building, Basement.
- 14) Meeting Adjourned at 4:13 PM.

YOLO COUNTY FINANCIAL OVERSIGHT AND AUDIT SUBCOMMITTEE

UPDATE - DIVISION OF INTERNAL AUDIT ACTIVITY

To: Members of the Financial Oversight Committee and Audit Subcommittee
 From: Kim Eldredge, Senior Auditor, CGAP
 Re: Update- Division of Internal Audit Activity Quarterly Report

Members of the Financial Oversight and Audit Subcommittee, the following updates are provided for this Quarter:

(a) Status update of current in-progress and completed engagements –

<u>In-progress:</u>	<u>Completed:</u>
- Treasury Wire Transfers/ACH Payments – August	- Landfill Cash
- Countywide Payroll Audit – Planning phase	- Placer County Peer Review
- P-Card continuous auditing – November	- Treasury Cash Count QE 3/31/19
	- Treasury Cash Count QE 6/30/19

(b) Proposed Annual Audit Plan for fiscal year 2019-2020 –

The Division of Internal Audit performed a risk assessment that included discussion with members of the Board, the County Administrator and department executive management regarding risk considerations. We distributed a risk assessment survey for input on their perspective of risk at the county and areas of audit interest in department business operations. A risk score card was also used to identify high risk departments relative to the following risk factors of the proposed budget, number of staff, number of audit findings and date of the last audit. We ranked and tabulated the results to develop a risk-based audit plan. Because of the limited staffing resources, we evaluated all audit requests based on our risk assessment criteria. Special request audits from the Board and department heads were considered for inclusion in the audit plan.

Attached is a copy of the proposed annual audit plan for fiscal year 2019-2020 (Attachment A) and the countywide risk assessment (Attachment B).

<u>Proposed Annual Audit Plan</u>	<u>Hours</u>
Countywide & Department Audits	3,108
Continuous Auditing Program	530
Countywide Risk Assessment-Preliminary	120
Special Project	323
Audit Functions	1,673
Administration	350
Other Administration Per MOU	1.656
Total Proposed Budgeted Hours	7,760

(c) Summary of audit reports received --

Entity	Total number of audit reports
County (Attachment C)	29
Joint Powers Agencies and Other Entities (Attachment D)	17
Special Districts – 2-year reporting (Attachment E)	53

If you would like more information on the audit plan, or would like to discuss the internal audit activity functions and resources, please do not hesitate to contact me at (530) 666-8190 ext 9204 or kim.eldredge@yolocounty.org.
 Thank you.

Yolo County
Division of Internal Audit
Proposed Audit Plan
Fiscal Year 2019-2020

Name	Entity	Preliminary Audit Objective/Project Description	Hours	Comments
Accounts Payable Audit	Countywide	To assess internal controls over accounts payable to ensure invoicing/payment processes are properly reviewed and complete, valid, and accurate. Includes review of system controls and data analytics.	304	High-risk area: Implementation of new financial/payroll system. Identified in Infor System Audit.
Capital Project Audit	Countywide	To assess internal controls over capital projects and county management oversight to ensure projects were completed timely and within budget.	154	County Management Request
Contracting and Procurement Audit	Countywide	The internal audit activity will work with the Procurement Manager on determining scope of audit.	164	High-risk area: Implementation of new financial/payroll system. Identified in Infor System Audit.
Payroll Audit	Countywide	To assess internal control over payroll processing to ensure payroll is accurate, authorized, reviewed, and duties are properly segregated.	304	High-risk area: Implementation of new financial/payroll system. Identified in Infor System Audit. Review of payroll processes not performed in 9 years.
Audit Projects Less than 8 hours	Countywide	Various county management requests, non-audit services, consulting with departments, and other counties and entities.	600	Requirement - Standard 2130
Audit Communication with Management and Staff	Countywide	Division weekly meetings, discussions on audit subject matters, and other communications.	400	Requirement - Standard 2200
Follow-up Audits and Testing of Correction Action Plans	Countywide	Monitor progress of the disposition of results to management.	200	Requirement - Standard 2500, 2600
Continuous Auditing Program	Countywide-Cont Aud	Development of analytics, testing of transactions, and results for three high risk areas (accounts payable, payroll and purchase card). Report to FOC	530	Divisional Goal
Accounts Receivable-Risk Assessment	Countywide-Risk Assessment	To perform a preliminary risk assessment to determine audit area and scope of work.	60	Internal audit activity will perform a countywide preliminary risk assessment on accounts receivable and select two (2) high risk individual departments to audit based on the results.
Cash Audit	Countywide-Risk Assessment	To perform a preliminary risk assessment to determine audit area and scope of work.	60	Internal audit activity will perform a countywide preliminary risk assessment on accounts receivable and select two (2) high risk individual departments to audit based on the results.
Accounts Receivable-Department Audit	Department	To assess internal control over accounts receivable to ensure receivable accounts are accurate, valid, properly approved, and recorded.	120	Department selected based on preliminary risk assessment
Accounts Receivable-Department Audit	Department	To assess internal control over accounts receivable to ensure receivable accounts are accurate, valid, properly approved, and recorded.	120	Department selected based on preliminary risk assessment
Cash-Department Audit	Department	To assess internal control over cash receipts to ensure receipts are safeguarded, deposited, and reconciled with County records.	120	Department selected based on preliminary risk assessment
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Yolo County
Division of Internal Audit
Proposed Audit Plan
Fiscal Year 2019-2020

Name	Entity	Preliminary Audit Objective/Project Description	Hours	Comments
Revenue Audit	Department	To assess internal control over fiduciary or special revenue funds to ensure sources and uses of funds are proper and in compliance with County and department policy, procedures, and laws.	100	Department selected based on preliminary risk assessment
Integrated Waste Management Internal Control Review	Department of Community Services	To conduct a surprise cash count of the revolving funds; review the division's internal controls over the handling of cash and commercial accounts; review cash collections to loads transferred and activity reports.	128	Completed: Opportunities for improvement of internal controls relating to commercial accounts, cash handling, and transfer load/activity reports ECC
Treasury Cash Counts	Department of Financial Services-Treasury	To count cash in the county treasury (at least once in each quarter).	64	Mandated: Government Code 26920 (a)(1)
Treasury Wire Transfers/ACH Payments Audit	Department of Financial Services-Treasury	To verify that wire transfers/ACH transactions are properly authorized, supported by adequate documentation, comply with County Policy and best practices. Review the Department's internal controls over handling of wire transfers/ACH transactions.	210	In-progress: Anticipated date of completion 8/30/2019
Inter-Governmental Transfer Fund (IGT)	Special Project	To review spending for allowance under partnership plan.	100	County Management Request
Contingency Reserve	Special Project	Unassigned projects	223	To be determined
Internal Audit General	Audit Function	Various general duties-timekeeping, team-building activities (strength finders), etc.	560	
Continuing Professional Development	Audit Function	Continuing professional development-Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.	173	Requirement - Standard 1230
Peer Review External Assessment-Placer County	Audit Function	Peer review program sponsored by the California State Association of County Auditors	200	Completed: August 2019
Countywide Trainings	Audit Function	Countywide Fiscal Foundations Series: Data Analytics; Ethics & Fraud; Preparing for an Audit; and audit tips-short video clips. Includes development, preparation and instruction.	200	Department Goal
Internal Audit Activity Management	Audit Function	Manage the internal audit activity, establish a risk-based audit plan; ensure that engagements are performed with proficiency and due professional care; develop and update policies and procedures.	200	Requirement - Standards 1000, 1200, 2000
Quality Assurance and Improvement Program	Audit Function	Develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.	100	Requirement - Standard 1300
Electronic workpapers	Audit Function	"New" - Implementation and training	240	Divisional Goal
Department of Financial Services General	Administration	Various meetings, employee evaluations, and other events not directly related to the division	300	
Financial Oversight Committee	Administration	Support services for the Financial Oversight Committee	50	
Estimated staff benefits & leave	Other-Administration	General provisions within the MOU	1656	Memorandum Of Understanding Agreements with Labor Relations
Total audit & non-audit hours and benefits & leave			7760	

Yolo County
Division of Internal Audit
County-Wide Risk Assessment
Fiscal Year 2019-2020

DEPARTMENT	AUDIT SUBJECT	PROPOSED EXPENDITURES (18-19 FINAL BUDGET)	SCORE	%	PROPOSED REVENUES (18-19 FINAL BUDGET)	SCORE		NUMBER OF STAFF (FUNDED)	SCORE		NUMBER OF AUDIT FINDINGS	SCORE		DATE OF LAST AUDIT (incl ext audits)	SCORE		TOTAL SCORE
RELATIVE WEIGHTS OF RISK FACTORS			6			5			5			4			5		250
Health & Human Services	Internal Control Cash & Equipment Audit 2011 & 2015	217,891,518	10	46%	195,371,260	10	53%	609	10	37%	14	5	10%	2015	4	5%	200
Community Services	Internal Control Cash & Equipment Audit 2013; Inventory Observation 2015	69,052,661	10	15%	51,502,919	10	14%	130	10	8%	3	1	2%	2015	4	5%	184
Sheriff	Internal Control Cash & Equipment Audit 2014; Audit of Public Admin 2018	44,170,858	9	9%	24,985,729	5	7%	276	10	17%	17	6	12%	2018	1	1%	158
County Administrator	Internal Control Cash & Equipment Audit 2012 & 2013; Gravel Mining Fee Ordinance 2013	39,430,743	8	8%	33,166,547	7	9%	40	6	2%	7	3	5%	2013	6	8%	155
District Attorney	Internal Control Cash & Equipment Audit 2011	20,588,138	5	4%	11,937,594	3	3%	119	10	7%	4	2	3%	2011	8	11%	143
Probation	Internal Control Payroll & Contracting 2013; Agreed Upon Procedures 2018	26,619,216	6	6%	22,898,832	5	6%	145	10	9%	16	6	12%	2018	1	1%	140
General Services	Internal Control Cash & Equipment Audit 2012	12,078,735	3	3%	7,202,084	2	2%	61	8	4%	6	2	4%	2012	7	9%	111
Library	Internal Control Cash & Equipment Audit 2012	10,135,522	3	2%	9,295,222	2	3%	40	6	2%	5	2	4%	2012	7	9%	101
Public Defender	None	7,957,739	2	2%	385,866	-	0%	41	7	3%	-	-	0%	-	10	13%	97
Child Support Services	Internal Control Cash & Equipment Audit 2013	5,948,363	2	1%	5,948,363	2	2%	42	7	3%	2	1	1%	2013	6	8%	91
Financial Services	Discharge of Accountability 2015; Treasury Cash Count Reviews 2016-2019	5,413,332	2	1%	1,580,317	1	0%	34	6	2%	37	10	27%	2019	-	0%	87
Assessor/Clerk-Recorder/Elections	Internal Control Cash & Equipment Audit 2012 & 2013; Social Security Truncation 2018	7,753,625	2	2%	2,781,400	1	1%	51	7	3%	15	5	11%	2018	1	1%	77
County Counsel	None	2,559,652	1	1%	1,228,512	1	0%	12	3	1%	-	-	0%	-	10	13%	76
Board of Supervisors	None	2,010,620	1	0%	-	-	0%	15	3	1%	-	-	0%	-	10	13%	71
Agriculture	Internal Control Cash & Equipment Audit 2012; Cannabis 2018	3,225,794	1	1%	2,395,290	1	1%	20	4	1%	11	4	8%	2018	1	1%	52
Total		474,836,516		100%	370,679,935		100%	1,634		100%	137		100%		76	100%	

Scoring Table

PROPOSED EXPENDITURES	Weight Rating	PROPOSED REVENUES	Weight Rating	NUMBER OF STAFF	Weight Rating	AUDIT FINDINGS	Weight Rating	DATE OF LAST AUDIT	Weight Rating
500,000	0	500,000	0	0	0	0	0	<2009	10
5,000,000	1	5,000,000	1	1	1	3	1	2010	9
10,000,000	2	10,000,000	2	5	1	6	2	2011	8
15,000,000	3	15,000,000	3	10	2	9	3	2012	7
20,000,000	4	20,000,000	4	15	3	12	4	2013	6
25,000,000	5	25,000,000	5	20	4	15	5	2014	5
30,000,000	6	30,000,000	6	30	5	18	6	2015	4
35,000,000	7	35,000,000	7	40	6	21	7	2016	3
40,000,000	8	40,000,000	8	55	7	24	8	2017	2
45,000,000	9	45,000,000	9	75	8	27	9	2018	1
50,000,000	10	50,000,000	10	100	9	30	10	2019	0
MORE	10	MORE	10	500	10				
				MORE	10				

Results:
Based on our scorecard for FY 2019-20, we identified 5 departments as high risk relative to the risk factors of the proposed budget, number of staff, number of audit findings, and date of last audit. The departments identified were Health & Human Services, Community Services, Sheriff, County Administrator, and District Attorney. Engagement scheduling has been given priority to address these high risk departments in the following areas for the county-wide audits and the continuous auditing program: accounts payable; payroll; and contracting and procurement. However, due to administrative activities related to the new Internal Audit Manager and limited staffing resources, all departments with high risk may not be covered during this fiscal year.

County of Yolo
 Summary of Audit Reports - **County**
 Received During Fiscal Year Ending - June 30, 2019

	Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
1	Audit of Yolo County Purchase Card Program - Administration	Internal Audit Division	7/1/2016 to 6/30/2018	1) Program Administration Total Findings 3: Card management needs improvement; monthly reconciliation of the purchase card program not performed; and Purchase Card Procedures Manual not up to date. 2) Purchase Card Transactions Total Exceptions 137: Noncompliance with County policy and procedures and lack of supporting documentation (81 exceptions); and noncompliance with program eligibility and department's policy and procedures for client services (56 exceptions)	5/28/2019
2	Community Services, Division of Integrated Waste Management - Internal Control Cash Audit	Internal Audit Division	7/1/2017 to 9/30/2018	Total Findings 6: Accounts receivable balances in the Infor system not recorded; individual accounts in the WasteWORKS system not monitored; invoicing terms not in compliance with the County's Master Fee Schedule; department written policy and procedures not available; improvement needed on the monitoring of cash overages/shortages at the Scalehouse; and accountability over Esparto Convenience Center transactions	8/2/2019
3	County of Yolo Transportation Development Act Fund Non-Transit Purposes	Richardson & Company LLP	6/30/2017 & 6/30/2018	Unmodified	1/9/2019
4	County of Yolo Transportation Development Act Fund Transit Purposes	Richardson & Company LLP	6/30/2017 & 6/30/2018	Unmodified	1/3/2019
5	HHSA - Compliance Review for Temporary Assistance for Needy Families and Work Incentive Nutritional Supplement	State of California - Health and Human Services Agency; Department of Social Services	Program Year 2015-16	Areas of concern: 1) Missing, incorrect or incomplete documentation to support reported hours; 2) Not using recent earnings statements to project	2/16/2018
6	HHSA - Hospital Preparedness Program (HPP) Grant Agreement No. 14-10559	California Department of Public Health (CDPH)	6/30/2017	Total Findings 1: Incomplete documentation of travel expenditures	5/23/2019
7	HHSA - Network Adequacy Findings Report for Mental Health Plan (MHP)	State of California - Health and Human Services Agency; Department of Health Care Services	Program Year 2018-19	Total Findings 1: Mental Health Plan exceeded outpatient provider capacity	9/21/2018
8	HHSA - Program Monitoring Visit for the Women, Infants, and Children (WIC) Division	California Department of Public Health (CDPH) Women, Infants and Children (WIC) Division	3/21/2018 to 3/23/2018	Total Findings 2: Proper procedures not followed for health and nutrition services; proof of identification not obtained	12/3/2018
9	HHSA - Public Health Emergency Preparedness Program (PHEP) Grant Agreement No. 14-10559	California Department of Public Health (CDPH)	6/30/2017	Total Findings 3: Inventory management incomplete; incomplete documentation of travel expenditures; and excess interest earned was not remitted to CDPH	5/23/2019
10	HHSA - Quality Assurance Monitoring Review of the In-Home Supportive Services (IHSS) program	State of California - Health and Human Services Agency; Department of Social Services	9/18/2018 to 9/21/2018	No exceptions noted	11/2/2018

County of Yolo
Summary of Audit Reports - **County**
Received During Fiscal Year Ending - June 30, 2019

	Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
11	Internal Auditor's Initial Assessment of the Infor System Follow-up Audit	Internal Audit Division	As Applied Discussion Draft 10/20/2018	Total Findings 4: Infor project Contract Administration not following best practices; Kinsey & Kinsey Software License Agreement not approved by the Board of Supervisors; system functionality, security, system controls, county operations and documenting and reporting needs improvement; and training materials not updated and written procedures not available for many accounting and procurement processes	12/20/2018
12	Purchase Card Overall Review of Transactions - Department of Financial Services, Accounting & Financial Reporting Division	Internal Audit Division	7/1/2016 to 6/30/2018	Total Findings 2: Lack of monitoring of purchase card transactions; and policy and procedures for travel not up to date	5/28/2019
13	Purchase Card Review of Transactions - County Administrator	Internal Audit Division	7/1/2016 to 6/30/2018	Total Findings 4: No original or supporting receipts on file; purchase card statements not signed by authorized Approving Official; no travel request forms attached; and no documentation for using alternative methods for travel arrangements	5/28/2019
14	Purchase Card Review of Transactions - Department of Financial Services	Internal Audit Division	7/1/2016 to 6/30/2018	Total Findings 1: No verification of when goods were received	5/28/2019
15	Purchase Card Review of Transactions - District Attorney	Internal Audit Division	7/1/2016 to 6/30/2018	Total Findings 3: No verification of when goods were received; transaction exceeding monthly credit limit; and split transaction	5/28/2019
16	Purchase Card Review of Transactions - General Services	Internal Audit Division	7/1/2016 to 6/30/2018	Total Findings 1: No verification of when goods were received	5/28/2019
17	Purchase Card Review of Transactions - Health & Human Services Agency	Internal Audit Division	7/1/2016 to 6/30/2018	Total Findings 8: No original or supporting receipts on file; no verification of when goods were received; purchase card statements not signed by authorized Approving Official; no travel request forms attached; no documentation for using alternative methods for travel arrangements; split transaction; no purchase order used; and noncompliance with program eligibility and department's policy and procedures for client services	5/28/2019
18	Purchase Card Review of Transactions - Library	Internal Audit Division	7/1/2016 to 6/30/2018	Total Findings 3: No original or supporting receipts on file; no verification of when goods were received; and split transaction	5/28/2019
19	Purchase Card Review of Transactions - Probation	Internal Audit Division	7/1/2016 to 6/30/2018	Total Findings 5: No original or supporting receipts on file; no verification of when goods were received; no description of business purpose; transaction exceeding monthly credit limit; and split transaction	5/28/2019
20	Purchase Card Review of Transactions - Sheriff's	Internal Audit Division	7/1/2016 to 6/30/2018	Total Findings 5: No original or supporting receipts on file; no verification of when goods were received; no description of business purpose; no travel request forms attached; and transaction exceeding single purchase limit	5/28/2019
21	Review of Purchase Card Individual Statement	Internal Audit Division	7/1/2018 to 12/31/2018	Total Findings 3: Compliance deficiencies and internal control concerns	5/6/2019
22	Yolo County Audit of County Annual Financial Report	Vavrinek, Trine, Day & Co. LLP	6/30/2018	Unmodified	12/21/2018

County of Yolo
 Summary of Audit Reports - **County**
 Received During Fiscal Year Ending - June 30, 2019

	Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
23	Yolo County Single Audit Report	Vavrinek, Trine, Day & Co. LLP	6/30/2018	Total Findings 5: Bank reconciliations not prepared timely; no policy and procedures for Prop 8 adjustments; duties not properly segregated within the Infor System; timecards not properly approved; significant deficiency-eligibility, instance of non-compliance (Adoption Assistance), questioned costs \$20,502	12/21/2018
24	Yolo County Treasury Cash Count	Internal Audit Division	QE 6/30/2018	Total Findings 2 (repeat findings): Internal Control-Treasury recording of bank transactions delayed within county financial system, control deficiency-limited close, and access to GL45; and wire instructions not available for review	9/20/2018
25	Yolo County Treasury Cash Count	Internal Audit Division	QE 9/30/2018	Total Findings 1 (repeat finding): Internal Control-Treasury recording of bank transactions delayed within county financial system, control deficiency-limited close	2/19/2019
26	Yolo County Treasury Cash Count	Internal Audit Division	QE 12/31/2018	Total Findings 1 (repeat finding): Internal Control-Treasury recording of bank transactions delayed within county financial system, control deficiency-limited close	2/19/2019
27	Yolo County Treasury Cash Count	Internal Audit Division	QE 3/31/2019	Total Findings 1 (repeat finding): Internal Control-Treasury recording of bank transactions delayed within county financial system, control deficiency-limited close	8/13/2019
28	Yolo County Treasury Cash Count	Internal Audit Division	QE 6/30/2019	Total Findings 1 (repeat finding): Internal Control-Treasury recording of bank transactions delayed within county financial system, control deficiency-limited close	8/13/2019
29	Yolo County Treasury Review	Vavrinek, Trine, Day & Co. LLP	QE 3/31/2018	Total Findings 2: No timely reconciliations of Investment Summary reports; variances not resolved	8/13/2018

County of Yolo
 Summary of Audit Reports - **Joint Power Agencies (JPAs) and Other Entities**
 Received During Fiscal Year Ending - June 30, 2019

	Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
1	Area 4 Agency on Aging	Gilbert Associates, Inc.	6/30/2017 & 6/30/2018	Unmodified	1/9/2019
2	California Joint Powers Risk Management Authority	Maze & Associates	6/30/2018	Unmodified	12/3/2018
3	Golden State Finance Authority	Moss-Adams LLP	12/31/2018	Unmodified	4/29/2019
4	Sacramento Area Council of Governments	Vavrinek, Trine, Day & Co. LLP	6/30/2018	Unmodified	1/31/2019
5	Sacramento Area Council of Governments - Management Letter	Vavrinek, Trine, Day & Co. LLP	6/30/2018	Unmodified - Total Findings 3	1/31/2019
6	West Sacramento Area Flood Control Agency	Crowe LLP	6/30/2018	Unmodified - Total Findings 1	2/12/2019
7	Yolo County Habitat/Natural Community Conservation Plan JPA	Maze & Associates	6/30/2018	Unmodified	1/17/2019
8	Yolo County Habitat/Natural Community Conservation Plan JPA - Memorandum on Internal Control	Maze & Associates	6/30/2018	Unmodified	1/17/2019
9	Yolo County Habitat/Natural Community Conservation Plan JPA - Required Communication	Maze & Associates	6/30/2018	No exceptions noted	1/17/2019
10	Yolo County Housing	Cohn Reznick LLP	6/30/2018	Unmodified	11/29/2018
11	Yolo County Housing - Single Audit	Cohn Reznick LLP	6/30/2018	Unmodified on each major federal program	11/29/2018
12	Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA)	Crowe LLP	6/30/2017 & 6/30/2018	Unmodified	10/25/2018
13	Yolo Emergency Communications Agency (YECA)	Richardson & Company, LLP	6/30/2018	Unmodified	12/21/2018
14	Yolo Subbasin Groundwater Agency	Richardson & Company, LLP	6/30/2018	Unmodified - Total Findings 2	2/27/2019
15	Yolo-Solano Air Quality Management District	Richardson & Company, LLP	6/30/2018	Unmodified	12/21/2018
Other Entities					
16	Yolo County Flood Control And Water Conservation District	Richardson & Company, LLP	4/30/2018	Unmodified	7/27/2018
17	Yolo County Transportation District	Richardson & Company, LLP	6/30/2017 & 6/30/2018	Unmodified	3/21/2019

County of Yolo
 Summary of Audit Reports - **Special Districts**
 Received During Fiscal Years Ending - June 30, 2018 and 2019

Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
Alliance of Schools for Cooperative Insurance	Vavrinek, Trine, Day & Co.	6/30/16	Unmodified	11/30/16
California Joint Powers Risk Management Authority	Maze & Associates	6/30/17	Unmodified	12/5/17
Clarksburg FPD	Fetcher & Company	6/30/12	Unmodified	4/30/18
Clarksburg FPD	Fetcher & Company	6/30/13 6/30/14	Unmodified	4/30/18
Clarksburg FPD	Fetcher & Company	6/30/15 6/30/16	Unmodified	4/30/18
CSAC Excess Insurance Authority	Gilbert Associates, Inc.	6/30/16 6/30/17	Unmodified	12/6/17
Davis Cemetery District	Vavrinek, Trine, Day & Co.	6/30/15	Unmodified	8/8/16
Dixon Resource Conservation District of Solano County	Perry, Bunch & Johnston	6/30/16 6/30/17	Unmodified	2/7/18
Dunnigan Water District	Robert W. Johnson, CPA	12/31/17	Unmodified	3/7/18
Esparto Community Service District	Pehling & Pehling	6/30/16	Unmodified	10/6/16
Esparto Community Service District	Pehling & Pehling	6/30/17	Unmodified	2/1/18
First 5 Yolo Children & Families Commission	Jensen Smith	6/30/18	Unmodified	10/10/18
First 5 Yolo Children & Families Commission	Jensen Smith	6/30/17	Unmodified	10/2/17
Yolo County Habitat/Natural Community Conservation Plan	Maze & Associates	6/30/16	Unmodified	3/13/17
Yolo County Habitat/Natural Community Conservation Plan	Maze & Associates	6/30/17	Unmodified	5/3/18
Yolo County Habitat/Natural Community Conservation Plan	Maze & Associates	6/30/18	Unmodified	1/17/19
Knights Landing CSD	Perry, Bunch & Johnston	12/31/13 12/31/14	Unmodified	8/16/2016
Knights Landing CSD	Perry, Bunch & Johnston	6/30/15 6/30/16	Unmodified	5/10/17
Knights Landing Ridge Drainage District	Smith & Newll CPA	12/31/14	Unmodified	7/2/15
Knights Landing Ridge Drainage District	Smith & Newll CPA	12/31/15	Unmodified Total Findings 1	5/25/16
Knights Landing Ridge Drainage District	Smith & Newll CPA	12/31/16	Unmodified Total Findings 1	8/9/17
Knights Landing Ridge Drainage District	Smith & Newll CPA	12/31/17	Unmodified Total Findings 1	10/4/18
Madison CSD	Vavrinek, Trine, Day & Co.	6/30/07 6/30/08	Unmodified	1/8/16
Madison CSD	Vavrinek, Trine, Day & Co.	6/30/09 6/30/10	Unmodified	9/9/16
Madison CSD	Vavrinek, Trine, Day & Co.	6/30/11 6/30/12	Unmodified	4/19/17
North Delta Water Agency	Perry, Bunch & Johnston, Inc.	6/30/16 6/30/17	Unmodified	12/4/17
Public Agency Retirement Services Trust	SSAE 16 Professionals, LLP	6/30/17	Unmodified	7/17/17
Public Agencies Post-Retirement Health Care Plan Trust	White Nelson Diehl Evans LLP	6/30/17	Unmodified	11/9/17
Reclamation District 2093	Sonoma County, Auditor Control	6/30/2011 - 6/30/2015	Unmodified	8/22/19
Reclamation District 2035	Richardson & Company	6/30/17	Unmodified	2/9/18
Reclamation District 999	Don Cole & Company	12/31/14	Unmodified	3/11/15
Reclamation District 999	Don Cole & Company	12/31/15	Unmodified	unknown

County of Yolo
 Summary of Audit Reports - **Special Districts**
 Received by County in Fiscal Years Ending June 30, 2018 and 2019

Audit Report Title	Audit Firm	Audit Period	Results and Findings	Date Issued
Reclamation District 999	Don Cole & Company	12/31/16	Unmodified	3/8/17
Reclamation District 999	Don Cole & Company	12/31/17	Unmodified	4/3/18
Reclamation District 108	Smith & Newll CPA	12/31/17	Unmodified	11/6/18
Reclamation District 150	Don Cole & Company	6/30/16	Unmodified	1/9/17
Reclamation District 150	Don Cole & Company	6/30/17	Unmodified	12/29/17
Reclamation District 2035	Vavrinek, Trine, Day & Co.	6/30/12	Unmodified Total Findings 3	12/12/14
		6/30/13		
Reclamation District 2035	Vavrinek, Trine, Day & Co.	6/30/14	Unmodified	3/30/16
		6/30/15		
Reclamation District 2035	Vavrinek, Trine, Day & Co.	6/30/16	Unmodified	5/5/17
Reclamation District 2035	Richardson & Company	6/30/17	Unmodified	2/9/18
Schools Insurance Authority	Gilbert Associates, Inc.	6/30/16	Unmodified	10/12/17
		6/30/17		
W Sacramento Area Flood Control	Richardson & Company	6/30/17	Unmodified- Total Findings 1	12/22/17
Winters Cemetery	Nigro & Nigro	6/30/16	Unmodified	6/12/18
Winters Cemetery	Nigro & Nigro	6/30/17	Unmodified- Total Findings 2	6/12/18
Yolo County Flood Control & Water Conservation District	Richardson & Company	4/30/18	Unmodified	7/26/18
Yolo County Flood Control & Water Conservation District	Richardson & Company	4/30/17	Unmodified	7/26/18
Yolo County Housing Signle Audit	Cohn Reznick	6/30/17	Unmodified	12/15/17
Yolo County Public Agency Risk Management	Crowe Horwath LLP	6/30/16	Unmodified	10/19/17
		6/30/17		
Yolo County RCD	R. J. Ricciardi, Inc.	6/30/18	Unmodified	3/6/19
Yolo County Transportation District	Richardson & Company	6/30/16	Unmodified	2/28/18
		6/30/17		
Yolo Emergency Communication Agency	Richardson & Company	6/30/17	Unmodified	12/14/17
Yolo-Solano AQMD	Vavrinek, Trine, Day & Co.	6/30/16	Unmodified	1/10/18
		6/30/17		

COUNTY OF YOLO, CALIFORNIA
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

COUNTY OF YOLO, CALIFORNIA

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	PAGE
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 <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance; and Supplemental Schedule of California Department of Community Services and Development	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	
I. Summary of Auditors' Results	11
II. Financial Statement Findings	12
III. Federal Award Findings and Questioned Costs	17
Summary Schedule of Prior Audit Findings	19
Supplemental Schedule of California Department of Community Services and Development	20



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

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

To the Honorable Board of Supervisors
County of Yolo, California

We have audited, in accordance with 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yolo, California (County) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2018. Our report included an emphasis of matter regarding the County's adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Our report also includes reference to other auditors who audited the financial statements of the First 5 Yolo County Children and Families Commission and Yolo County Housing as described in our report on the County's financial statements. This report does not include the results 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) 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 and significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, 2018-003 and 2018-004 to be significant deficiencies.

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's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The County's responses were 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.

Varrinick, Trine, Day & Co. LLP

Sacramento, California
December 21, 2018



INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND SUPPLEMENTAL SCHEDULE OF CALIFORNIA DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

To the Honorable Board of Supervisors
County of Yolo, California

Report on Compliance for Each Major Federal Program

We have audited the County of Yolo, California’s (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2018. The County’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

The County’s basic financial statements include the operation of the Yolo County Housing, which received \$15,470,294 in federal awards which is not included in the schedule during the year ended June 30, 2018. Our audit, described below, did not include the operation of the Yolo County Housing because the Yolo County housing engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management’s Responsibility

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

Auditors’ Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-005. Our opinion on each major federal program is not modified with respect to this matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The County's responses were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-005 that we consider to be a significant deficiency.

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 and separate corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and Supplemental Schedule of California Department of Community Service and Development

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 21, 2018, which contained unmodified opinions on those financial statements. Our report included an emphasis of matter regarding the County's adoption of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Our report also includes reference to other auditors who audited the financial statements of the First 5 Yolo County Children and Families Commission and Yolo County Housing as described in our report on the County's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. The Supplemental Schedule of California Department of Community Services and Development is presented for purposes of additional analysis and are 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 and the supplemental schedules of the California Department of Community Services and Development are fairly stated in all material respects in relation to the financial statements as a whole.

Varrinick, Trine, Day & Co. LLP
Sacramento, California
March 26, 2019

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title/Cluster	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through State of California Department of Food and Agriculture				
Plant and Animal Disease, Pest Control and Animal Care	10.025	16-0553	\$ 910	\$ -
Plant and Animal Disease, Pest Control and Animal Care	10.025	17-0081	3,645	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	17-0215	66,172	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	16-0201	55,799	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	16-0604	23,098	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	16-0604	20,255	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	16-0601	30,985	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	16-0601	7,835	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	16-0548	6,199	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	17-0453	2,227	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	16-0548	11,861	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	15-0593	1,359	-
Plant and Animal Disease, Pest Control and Animal Care	10.025	15-0593	127	-
Subtotal CFDA 10.025			<u>230,472</u>	<u>-</u>
Passed through State of California Department of Public Health				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	N.A	1,358,610	-
SNAP Cluster:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	N/A	347,655	-
Passed through State of California Department of Social Services:				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	N/A	3,692,684	-
Total SNAP Cluster:			<u>4,040,339</u>	<u>-</u>
Passed through State of California Department of Education:				
National School Lunch Program	10.555	N/A	63,015	-
Total Department of Agriculture			<u>5,692,436</u>	<u>-</u>
U.S. Department of Housing and Urban Development:				
Passed through State Department of Housing and Community Development				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii-Program Income	14.228	13-CDBG-8943	105,877	-
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii-Loan Balance	14.228	13-CDBG-8943	2,234,868	-
Subtotal CFDA 14.228			<u>2,340,745</u>	<u>-</u>
Home Investments Partnership Program-Program Income	14.239	15-HOME-10095	7,686	-
Home Investment Partnerships Program-Loan Balance	14.239	15-HOME-10095	4,988,842	-
Home Investments Partnership Program-New Loans	14.239	15-HOME-10095	4,340,503	-
Subtotal CFDA 14.239			<u>9,337,031</u>	<u>-</u>
Total Department of Housing and Urban Development			<u>11,677,776</u>	<u>-</u>
U.S. Department of Justice				
Passed through State of California Department of Corrections and Rehabilitation				
Edward Byrne Memorial Justice Grant Program	16.738	BSCC 631-17	325,674	-
Passed through State of California Emergency Management Agency				
Crime Victim Assistance	16.575	VW17350570	315,129	-
Crime Victim Assistance	16.575	XC16010570	199,580	199,580
Crime Victim Assistance	16.575	KE17010570	69,120	61,707
Passed through Yolo Empower, Inc.				
Crime Victim Assistance	16.575	VW16 34 0570	35,654	-
Subtotal CFDA 16.575			<u>619,483</u>	<u>261,287</u>
Total Department of Justice			<u>945,157</u>	<u>261,287</u>
U.S. Department of Labor				
Passed through State of California Department of Employment Development:				
WIA/WIOA Cluster:				
WIOA Adult Program	17.258	K7102080	1,627	-
WIOA Adult Program	17.258	K7102080	206,194	-
WIOA Adult Program	17.258	K8106697	677,830	-
Subtotal CFDA 17.258			<u>885,651</u>	<u>-</u>
WIOA Youth Activities	17.259	K8106697	519,393	-
WIOA Youth Activities	17.259	K7102080	471,213	425,952
Subtotal CFDA 17.259			<u>990,606</u>	<u>425,952</u>
WIOA Dislocated Worker Formula Grant	17.278	K7102080	210,719	-
Total WIA/WIOA Cluster:			<u>2,086,976</u>	<u>425,952</u>
Total Department of Labor			<u>2,086,976</u>	<u>425,952</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title Cluster	Federal CFDA Number	Direct/Pass-Through Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Transportation</u>				
Direct Program:				
Airport Improvement Program	20.106	3-06-0342-018-2017	\$ 82,122	\$ -
Passed through State of California Department of Transportation				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	Solano County project	112	-
Highway Planning and Construction	20.205	STPL 5922 (047) & HSIP	46,189	-
Highway Planning and Construction	20.205	BRLO 5922 (059)	1,505	-
Highway Planning and Construction	20.205	BRLO-5922(074)	4,580	-
Highway Planning and Construction	20.205	BRLO 5922 (066)	7,048	-
Highway Planning and Construction	20.205	BRLO-5922(073)	15,418	-
Highway Planning and Construction	20.205	BRLO-5922(077)	132,834	-
Highway Planning and Construction	20.205	BRLO-5922(078)	1,911,840	-
Highway Planning and Construction	20.205	BPMP-5922(097)	3,573	-
Highway Planning and Construction	20.205	HSPIL-5922(094)	1,645	-
Highway Planning and Construction	20.205	BRLO 5922(098)	71,110	-
Highway Planning and Construction	20.205	BRLO 5922(099)	53,972	-
Highway Planning and Construction	20.205	STPL 5922(102)	291,816	-
Highway Planning and Construction	20.205	STPL-5922(101)	160	-
Highway Planning and Construction	20.205	BRLO 5922(103)	7,620	-
Highway Planning and Construction	20.205	BRLO 5922(104)	7,843	-
Highway Planning and Construction	20.205	HRRRL-5922(107)	125,206	-
Highway Planning and Construction	20.205	BRLO 5922(103)	7,921	-
Highway Planning and Construction	20.205	ER-32L0(051)	1,867	-
Highway Planning and Construction	20.205	ER-32L0(054)	1,388	-
Highway Planning and Construction	20.205	ER-32L0(053)	1,388	-
Highway Planning and Construction	20.205	ER-32L0(055)	1,580	-
Highway Planning and Construction	20.205	STPL5922(112)	91,404	-
Highway Planning and Construction	20.205	HSIPL-5922(110)	17,198	-
Total Highway Planning and Construction			<u>2,805,217</u>	<u>-</u>
Passed through State of California Office of Traffic Safety				
State and Community Highway Safety	20.600	PS18037	32,715	-
Highway Safety Cluster:				
National Priority Safety Programs	20.616	DI18014	118,250	-
National Priority Safety Programs	20.616	OP18019	91,519	-
Total Highway Safety Cluster:			<u>209,769</u>	<u>-</u>
Total Department of Transportation			<u>3,129,823</u>	<u>-</u>
<u>Institute of Museum and Library Services</u>				
Passed through California Humanities				
Promotion of the Humanities Federal/State Partnership	45.129	HFAQ16-33	5,000	-
Passed through California State Library				
Grants to States	45.310	40-8702	7,500	-
Total Institute of Museum and Library Services			<u>12,500</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Direct Program:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM063384-01	562,193	-
Unaccompanied Alien Children Program	93.676	N/A	2,814,870	-
Passed through State of California Department of Public Health				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative	93.074	17-10210	461,576	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	N/A	27,681	-
Immunization Cooperative Agreements	93.268	17-10363	77,381	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	N/A	358,266	335,000
Maternal and Child Health Services Block Grant to the States	93.994	N/A	125,489	-

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title Cluster	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Health and Human Services (Continued)</u>				
Passed through the State of California Department of Health Care Services Projects for Assistance in Transition from Homelessness (PATH)	93.150	N/A	\$ 32,123	\$ -
Children's Health Insurance Program	93.767	N/A	155,441	-
Block Grants for Community Mental Health Service (MHBG)	93.958	N/A	184,259	-
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	N/A	1,095,111	-
Passed through State of California Department of Child Support Services Child Support Enforcement	93.563	N/A	3,565,127	-
Passed through Heluna Health (Public Health Foundation Enterprises) Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	0187.189	26,066	-
Passed through State of California Office of Emergency Services: Children's Justice Grants to States	93.643	ES16010570	55,970	-
Passed through State Department of Social Services Guardianship Assistance Recovery	93.090	N/A	3,347	-
Promoting Safe and Stable Families (PSSF)	93.556	N/A	151,432	-
TANF Cluster: Temporary Assistance for Needy Families (TANF)	93.558	N/A	12,845,990	1,518,531
Total TANF Cluster:			<u>12,845,990</u>	<u>1,518,531</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	N/A	33,670	-
Community-Based Child Abuse Prevention Grants	93.590	N/A	15,234	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	124,123	-
Foster Care - Title IV-E	93.658	N/A	7,652,003	-
Adoption Assistance	93.659	N/A	4,550,992	-
Social Service Block Grant	93.667	N/A	1,241,770	-
CHAFFE Foster Care Independent Living	93.674	N/A	62,207	-
Passed through State Department of Community Services and Development Community Services Block Grant	93.569	CSBG - 17F-2052	143,586	-
Community Services Block Grant	93.569	CSBG - 18F-5052	125,173	-
Subtotal CFDA 93.569			<u>268,759</u>	<u>-</u>
Passed through Yolo County Office of Education Head Start	93.600	10572	5,000	-
Medicaid Cluster: Passed through State of California Department of Health Care Services Medical Assistance Program	93.778	N/A	7,509,698	-
Passed through State of California Department of Public Health Medical Assistance Program	93.778	N/A	432,925	-
Total Medicaid Cluster			<u>7,942,623</u>	<u>-</u>
Total Department of Health and Human Services			<u>44,438,703</u>	<u>1,853,531</u>
<u>Social Security Administration</u>				
Direct Program Supplemental Security Income - Inmate Reporting Incentive	96.006	N/A	25,200	-
Total Social Security Administration			<u>25,200</u>	<u>-</u>
<u>Department of Homeland Security</u>				
Passed through State of California Natural Resources Agency Boating Safety Financial Assistance	97.012	N/A	39,098	-
Passed through California Governor's Office of Emergency Emergency Management Performance Grant	97.042	2017-0007	169,489	169,489
Homeland Security Grant Program	97.067	2015-00078	279,854	-
Total Department of Homeland Security			<u>488,441</u>	<u>169,489</u>
Total Expenditures of Federal Awards			<u>\$ 68,497,012</u>	<u>\$ 2,710,259</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF YOLO, CALIFORNIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the County of Yolo, California (County) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 – PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

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

NOTE 5 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA numbers included in this report were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF YOLO, CALIFORNIA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 6 – MEDICAID CLUSTER

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

NOTE 7 – OUTSTANDING LOANS OF FEDERAL FUNDS

The following schedule presents the amount of outstanding loans receivable by CFDA number. All loans with continuing compliance requirements are included on the accompanying Schedule. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented on the Schedule.

The balance of loans outstanding at June 30, 2018 consists of:

CFDA No.	Federal Program	Outstanding Loans at June 30, 2018
14.228	Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	\$ 1,895,466
14.239	Home Investments Partnerships Program	<u>9,329,344</u>
	Total	<u><u>\$ 11,224,810</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Clusters</u>
<u>14.239</u>	<u>Home Investment Partnerships Program</u>
<u>17.258/17.259/17.278</u>	<u>WIOA Cluster</u>
<u>93.558</u>	<u>TANF Cluster</u>
<u>93.659</u>	<u>Adoption Assistance - Title IV-E</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 2,054,910</u>
Auditee qualified as low-risk auditee?	<u>No</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

II. FINANCIAL STATEMENT FINDINGS

FINDING 2018-001

TIMELY BANK RECONCILIATIONS

Criteria or Specific Requirement:

Bank/trustee held investment reconciliations help to create stronger internal control, whereby accountability over cash assets is greatly enhanced. Bank and trustee held investment reconciliations help to safeguard cash by detecting errors on the part of the bank/trustee and/or the County when recording activities in accounts.

Condition Found:

Significant Deficiency - As a result of our test work over the County's bank reconciliations, we noted the County was not performing bank reconciliations in a timely manner. The October 2017 through April 2018 bank reconciliations were not performed in a timely matter. The County subsequently completed all monthly reconciliations for fiscal year 2018 prior to the completion of the financial statement audit.

Context:

Bank reconciliations should be performed monthly to compare bank balances to balances in the general ledger accounts. This is done to ensure accuracy and accountability for all transactions.

Effect:

The lack of timely bank reconciliations could cause errors or theft to go undetected for longer periods of time. Accurate records will keep County staff more informed and allow them to make better financial decisions.

Cause:

The County did not perform reconciliations on a timely basis.

Recommendation:

This is a repeat finding from the FY2017 audit.

We recommend the County implement procedures to ensure bank reconciliations are performed timely and on a monthly basis.

View of Responsible Officials and Planned Corrective Action:

See separate corrective action plan.

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

II. FINANCIAL STATEMENT FINDINGS

FINDING 2018-002

PROPERTY TAX

Criteria or Specific Requirement:

Revenue & Taxation Code Section 51 requires the Assessor to annually enroll either a property's Proposition 13 base year value factored for inflation, or its market value as of January 1 (taking into account any decline in value), whichever is less. Proposition (Prop) 8 reductions in value are temporary reductions which recognize the fact that the current market value of a property has fallen below its current (Prop 13) assessed value. Once a Prop 8 value has been enrolled, a property's value must be reviewed each following January 1 to determine whether its then current market value is less than its Prop 13 factored value. The County Assessor department is responsible for calculating and recording any Prop 8 adjustments that occur during the year.

Condition Found:

Significant Deficiency – We noted the County does not have a formal documented review process for Prop 8 adjustments. Values are determined by the County Assessor's staff, entered on an excel workbook, and then placed in a centralized file depository. All files in this depository are then reviewed during compilation by the Assistant Chief Assessor into one large excel file and then sent for upload by the Property Tax Software vendor. However, there is no clear documentation of any review performed prior to sending to the Property Tax vendor or subsequent review after upload to ensure the information that is uploaded is complete and accurate. It was noted that the County developed corrective action procedures to correct this deficiency for the subsequent fiscal year.

Context:

The Prop 8 adjustment process is a significant process performed by the County's Assessor department.

Effect:

The County uses an excel workbook to track Prop 8 adjustments, and there is lack of documented formal review of the changes made to property accounts. Errors or unauthorized changes would go undetected.

Cause:

The County has not documented formal policies and procedures over the Prop 8 adjustment process.

Recommendation:

This is a repeat finding from the FY2017 audit.

We recommend the County implement policies and procedures that will ensure the Prop 8 adjustments are formally reviewed. Additionally, the excel file used to track the Prop 8 adjustments should be subject to proper segregation of duties, and changes made to the file should be documented with evidence of management approval. We also recommend that the Prop 8 adjustments made to the Property Tax System are verified for completeness and accuracy.

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

II. FINANCIAL STATEMENT FINDINGS

View of Responsible Officials and Planned Corrective Action:

See separate corrective action plan.

FINDING 2018-003

SEGREGATION OF DUTIES WITHIN THE FINANCIAL SYSTEM

Criteria or Specific Requirement:

Government Auditing Standards note that management is responsible for implementing systems designed to achieve compliance with applicable laws and regulations; and for establishing and maintaining internal control to help ensure that appropriate goals and objectives are met; using resources efficiently, economically, effectively, and equitably, and safeguarding resources; following laws and regulations; and ensuring that management and financial information is reliable and properly reported.

A proper segregation of duties should include different employees performing the initiation, recording, approval of the transactions and custody of assets.

Condition Found:

Significant Deficiency - As a result of our audit procedures, we noted certain areas of the County's financial system (INFOR) where clear segregation of duties do not appear to be in place in order to prevent unauthorized transactions, error or fraud. To maintain proper segregation of duties, no single employee should have complete control over all components of a transaction. Examples of deficiencies within the County's financial system noted during the audit include the following:

Procurement and Disbursements:

- We noted that certain employees have access to the vendor file and the ability to modify vendor information within the financial system without secondary approval. These employees also have the ability to process invoices within the financial system and process vendor checks. Unauthorized payments may go undetected when employees are granted access to the vendor file and invoice/payment processing areas of the financial system.
- Change orders on contracts are required to be approved by the same authority levels as the initial contract. However, we noted that certain employees have the ability to issue and post change orders on existing contracts in the financial system without the required secondary approval. It was noted that the County put corrective action in place subsequent to fiscal year 2018 to correct this deficiency.
- Invoices over \$5,000 require secondary Department of Financial Service (DFS) approval to ensure proper procurement method is in place for the purchase. However, we noted that this approval can be bypassed in the financial system by the employee initiating payment.

Payroll:

- Certain employees can edit pay-rates within the financial system which could potentially go undetected.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

II. FINANCIAL STATEMENT FINDINGS

Context:

Segregation of duties, whether through physical or electronic systems, must be in place to prevent the unauthorized access, approval and use of the County's assets.

Effect:

The County's internal control systems are weakened and proper safeguards are not in place to prevent error or fraud.

Cause:

The County has not implemented policies and procedures to ensure that segregation of duties is maintained within all areas of the financial system.

Recommendation:

This is a repeat finding from the FY2017 audit.

We recommend that the County assess the access levels of employees within the financial system (INFOR) to ensure that proper segregation of duties is maintained in all business areas. A continual process for monitoring segregation of duty risks within the financial system should be implemented and maintained by the County.

View of Responsible Officials and Planned Corrective Action:

See separate corrective action plan.

FINDING 2018-004

TIMECARD APPROVALS

Criteria or Specific Requirement:

Employee hours processed through the payroll system should be approved by an employee's supervisor in a timely manner. The supervisors' certification is the main approval over the payroll time entered. The County's payroll system should maintain support evidencing the supervisor's timely certification of employee time.

Condition Found:

Significant Deficiency - Based on the testing over the payroll process, we noted the following:

- Eight instances of 40 where the selected individual timecard did not have evidence of supervisor approval in the timekeeping system. Of these 8 instances, 6 also did not have evidence of employee approval.
- Two instances of 40 where the individuals' personnel action form did not have evidence of approval by human resources.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

II. FINANCIAL STATEMENT FINDINGS

Context:

The condition noted above was identified during our testing over the approval of payroll time processed through the County's electronic timekeeping system.

Effect:

The County was not able to provide evidence of employee or supervisor certification payroll time processed through the electronic payroll system for the instances noted above. This could lead to errors in employee time reported.

Cause:

The County did not consistently apply procedures to ensure that employee timecards are properly approved by a supervisor for each pay period.

Recommendation:

We recommend that the County strengthen its policies and procedures to ensure that employee timecards are properly approved by a supervisor for each pay period.

View of Responsible Officials and Planned Corrective Action:

See separate corrective action plan.

COUNTY OF YOLO, CALIFORNIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2018-005

Program: Adoption Assistance

CFDA No.: 93.659

Federal Agency: U.S. Department of Health and Human Services

Passed-through: California Department of Social Services

Award Year: 2017-2018

Compliance Requirement: Eligibility

Criteria:

Per the OMB *Compliance Supplement*, agencies are required to maintain eligibility records, including documents to support the agency's eligibility determination and information about each individual and benefits paid to or on behalf of the individual. In addition, it is required that eligibility determinations and redeterminations, including obtaining any required documentation and verifications, are performed to determine if individuals are eligible in accordance with the compliance requirements of the program.

Condition Found:

Significant Deficiency, Instance of Non-Compliance - As a result of our eligibility testing of 40 Adoption Assistance program case files, we noted the following:

- 2 case files missing the FC8 forms and 2 case files where the FC8 forms were missing required signatures
- 1 case file where AD4320 was not signed prior to adoption decree.
- 1 case file missing the adoption decree to verify adoption date.

Questioned Costs:

There are known questioned costs totaling \$20,502.

Context:

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

Effect:

The lack of audit evidence for eligibility determination or re-determinations could lead to ineligible individuals receiving benefits or inappropriate amounts of benefits being provided.

Cause:

The condition is caused by the County not following its policies and procedures to ensure the eligibility case files contain documentation to support eligibility.

COUNTY OF YOLO, CALIFORNIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Recommendation:

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

Views of Responsible Officials and Planned Corrective Actions:

See separate corrective action plan.

COUNTY OF YOLO, CALIFORNIA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Finding No.	Program Name/Description	CFDA No.	Compliance Requirement	Status of Corrective Action
2017-001	Timely Bank Reconciliations	N/A	N/A	Not implemented. See finding 2018-001.
2017-002	Property Tax	N/A	N/A	Partially implemented. See finding 2018-002.
2017-003	Segregation of Duties Within The Financial System	N/A	N/A	Not implemented. See finding 2018-003.
2017-004	Medicaid Cluster – Medical Assistance Program, Medicaid Cluster – In-Home Supportive Services (IHSS)	93.778	Eligibility	Implemented.
2017-005	Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561	Special Tests and Provisions – ADP System for SNAP	Implemented.
2017-006	Child Support Enforcement	93.563	Equipment and Real Property Management	Implemented.
2017-007	Medicaid Cluster – Medical Assistance Program, Medicaid Cluster – In-Home Supportive Services (IHSS), Foster Care IV-E	93.778, 93.658	Cash Management	Implemented.

COUNTY OF YOLO, CALIFORNIA

**SUPPLEMENTAL SCHEDULE OF CALIFORNIA DEPARTMENT
OF COMMUNITY SERVICES AND DEVELOPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Supplemental Statement of Revenue and Expenditures
CSD Contract No. _17F-2052 (CSBG - \$293,147)
For The Period January 1, 2017 through December 31, 2017

	January 1, 2017 through June 30, 2017	July 1, 2017 through December 31, 2017	Total Reported	Total Budget
<u>Revenue</u>				
Grant revenue	\$ 149,561	\$ 143,586	\$ 293,147	\$ 293,147
<u>Expenditures</u>				
Administration:				
Salaries and wages	\$ 4,161	\$ 5,191	\$ 9,352	\$ 9,352
Fringe benefits	2,409	2,911	5,320	5,320
Operating expenses	2,411	-	2,411	2,411
Other costs	1,785	1,132	2,917	2,917
Subtotal Administrative Costs	10,766	9,234	20,000	20,000
Program Costs:				
Salaries and wages	5,856	16,487	22,343	22,343
Fringe benefits	3,645	9,708	13,353	13,353
Operating expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-state travel	-	-	-	-
Subcontractor services	113,879	70,089	183,968	183,968
Other costs	15,414	38,069	53,483	53,483
Subtotal Program Costs	138,794	134,353	273,147	273,147
Total Expenditures	\$ 149,561	\$ 143,586	\$ 293,147	\$ 293,147



County of Yolo

CHAD RINDE, CPA
Chief Financial Officer

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DEPARTMENT OF FINANCIAL SERVICES

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- *Financial Leadership*
- *Budget & Financial Planning*
- *Treasury & Finance*
- *Tax & Revenue Collection*
- *Financial Systems Oversight*
- *Accounting & Financial Reporting*
- *Internal Audit*
- *Procurement*

COUNTY OF YOLO, CALIFORNIA

Corrective Action Plan

Year ended June 30, 2018

Compiled by: Josh Iverson, Accounting Manager

COUNTY OF YOLO, CALIFORNIA

Corrective Action Plan
Year ended June 30, 2018

I. FINANCIAL STATEMENT FINDINGS

Finding Number 2018-001

TIMELY BANK RECONCILIATIONS

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

During the 2017-18 and early in the 2018-19 fiscal year, the County switched banking vendors and the resulting systems modifications required substantially more Department of Financial Services and Information Technology resources than originally planned. However, additional bank accounts were opened and corresponding systems modifications were made so that different types of cash transactions are made within separate bank accounts, which will make the bank reconciliation process more efficient going forward. In addition, bank account reconciliations have been assigned to various subject matter experts that correspond to the types of cash transactions within the new separate bank accounts, thus increasing accountability and timeliness of reconciliation.

The Department of Financial Services is updating processes and procedures to reflect the banking structure change and as part of these procedures will have reconciliations performed timely by June 30, 2019.

Name of Responsible Person:

Chad Rinde, Chief Financial Officer

Name of Department Contact:

Josh Iverson, Accounting Manager

Projected Implementation Date:

June 30, 2019

COUNTY OF YOLO, CALIFORNIA

Corrective Action Plan
Year ended June 30, 2018

Finding Number 2018-002

PROPERTY TAX

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

As indicated on the Corrective Action Plan for the fiscal year ended June 30, 2017, the corrective actions were implemented by August 2018. Due to the timing of the preparation of the annual tax roll, the 2017-18 fiscal year tax roll had already been prepared, hence this finding. The corrective actions implemented will pertain to the tax roll for the 2018-19 fiscal year, and the County expects no similar finding during the audit of the 2018-19 fiscal year.

Name of Responsible Person:

George Galang, Chief Deputy Assessor

Name of Department Contact:

George Galang, Chief Deputy Assessor

Projected Implementation Date:

August, 2018, for the Fiscal Year 2018-19

COUNTY OF YOLO, CALIFORNIA

Corrective Action Plan
Year ended June 30, 2018

Finding Number 2018-003

SEGREGATION OF DUTIES

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

The County agrees that duties between the initiation, authorization, and recording of transactions should be segregated to the extent practicable in the INFOR financial system based on the personnel resources available to carry out financial functions. While the County purchased a software product in late 2017 to assist in the identification of segregation of duties conflicts, a mandatory system and server upgrade project pulled all available resources away from the implementation of the software. The system and server upgrade project is scheduled to be completed by the end of May 2019, at which time the resources may return to the segregation of duties software project to determine those conflicts that require mitigation. After identification, the Department of Financial Services will work closely with the Information Technology division of the General Services Department to implement enhanced segregation of duties.

On the specific segregation of duties noted, the County will take or has taken the following actions:

- Vendor file access – Procedurally, in May 2018, the task of vendor entry was transitioned from users that perform accounts payable entry and approval of invoices to the Systems Accounting unit to allow time for a thorough evaluation of processes and procedures relating to vendor creation. The result of this evaluation determined that based on the complexity of the vendor file transactions in INFOR and the personnel resources available to complete them, the optimum system functionality to achieve vendor file segregation of duties and enhanced internal control would be to create workflow for all vendor file changes. The workflow would require an additional step of review and approval prior to changes being live in the production environment. This project will resume once the system and server project is complete with a planned completion by December 31, 2019.
- Change order processing – effective November 2018, the Procurement division of Financial Services implemented enhanced system security to ensure that change orders are approved by the same authority level as the initial contract.
- Invoices over \$5,000 - the Department of Financial Services made significant progress on the accounts payable workflows design; however, the system and server project noted above required all available resources. Similar to the segregation of duties software project, this project will resume once the system and server project is complete with a planned completion by December 31, 2019.
- Editing pay rates – The County is in the final stages of implementing an electronic timekeeping system that will eliminate the manual processes for the time record that gives broader access to edit pay rates. We expect this timekeeping system to be operational by May 31, 2019.

Name of Responsible Person:

Chad Rinde, Chief Financial Officer

Name of Department Contact:

Josh Iverson, Accounting Manager

Projected Implementation Date:

December 31, 2019

COUNTY OF YOLO, CALIFORNIA

Corrective Action Plan
Year ended June 30, 2018

Finding Number 2018-004

TIMECARD APPROVALS

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

The County is in the final stages of implementing an electronic timekeeping system that will eliminate the manual processes that caused the eight timesheets to proceed to payment despite the lack of a supervisor's signature. We expect this timekeeping system to be operational by May 31, 2019. In the meantime, the Human Resources Department has discussed the need for supervisors to sign the manual timesheets prior to payroll being processed and will periodically review the departments' progress until the timekeeping system is operational. Human Resources staff will review the personnel action forms prior to input into the payroll system to ensure the appropriate Human Resources staff have signed the forms.

Projected Implementation Date:

Name of Responsible Person:

Mindi Nunes, Assistant County Administrator

Name of Department Contact:

Jackie Jaskowiak, Payroll Supervisor

Projected Implementation Date:

May 31, 2019

COUNTY OF YOLO, CALIFORNIA

Corrective Action Plan
Year ended June 30, 2018

II. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Finding Number 2018-005

Program: Adoption Assistance, Health and Human Services Agency (HHSA)

CFDA No.: 93.659

Federal Agency: U.S. Department of Health and Human Services

Passed-through: California Department of Social Services

Award Year: 2017-2018

Compliance Requirement: Eligibility

Management's or Department's Response:

We concur.

Views of Responsible Officials and Corrective Action:

HHSA agrees that in two Adoption Assistance Program (AAP) cases, form FC 8 ("Federal Eligibility Certification for Adoption Assistance Program") was not located in the AAP case file available at HHSA or at HHSA's contractor, the California Department of Social Services (CDSS). In two AAP cases, form FC 8 was located but not signed.

HHSA agrees that in one case, form AD 4320 ("Adoption Assistance Program Agreement") was not signed prior to the adoption date.

HHSA agrees that in one case, the Adoption Decree was not located in the AAP case file available at HHSA, nor in the CDSS file.

On the findings above, HHSA is taking the following actions:

- Location and completion of form FC 8 - HHSA will work with its contractor, CDSS, to complete regular reviews of case files to ensure that all forms are filed and completed appropriately.
- Completion of form AD 4320 - HHSA will work with its contractor, CDSS, to complete regular reviews of case files to ensure that all forms are completed appropriately.
- Location of the Adoption Decree - HHSA will work with its contractor, CDSS, to complete regular reviews of case files to ensure that all forms are filed appropriately.

Name of Responsible Person:

Nolan Sullivan, Service Center Branch Director

Jennie Pettet, Child, Youth, & Family Branch Director

Name of Department Contact:

Rebecca Mellott, Assistant Director

Projected Implementation Date:

April 1, 2019



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Supervisors and
Financial Oversight Committee
County of Yolo, California

We have performed the procedures enumerated below, which were agreed to by the County of Yolo, California (County) (the specified parties), on the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments for the quarter ended September 30, 2018. The County's management is responsible for the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments. The sufficiency of these procedures is solely the responsibility of the County. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- 1) Inspected the Division of Internal Audit's work papers, verifying that the Division observed and certified the treasury cash count. Traced cash count performed to Treasurer daily cash report and Investment Summary.

Finding: No exceptions were found as a result of this procedure.

- 2) Verified that the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments and the records of the County of Yolo Auditor are reconciled as of September 30, 2018, pursuant to *Government Code Section 26905*.

Finding: The reconciliations for the Bank of America (County Pool Checking), U.S. Bank (County Pool Checking), and PFM accounts were not completed as of the date of the report. All other accounts noted in the investment summary were reconciled within 30 days after September 30, 2018 as required by *Government Code section 26905*.

- 3) Reconciled the investments included in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of September 30, 2018, to the statements provided by the related financial institutions.

Finding: No exceptions were found as a result of this procedure.

- 4) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of September 30, 2018, to the types of investments authorized by the County's Investment Policy and *Government Code Section 53601*.

Finding: No exceptions were found as a result of this procedure.

- 5) We compared the market value of the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of September 30, 2018, to the statements provided by the related financial institutions. We identified all variances in excess of \$10,000 of the financial institution amount. For the variances above the scope, we received variance explanations from the County Treasury staff to identify whether variances are routine or non-routine.

Finding: Variances in excess of \$10,000 of the financial institution amount are summarized in Attachment A. The County Treasury staff considers these variances to be routine.

- 6) We read the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments to ascertain if it contained the information/data required by *Government Code Section 53646* and met the timing requirements of *Government Code Section 53646* and the County's Investments Policy, as follows:
- a) Was submitted within 30 days following the end of the quarter.
 - b) Included type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments, and monies held by the County.
 - c) Included those funds under management of contracted parties (fiscal agents, trustees, deferred compensation administrators, etc.).
 - d) Included market value (and source) as of the date of the report of all securities held by the County or under management of any outside party.
 - e) Stated compliance of the portfolio to the Investment Policy of the County.
 - f) Included a statement addressing the ability of the County to meet the pool's expenditure requirements for the next six months.

Finding: No exceptions were found as a result of this procedure.

- 7) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of September 30, 2018, to the prohibited investments listed in *Government Code Section 53601.6*.

Finding: No exceptions were found as a result of this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Investment Summary for the Treasurer's Pooled and Non-Pooled investments for the quarter ended September 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the County of Yolo and is not intended to be and should not be used by anyone other than those specified parties.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
July 18, 2019

County of Yolo, California
Investment Summary for the Treasurer's Pooled and Non-Pooled Investments
Agreed-Upon Procedures Report
Quarter Ended September 30, 2018
Attachment A
Procedure 5 Results – Market Value Comparison

Description	CUSIP	County Investment Summary	Financial Institution Statements	Variance \$
Bank of New York:				
UBS AG STAMFORD CD	90275DHG8	\$ 3,899,313	\$ 3,887,435	\$ 11,878
CREDIT AGRICOLE CORP CD	22532XHT8	2,549,886	2,539,257	10,629
BANK OF NOVA SCOTIA HOUSTON CD	06417GU22	4,421,248	4,408,441	12,807
WESTPAC BKG CORP CD	96121T4A3	4,425,550	4,414,949	10,601
SWEDBANK (NEW YORK) CD	87019U6D6	5,210,395	5,235,528	(25,133)
Wells Fargo:				
DREYFUS AMT-FREE TAX EXEMPT CASH	26202K205	3,893,268	3,948,714	(55,446)



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Supervisors and
Financial Oversight Committee
County of Yolo, California

We have performed the procedures enumerated below, which were agreed to by the County of Yolo, California (County) (the specified parties), on the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments for the quarter ended December 31, 2018. The County's management is responsible for the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments. The sufficiency of these procedures is solely the responsibility of the County. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- 1) Counted the cash in the Treasury as of December 31, 2018.

Finding: This procedure was performed by the County of Yolo Internal Audit Division. We inspected workpapers of the County of Yolo Internal Audit Division over the Treasury cash count, noting the cash count procedures were performed.

- 2) Verified that the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments and the records of the County of Yolo Auditor are reconciled as of December 31, 2018, pursuant to *Government Code Section 26905*.

Finding: The December 2018 PFM (Pooled), Bank of America (County Pool Checking), US Bank (County Pool Checking), River City Bank (County Pool MMA), Landfill Closure Trust Fund, Cache Creek, Demeter Endowment Fund, Ceres Endowment Fund, and PARS Pension Trust account reconciliations were not completed as of the date of this report. All other accounts noted in the investment summary were reconciled within 30 days after December 31, 2018 as required by Government Code section 26905.

- 3) Reconciled the investments included in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2018, to the statements provided by the related financial institutions.

Finding: No exceptions were found as a result of applying this procedure

- 4) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2018, to the types of investments authorized by the County's Investment Policy and *Government Code Section 53601*.

Finding: No exceptions were found as a result of applying this procedure.

- 5) We compared the market value of the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2018, to the statements provided by the related financial institutions. We identified all variances in excess of 0.05 percent and \$10,000 of the financial institution amount. For the variances above the scope, we received variance explanations from the County Treasury staff to identify whether variances are routine or nonroutine.

Finding: Variances in excess of 0.05 percent and \$10,000 of the financial institution amount are summarized in Attachment A. The County Treasury staff considers these variances to be routine.

- 6) We read the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments to ascertain if it contained the information/data required by *Government Code Section 53646* and met the timing requirements of *Government Code Section 53646* and the County's Investments Policy, as follows:
- a) Was submitted within 30 days following the end of the quarter.
 - b) Included type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments, and monies held by the County.
 - c) Included those funds under management of contracted parties (fiscal agents, trustees, deferred compensation administrators, etc.).
 - d) Included market value (and source) as of the date of the report of all securities held by the County or under management of any outside party.
 - e) Stated compliance of the portfolio to the Investment Policy of the County.
 - f) Included a statement addressing the ability of the County to meet the pool's expenditure requirements for the next six months.

Finding: No exceptions were found as a result of applying this procedure.

- 7) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of December 31, 2018, to the prohibited investments listed in *Government Code Section 53601.6*.

Finding: No exceptions were found as a result of applying this procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Investment Summary for the Treasurer's Pooled and Non-Pooled investments for the quarter ended December 31, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Supervisors, the Financial Oversight Committee, and the management of the County and is not intended to be and should not be used by anyone other than those specified parties.

Varrinck, Trine, Day & Co. LLP

Sacramento, California
July 19, 2019

County of Yolo, California
Investment Summary for the Treasurer's Pooled and Non-Pooled Investments
Agreed-Upon Procedures Report
Quarter Ended December 31, 2018
Attachment A
Procedure 5 Results – Market Value Comparison

Description	CUSIP	County Investment Summary	Financial Institution Statements	Variance	
				\$	%
Bank of New York:					
Canadian Imperial Bank NY CD	13606BVF0	\$ 3,110,769	\$ 3,094,690	\$ 16,079	0.52%
Sumitomo Mitsui Bank NY CD	86565BPCP	2,471,932	2,482,614	(10,682)	-0.43%
Swedbank NY CD	87019U6D6	5,214,217	5,270,713	(56,496)	-1.07%



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Supervisors and Financial Oversight Committee
County of Yolo, California

We have performed the procedures enumerated below, which were agreed to by the County of Yolo, California (County) (the specified parties), on the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments for the quarter ended March 31, 2019. The County's management is responsible for the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Scope of the Procedures Performed and Related Findings

The procedures performed and the results obtained from the performance thereof were as follows:

- 1) Counted the cash in the Treasury as of March 31, 2019.

Finding: This procedure was performed by the County of Yolo Internal Audit Division. We inspected workpapers of the County of Yolo Internal Audit Division over the Treasury cash count, noting the cash count procedures were performed.

- 2) Verified that the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments and the records of the County of Yolo Auditor are reconciled as of March 31, 2019, pursuant to *Government Code Section 26905*.

Finding: The March 2019 County Pool Checking (US Bank) and the Demeter Money Market (BNY Mellon) account reconciliations were not completed as of the date of this report. The March 2019 HHSA Checking (US Bank), Office of Education Checking (US Bank), Mosquito Checking (US Bank), River City Bank Money Market, LAIF County Pooled, CAMP County Pooled, LAIF Yolo County PARMIA, LAIF Sacramento-Yolo MVCD, LAIF Washington JUSD Scholarship, LAIF Davis JUSD CFD #1, LAIF Davis JUSD CFD #2, CAMP 2017A Lease Revenue Bonds, CAMP Willowbank Water, PARS OPEB Trust (US Bank), and PARS Pension Trust (US Bank) account reconciliations were prepared within 30 days after March 31, 2019, but not approved until outside the 30 days as required by *Government Section Code 26905*. The March 2019 County Pool Checking (B of A), Accounts Payable (US Bank), County Pooled Investments (PFM/BNY Mellon), Landfill Closure Trust Fund (PFM/BNY Mellon), Demeter Fund (PFM/BNY Mellon), Cache Creek (PFM/BNY Mellon), and Ceres Endowment (PFM/Wells Fargo) were not prepared or approved 30 days after March 31, 2019 as required by *Government Code Section 26905*.



Board of Supervisors and Financial Oversight Committee
County of Yolo, California

- 3) Reconciled the investments included in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of March 31, 2019, to the statements provided by the related financial institutions.

Finding: No findings were noted as a result of applying this procedure.

- 4) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of March 31, 2019, to the types of investments authorized by the County's Investment Policy and *Government Code Section 53601*.

Finding: No findings were noted as a result of applying this procedure.

- 5) We compared the market value of the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of March 31, 2019, to the statements provided by the related financial institutions. We identified all variances in excess of 0.5% and \$10,000 of the financial institution amount. For the variances above the scope, we received variance explanations from the County Treasury staff to identify whether variances are routine or nonroutine.

Finding: Variances in excess of 0.05 percent and \$10,000 of the financial institution amount are summarized in **Attachment A**. The County Treasury staff considers these variances to be routine.

- 6) We read the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments to ascertain if it contained the information/data required by *Government Code Section 53646* and met the timing requirements of *Government Code Section 53646* and the County's Investments Policy, as follows:

- a) Was submitted within 30 days following the end of the quarter.
- b) Included type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments, and monies held by the County.
- c) Included those funds under management of contracted parties (fiscal agents, trustees, deferred compensation administrators, etc.).
- d) Included market value (and source) as of the date of the report of all securities held by the County or under management of any outside party.
- e) Stated compliance of the portfolio to the Investment Policy of the County.
- f) Included a statement addressing the ability of the County to meet the pool's expenditure requirements for the next six months.

Finding: The March 2019 Treasurer's Investment Report was submitted to the Board of Supervisors on May 21, 2019, which exceeds the 30 days required by *Government Code Section 53646*. All other requirements were satisfied.

- 7) We compared the investments listed in the Investment Summary for the Treasurer's Pooled and Non-Pooled Investments as of March 31, 2019, to the prohibited investments listed in *Government Code Section 53601.6*.

Finding: No findings were noted as a result of applying this procedure.



CPAs AND ADVISORS

Board of Supervisors and Financial Oversight Committee
County of Yolo, California

We were not engaged to and did not conduct an audit, the objective of which would be the expression of a certified opinion, of the of the Investment Summary for the Treasurer's Pooled and Non-Pooled investments for the quarter ended March 31, 2019, Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Supervisors, the Financial Oversight Committee, and management of the County and is not intended to be, and should not be used by anyone other than these specified parties.

Lane, Soll & Loughard, LLP

Sacramento, California
August 14, 2019

County of Yolo, California
Investment Summary for the Treasurer's Pooled and Non-Pooled Investments
Agreed-Upon Procedures Report
Quarter Ended March 31, 2019
Attachment A
Procedure 5 Results - Market Value Comparison

Description	CUSIP	County Investment Summary	Financial Institution Statements	Variance	
				\$	%
Bank of New York ING (US) Funding LLC Commercial Paper	4497W1X76	\$ 3,312,476	\$ 3,359,985	\$ (47,509)	-1.43%



County of Yolo

www.yolocounty.org

CHAD RINDE, CPA
Chief Financial Officer

TOM HAYNES
Assistant Chief Financial Officer

DEPARTMENT OF FINANCIAL SERVICES

625 Court Street, Room 102

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- Financial Leadership
- Budget & Financial Planning
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- Tax & Revenue Collection
- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit
- Procurement

August 15, 2019

Edward Burnham, Manager
Department of Financial Services
Yolo County
625 Court Street, Room 102
Woodland, CA 95695

Re: Treasury Cash Count quarterly report for March 31, 2019

Dear Mr. Burnham:

We have performed the procedures as agreed upon in our engagement to assist the County with respect to compliance with Government Code Section 26920 (a) (1) for the quarter ending March 31, 2019. The County's Treasurer is responsible for compliance with the above noted Government Code section. The agreed upon procedures engagement was performed in accordance with Government Auditing Standards prescribed by the U.S. Comptroller General. In regards to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors. The sufficiency of these procedures is solely the responsibility of the specified user of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Further, we did not review system controls of the county financial system.

Our procedures and results are as follows:

1. Observe and certify the treasury staff cash count and verify that the coin and cash bags are properly sealed.

Results: Procedure performed with no exceptions.

Considerations: None.

2. Vouch the deposit slips prepared for the coin and cash bags to the bank statement.

Results: Procedure performed with no exceptions.

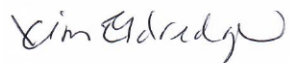
Considerations: None.

We were not engaged to, and did not; conduct an audit, the object of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such as opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is prepared for use by the Treasury management, Department of Financial Services and Yolo County Board of Supervisors. However, it may be distributed to other interested parties.

We appreciate the timely and professional responses provided by the Treasury management and staff to our requests for information.

Sincerely,



Kim Eldredge, CGAP
Senior Auditor

Distribution
Patrick Blacklock, Yolo County Administrator
Chad Rinde, CPA, Yolo County, Chief Financial Officer
Merilyn Tiriboyi, Accounting & Financial Reporting Division Manager
Yolo County Audit Committee
Internal Audit Website
Audit File

Schedule of Prior Quarter Findings

Summarized below is the current status of all audit findings reported in the Treasury Cash Count quarterly report for December 31, 2018:

System control deficiency of month-end closing; additional security restrictions; backposting capabilities; and, untimely bank reconciliations (*Repeat finding Prior Quarter June 30, 2016 dated September 22, 2016*)

The Department of Financial Services (DFS) Accounting Division performs a limited monthly close whereas items pending receipt of the customer accounting document can be posted to a period in the general ledger that was previously closed. During a limited monthly close, the accounting staff notifies all users of this type of closing procedure and instructs all users that they should not make any changes. The INFOR system does not have a system control in place that prevents any user from manipulating a transaction while a limited close has been initiated. Once a period is completely finalized, it can be moved to a final close status.

The months of December 2018 and January, February, and March 2019 are now in a final close status; respectively on February 13, March 12, May 10, and June, 12, 2019 (limited close status had remained open 27 to 59 days before the final close). The month of January 2019 was transferred to a limited close and then re-opened for school district adjustments on February 24, 2019. Authorization to re-open the period was not available for review. The additional security restrictions recommended by the Kinsey consultants for the GL45 module enhancement are not implemented. Furthermore, bank accounts are broken down into 10 individual accounts for ease of identifying adjustments. In aggregate, the bank reconciliations from July 2018 to March 2019 are still outstanding.

Control Deficiency: During a limited close status some system users within the DFS have the ability to change the limited close status to backposting status. Once in backposting status the INFOR system allows all user access to a period that is in a backposting status, to post to a prior monthly period. The manual control identified by auditors is that all users are instructed they should not post transactions during the backposting status; and DFS staff are instructed that they should not approve. This can pose a problem with departments that are reconciling and also can create issues around grant funding and assurance that expenditures are posted in the proper period. Further, some users that have access to the GL45 can unpost, unrelease, quick post, release, or bypass the IPA process at any point. It was noted that several DFS staff with access to the GL45 have duties and responsibilities that are in conflict, and therefore lack proper separations of duties.

Criteria:

Pursuant to Government Accounting Standards Board (GASB), Concept Statement No.1, financial reporting (financial transactions) should be relevant and timely to provide information about sources and uses of financial resources and how it financed its activities and met its cash requirements.

Recommendation:

The Accounting & Financial Reporting Division Manager should consider implementing all prior audit recommendations to reduce the risk that may be unacceptable to the organization.



County of Yolo

www.yolocounty.org

CHAD D. RINDE, CPA
Chief Financial Officer

TOM HAYNES
Assistant Chief Financial Officer

DEPARTMENT OF FINANCIAL SERVICES

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- Financial Strategy Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Fee Collection

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- Internal Audit
- Procurement

MEMORANDUM

TO: Kim Eldredge, CGAP
Senior Auditor

FROM: Edward Burnham, Manager
Department of Financial Services

DATE:

AUDIT WORK: Treasury Cash Count quarterly report for March 31, 2019

SUBJECT: Management Response to Status of Prior Quarter Findings

In response to the treasury cash count review for quarter ending March 31, 2019, our comments are provided below:

Status of Prior Quarter Findings:

System control deficiency of month-end closing; additional security restrictions; backposting capabilities; and, untimely bank reconciliations (*Repeat finding Prior Quarter June 30, 2016 dated September 22, 2016*)

The Department of Financial Services (DFS) Accounting Division performs a limited monthly close whereas items pending receipt of the customer accounting document can be posted to a period in the general ledger that was previously closed. During a limited monthly close, the accounting staff notifies all users of this type of closing procedure and instructs all users that they should not make any changes. The INFOR system does not have a system control in place that prevents any user from manipulating a transaction while a limited close has been initiated. Once a period is completely finalized, it can be moved to a final close status.

The months of December 2018 and January, February, and March 2019 are now in a final close status; respectively on February 13, March 12, May 10, and June, 12, 2019 (limited close status had remained open 27 to 59 days before the final close). The month of January 2019 was transferred to a limited close and then re-opened for school district adjustments on February 24, 2019. Authorization to re-open the period was not available for review. The additional security restrictions recommended by the Kinsey consultants for the GL45 module enhancement are not implemented. Furthermore, bank accounts are broken down into 10 individual accounts for ease of identifying adjustments. In aggregate, the bank reconciliations from July 2018 to March 2019 are still outstanding.

Control Deficiency: During a limited close status some system users within the DFS have the ability to change the limited close status to backposting status. Once in backposting status the INFOR system allows all user access to a period that is in a backposting status, to post to a prior monthly period. The manual control identified by auditors is that all users are instructed they should not post transactions during the backposting status; and DFS staff are instructed that they should not approve. This can pose a problem with departments that are reconciling and also can create issues around grant funding and assurance that expenditures are posted in the proper period. Further, some users that have access to the GL45 can unpost, unrelease, quick post, release, or bypass the IPA process at any point. It was noted that several DFS staff with access to the GL45 have duties and responsibilities that are in conflict, and therefore lack proper separations of duties.

Criteria:

Pursuant to Government Accounting Standards Board (GASB), Concept Statement No.1, financial reporting (financial transactions) should be relevant and timely to provide information about sources and uses of financial resources and how it financed its activities and met its cash requirements.

Recommendation:

The Accounting & Financial Reporting Division Manager should consider implementing all prior audit recommendations to reduce the risk that may be unacceptable to the organization.

Management comments:

No entries can be posted to an INFOR accounting period when it is in a limited close status unless it is moved to a backposting status. An accounting period is moved into a backposting status only if the Chief Financial Officer determines it is justified and approves in writing. The accounting period is in a backposting status only long enough to allow the posting of the required entry, typically a matter of minutes. No other entries are allowed and reports are then ran to ensure that only the approved entry was posted.

While the feature to open a period to backposting in the system exists, the posting of entries is controlled by the DFS Accounting division, which needs to approve the individual journal entries. When Accounting moves a period from backposting back to a limited close, the INFOR system will produce a report from screen GL199 that documents which entries have been posted since the last close for review. As a result, there is a report to detect the changes that were approved to be posted to the ledgers after the initial limited close.

The Accounting division expanded the accounting month end closing procedures to incorporate guidance on what circumstances DFS would open up the accounting periods from limited close to allow backposting and when periods should be moved to a final close. These procedures were shared in November, 2016 with the Financial Officer's Forum and approval is now obtained from the Chief Financial Officer in the event a period is reopened.

The Accounting division is aware that GL45 (Journal Control Screen) allows those users in the Accounting division to perform additional actions outside of those currently allowable on the

regular journal entry screen and Infor Process Automation (IPA) workflow. This screen and its capabilities were reviewed in detail with Kinsey, the County's INFOR consulting firm, to determine if additional security restrictions or limitations need to be created. The Kinsey recommendation is to revise the County's IPA workflow to include this screen. This work has been scheduled and begun and is on-going. Design discussions with County departmental stakeholders are complete and the work specific to the Cash Book (CB) module was implemented in August. The work on the other modules continues and should be completed in the next few months.

We have made significant progress in the reconciliations, but faced some additional challenges with system changes for payroll and migration interrupting progress on accounts with warrants. The Smart Sheet is tracking the reconciliations assignments and work is being done to bring the reconciliations current for year end. Additionally, the banking transition completion will reduce a lot of the nuances from the past reconciliation issues.

Actual / estimated Date of Corrective Action: 09/30/2019



County of Yolo

www.yolocounty.org

CHAD RINDE, CPA
Chief Financial Officer

TOM HAYNES
Assistant Chief Financial Officer

DEPARTMENT OF FINANCIAL SERVICES

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- Internal Audit
- Procurement

August 15, 2019

Edward Burnham, Manager
Department of Financial Services
Yolo County
625 Court Street, Room 102
Woodland, CA 95695

Re: Treasury Cash Count quarterly report for June 30, 2019

Dear Mr. Burnham:

We have performed the procedures as agreed upon in our engagement to assist the County with respect to compliance with Government Code Section 26920 (a) (1) for the quarter ending June 30, 2019. The County's Treasurer is responsible for compliance with the above noted Government Code section. The agreed upon procedures engagement was performed in accordance with Government Auditing Standards prescribed by the U.S. Comptroller General. In regards to auditor's independence, the Internal Audit Division reports administratively to the Chief Financial Officer, but functionally to the Board of Supervisors. The sufficiency of these procedures is solely the responsibility of the specified user of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Further, we did not review system controls of the county financial system.

Our procedures and results are as follows:

1. Observe and certify the treasury staff cash count and verify that the coin and cash bags are properly sealed.

Results: Procedure performed with no exceptions.

Considerations: None.

2. Vouch the deposit slips prepared for the coin and cash bags to the bank statement.

Results: Procedure performed with no exceptions.

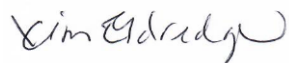
Considerations: None.

We were not engaged to, and did not; conduct an audit, the object of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such as opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is prepared for use by the Treasury management, Department of Financial Services and Yolo County Board of Supervisors. However, it may be distributed to other interested parties.

We appreciate the timely and professional responses provided by the Treasury management and staff to our requests for information.

Sincerely,



Kim Eldredge, CGAP
Senior Auditor

cc: Patrick Blacklock, Yolo County Administrator
Supervisor Gary Sandy, Yolo County District 3
Supervisor Duane Chamberlain, Yolo County District 5
Chad Rinde, CPA, Yolo County, Chief Financial Officer
Marilyn Tiriboyi, Accounting & Financial Reporting Division Manager
Internal Audit Website
Audit File

Schedule of Prior Quarter Findings

Summarized below is the current status of all audit findings reported in the Treasury Cash Count quarterly report for March 31, 2019:

System control deficiency of month-end closing; additional security restrictions; backposting capabilities; and, untimely bank reconciliations (*Repeat finding Prior Quarter June 30, 2016 dated September 22, 2016*)

The Department of Financial Services (DFS) Accounting Division performs a limited monthly close whereas items pending receipt of the customer accounting document can be posted to a period in the general ledger that was previously closed. During a limited monthly close, the accounting staff notifies all users of this type of closing procedure and instructs all users that they should not make any changes. The INFOR system does not have a system control in place that prevents any user from manipulating a transaction while a limited close has been initiated. Once a period is completely finalized, it can be moved to a final close status.

The months of April and May 2019 remained open 51 to 81 days before the final close on August 2, 2019. According to the Accounting & Financial Reporting Division, the month of June 2019 will remain in an open status and not be moved to a limited close until the end of August 2019. The month of June 2019 will be moved to a final close after the County financial audit is completed for the recording of audit adjustments as needed. The additional security restrictions recommended by the Kinsey consultants for the GL45 module enhancement are not implemented. Furthermore, bank accounts are broken down into 10 individual accounts for ease of identifying adjustments. In aggregate, the bank reconciliations for April, May, and June 2019 are still outstanding.

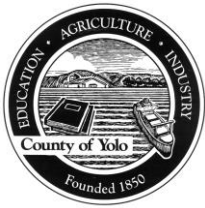
Control Deficiency: During a limited close status some system users within the DFS have the ability to change the limited close status to backposting status. Once in backposting status the INFOR system allows all user access to a period that is in a backposting status, to post to a prior monthly period. The manual control identified by auditors is that all users are instructed they should not post transactions during the backposting status; and DFS staff are instructed that they should not approve. This can pose a problem with departments that are reconciling and also can create issues around grant funding and assurance that expenditures are posted in the proper period. Further, some users that have access to the GL45 can unpost, unrelease, quick post, release, or bypass the IPA process at any point. It was noted that several DFS staff with access to the GL45 have duties and responsibilities that are in conflict, and therefore lack proper separations of duties.

Criteria:

Pursuant to Government Accounting Standards Board (GASB), Concept Statement No.1, financial reporting (financial transactions) should be relevant and timely to provide information about sources and uses of financial resources and how it financed its activities and met its cash requirements.

Recommendation:

The Accounting & Financial Reporting Division Manager should consider implementing all prior audit recommendations to reduce the risk that may be unacceptable to the organization.



County of Yolo

www.yolocounty.org

CHAD D. RINDE, CPA

Chief Financial Officer

TOM HAYNES

Assistant Chief Financial Officer

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- Financial Strategy Leadership
- Budget & Financial Planning
- Treasury & Finance
- Tax & Fee Collection

- Financial Systems Oversight
- Accounting & Financial Reporting
- Internal Audit
- Procurement

MEMORANDUM

TO: Kim Eldredge, CGAP
Senior Auditor

FROM: Edward Burnham, Manager
Department of Financial Services

DATE:

AUDIT WORK: Treasury Cash Count quarterly report for June 30, 2019

SUBJECT: Management Response to Status of Prior Quarter Findings

In response to the treasury cash count review for quarter ending June 30, 2019, our comments are provided below:

Status of Prior Quarter Findings:

System control deficiency of month-end closing; additional security restrictions; backposting capabilities; and, untimely bank reconciliations (*Repeat finding Prior Quarter June 30, 2016 dated September 22, 2016*)

The Department of Financial Services (DFS) Accounting Division performs a limited monthly close whereas items pending receipt of the customer accounting document can be posted to a period in the general ledger that was previously closed. During a limited monthly close, the accounting staff notifies all users of this type of closing procedure and instructs all users that they should not make any changes. The INFOR system does not have a system control in place that prevents any user from manipulating a transaction while a limited close has been initiated. Once a period is completely finalized, it can be moved to a final close status.

The months of April and May 2019 remained open 51 to 81 days before the final close on August 2, 2019. According to the Accounting & Financial Reporting Division, the month of June 2019 will remain in an open status and not be moved to a limited close until the end of August 2019. The month of June 2019 will be moved to a final close after the County financial audit is completed for the recording of audit adjustments as needed. The additional security restrictions recommended by the Kinsey consultants for the GL45 module enhancement are not implemented. Furthermore, bank accounts are broken down into 10 individual accounts for ease of identifying adjustments. In aggregate, the bank reconciliations for April, May, and June 2019 are still outstanding.

Control Deficiency: During a limited close status some system users within the DFS have the ability to change the limited close status to backposting status. Once in backposting status the INFOR system allows all user access to a period that is in a backposting status, to post to a prior monthly period. The manual control identified by auditors is that all users are instructed they should not post transactions during the backposting status; and DFS staff are instructed that they should not approve. This can pose a problem with departments that are reconciling and also can create issues around grant funding and assurance that expenditures are posted in the proper period. Further, some users that have access to the GL45 can unpost, unrelease, quick post, release, or bypass the IPA process at any point. It was noted that several DFS staff with access to the GL45 have duties and responsibilities that are in conflict, and therefore lack proper separations of duties.

Criteria:

Pursuant to Government Accounting Standards Board (GASB), Concept Statement No.1, financial reporting (financial transactions) should be relevant and timely to provide information about sources and uses of financial resources and how it financed its activities and met its cash requirements.

Recommendation:

The Accounting & Financial Reporting Division Manager should consider implementing all prior audit recommendations to reduce the risk that may be unacceptable to the organization.

Management comments:

No entries can be posted to an INFOR accounting period when it is in a limited close status unless it is moved to a backposting status. An accounting period is moved into a backposting status only if the Chief Financial Officer determines it is justified and approves in writing. The accounting period is in a backposting status only long enough to allow the posting of the required entry, typically a matter of minutes. No other entries are allowed and reports are then ran to ensure that only the approved entry was posted.

While the feature to open a period to backposting in the system exists, the posting of entries is controlled by the DFS Accounting division, which needs to approve the individual journal entries. When Accounting moves a period from backposting back to a limited close, the INFOR system will produce a report from screen GL199 that documents which entries have been posted since the last close for review. As a result, there is a report to detect the changes that were approved to be posted to the ledgers after the initial limited close.

The Accounting division expanded the accounting month end closing procedures to incorporate guidance on what circumstances DFS would open up the accounting periods from limited close to allow backposting and when periods should be moved to a final close. These procedures were shared in November, 2016 with the Financial Officer's Forum and approval is now obtained from the Chief Financial Officer in the event a period is reopened.

The Accounting division is aware that GL45 (Journal Control Screen) allows those users in the Accounting division to perform additional actions outside of those currently allowable on the regular journal entry screen and Infor Process Automation (IPA) workflow. This screen and its capabilities were reviewed in detail with Kinsey, the County's INFOR consulting firm, to determine if additional security restrictions or limitations need to be created. The Kinsey recommendation is to revise the County's IPA workflow to include this screen. This work has been scheduled and begun and is on-going. Design discussions with County departmental stakeholders are complete and the work specific to the Cash Book (CB) module was implemented in August. The work on the other modules continues and should be completed in the next few months.

We have made significant progress in the reconciliations, but faced some additional challenges with system changes for payroll and migration interrupting progress on accounts with warrants. The Smart Sheet is tracking the reconciliations assignments and work is being done to bring the reconciliations current for year end. Additionally, the banking transition completion will reduce a lot of the nuances from the past reconciliation issues.

Actual / estimated Date of Corrective Action: _____



Yolo County

Investment Review Second Quarter 2019

Presented By

Lesley Murphy, Senior Managing Consultant

August 20, 2019

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PFM Asset
Management LLC
pfm.com



Economic and Interest Rate Update



Current Market Themes



Capital markets – interest rates plummet

- U.S. Treasury yields fell for a third consecutive quarter, with maturities beyond one year falling 40 to 50 basis points in Q2. As of June 30, yields on the majority of benchmark U.S. Treasury maturities were near 18-month lows. The yield curve remained inverted, with the inversion having spilled into the money market space.
- Equity markets climbed to new record highs upon expectations of rate cuts. S&P 500 returned 4.3% for the second quarter and 17.4% for the first half of 2019, marking its best first-half performance in over 20 years.

The Fed will “act... to sustain the expansion”

- The FOMC kept the fed funds rate unchanged at a target range of 2.25% to 2.50% at its May and June meetings but recently acknowledged multiple crosscurrents, such as trade tensions and slower global growth, that are likely to result in easier monetary policy. The market now widely expects multiple rate cuts in the second half of 2019.
- Fed Chair Jerome Powell affirmed that the Fed will “act as appropriate to sustain the expansion.” Powell also acknowledged that acting preemptively to cut rates in light of a possible slowdown may be best for the economy, stating that “an ounce of prevention is worth a pound of cure.”



U.S. economic growth expected to slow from faster-than-expected first quarter

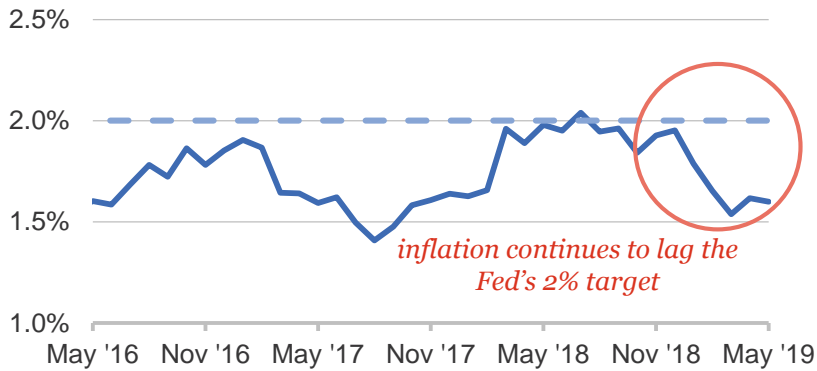
- After GDP growth of 3.1% in the first quarter, economists’ expectations for Q2 growth are lower, with economists projecting growth within the 1.5% to 2.0% range. Areas of weakness include recent slowdown in ISM manufacturing data and durable goods orders.
- President Trump increased tariffs on \$200 billion of Chinese imports, and China retaliated by increasing tariffs on \$60 billion of U.S. imports. Although both sides agreed to a truce at the June G-20 Summit, the recent upheaval triggered market volatility.
- Recent economic data has been mixed, with a 49-year low unemployment rate and a pickup in retail sales but a slowing of manufacturing activity and sub-target inflation.



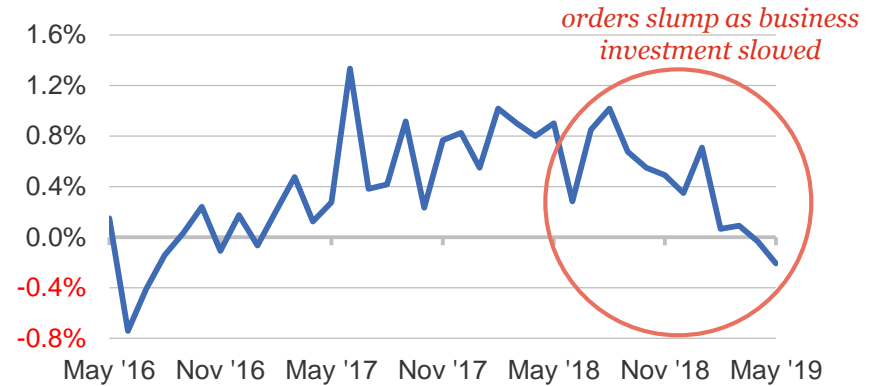


Some Economic Data Shows Signs of Weakening

Inflation (Core PCE YoY)



Durable Goods Orders



NFIB Small Business Optimism



ISM Manufacturing

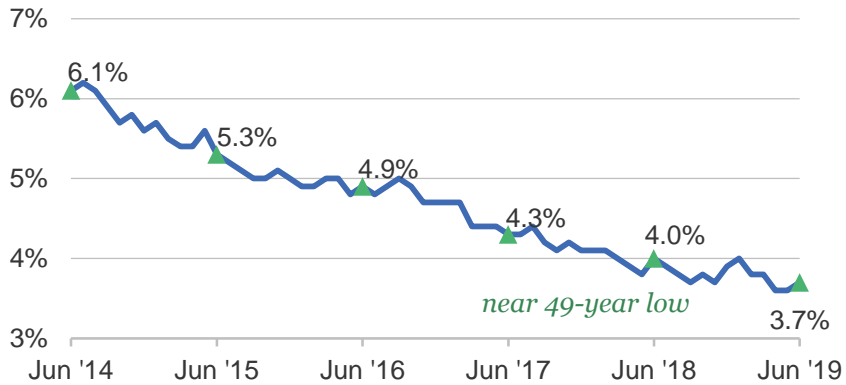


Source: Bloomberg, as of 6/30/2019.

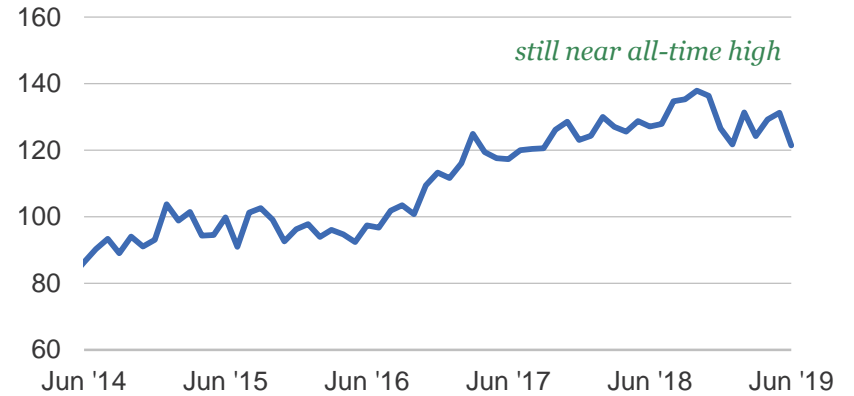


However, Many Broad Metrics Are Still Strong

Unemployment Rate



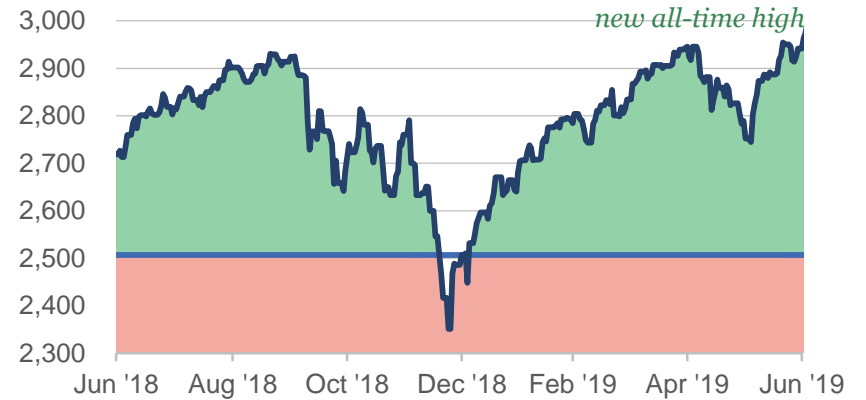
Consumer Confidence



Corporate Spreads 1-5 Year A-AAA (OAS)



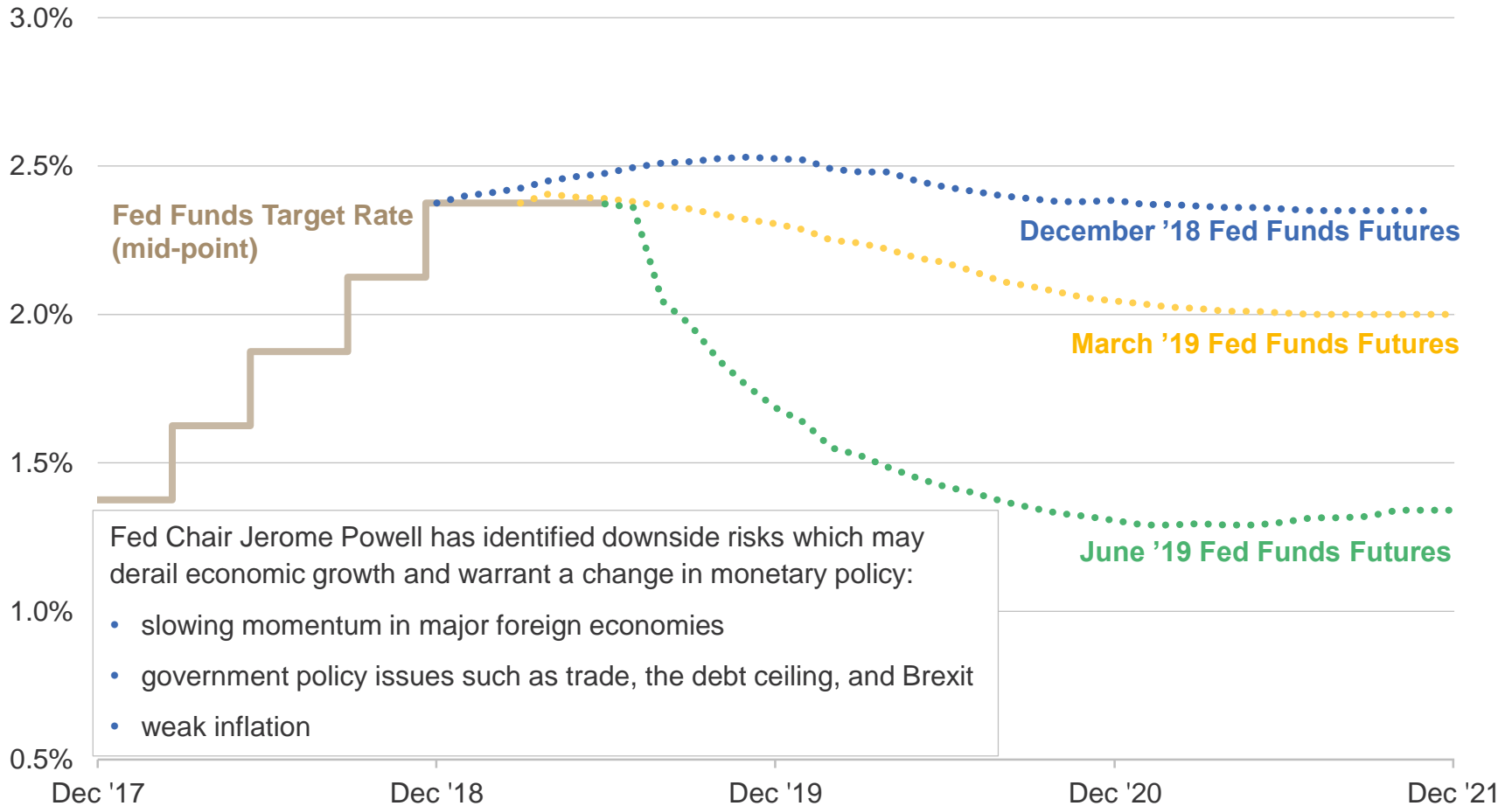
S&P Price Change



Source: Bloomberg, as of 6/30/2019.



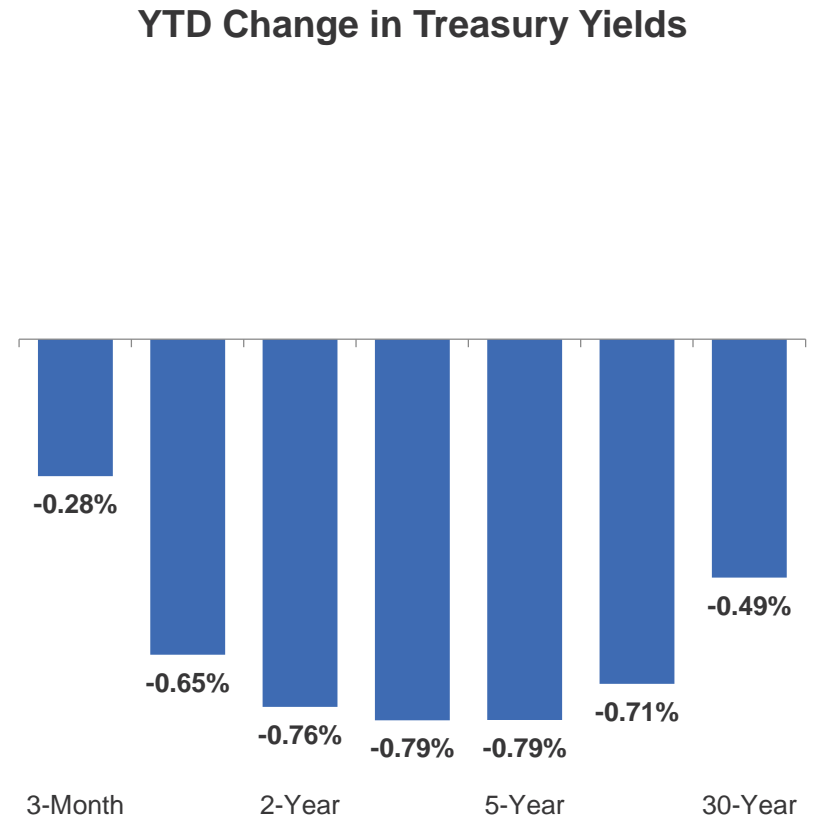
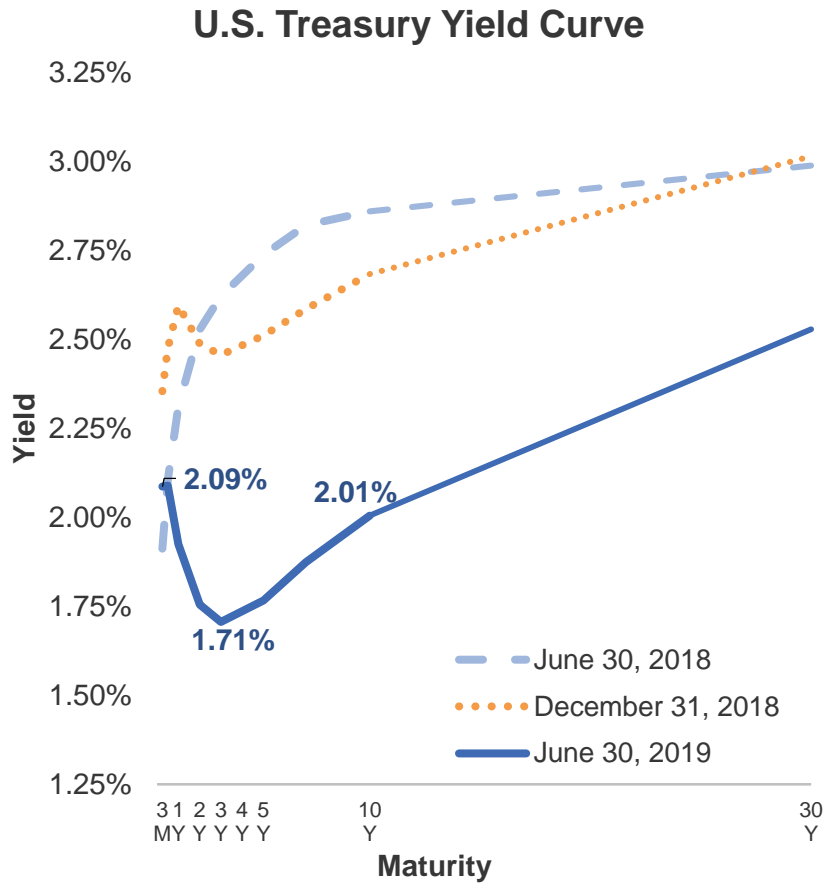
Fed's Pivot on Monetary Policy Has Market Expecting Multiple Rate Cuts



Source: Federal Reserve.



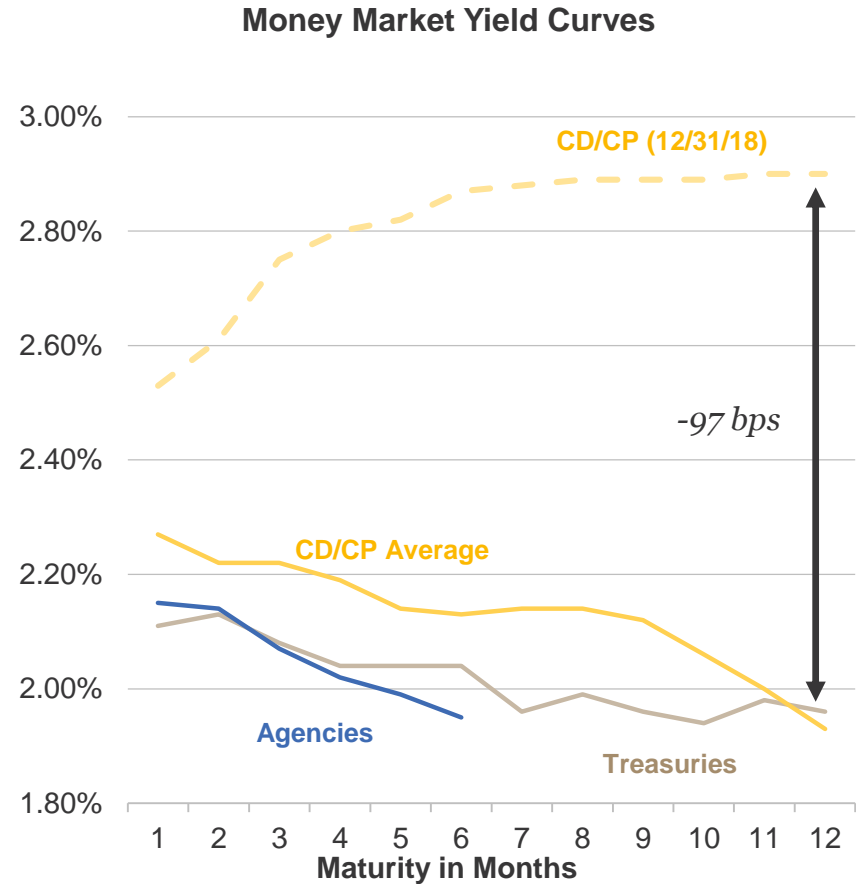
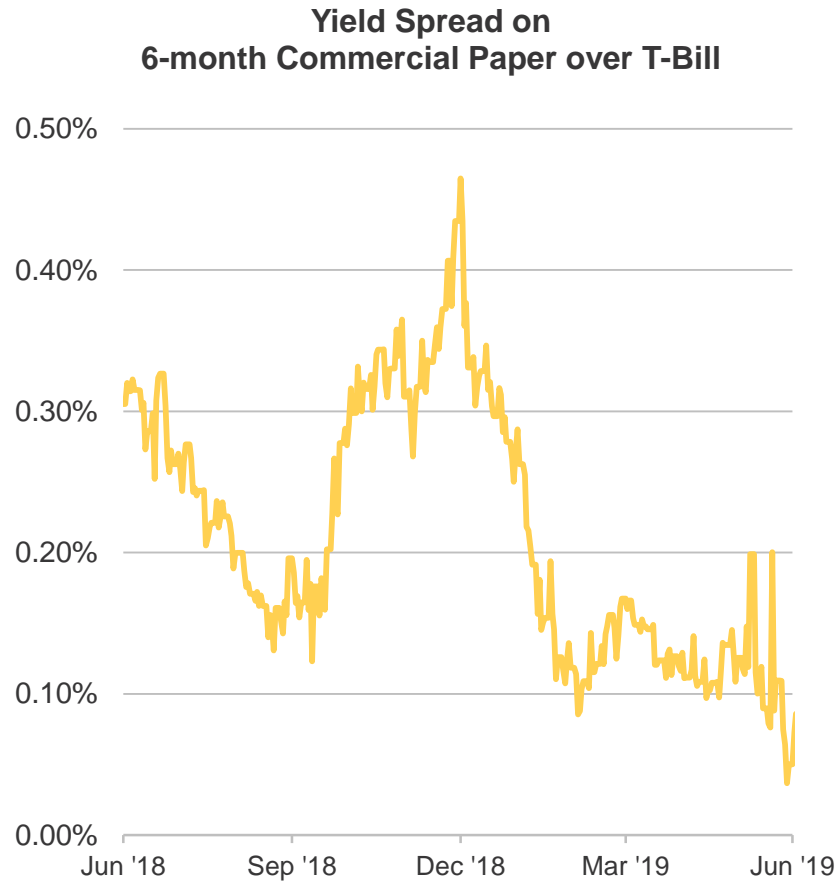
Yield Curve Inversion Reflects Less Certain Economic Outlook



Source: Bloomberg, as of 6/30/2019.



Short-Term Credit: Yield Curve Inversion Spills into Money Market Space

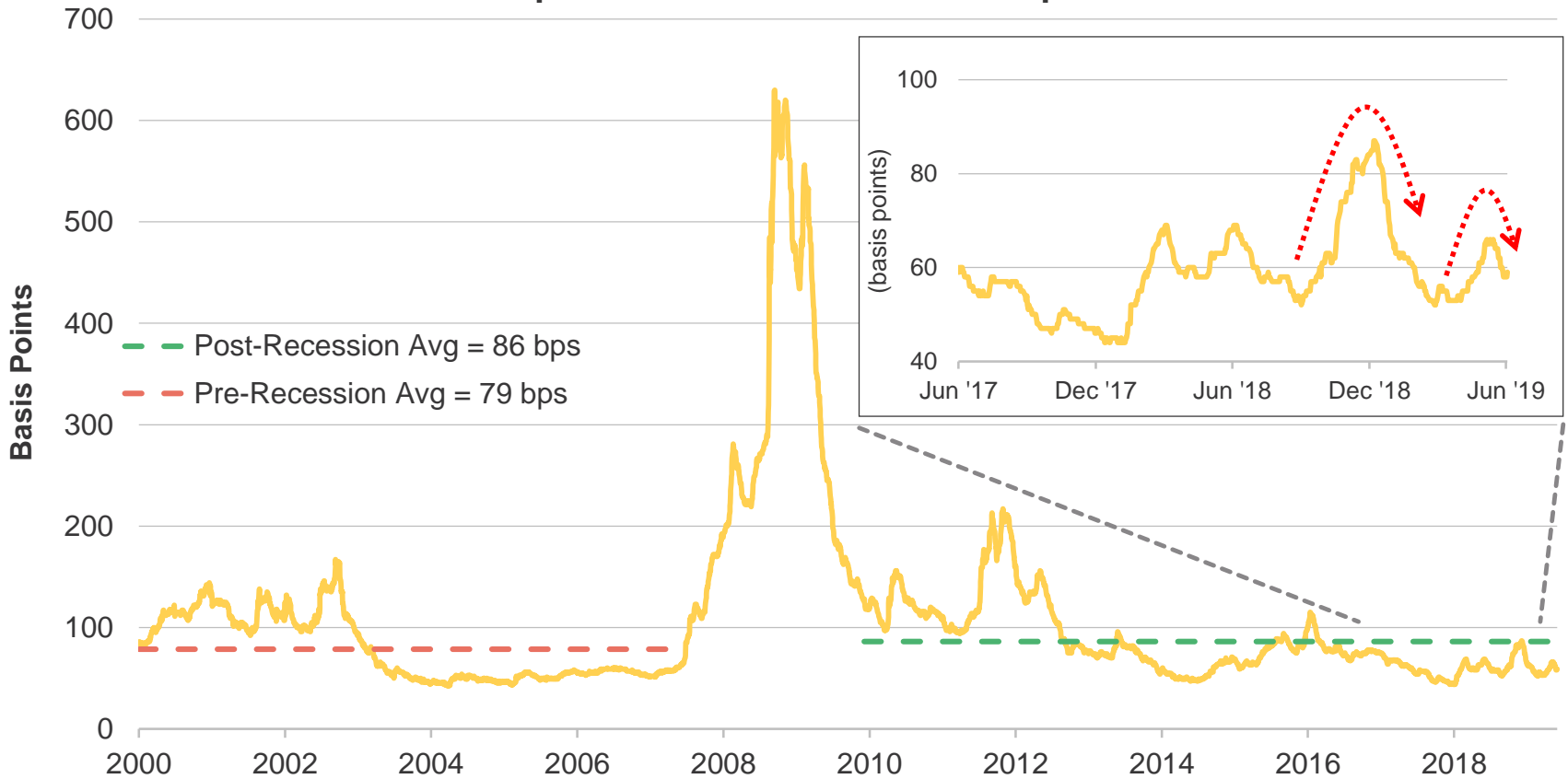


Source (left): Bloomberg as of 6/30/2019. Source (right): PFM Trading Desk, as of 7/11/2019. 6-mo CP yield spread based on A1/P1 rated CP index.



Corporate Yield Spreads Recover from Recent Bouts of Spread Widening

Yield Spreads on 1-5 Year A-AAA Corporate Notes

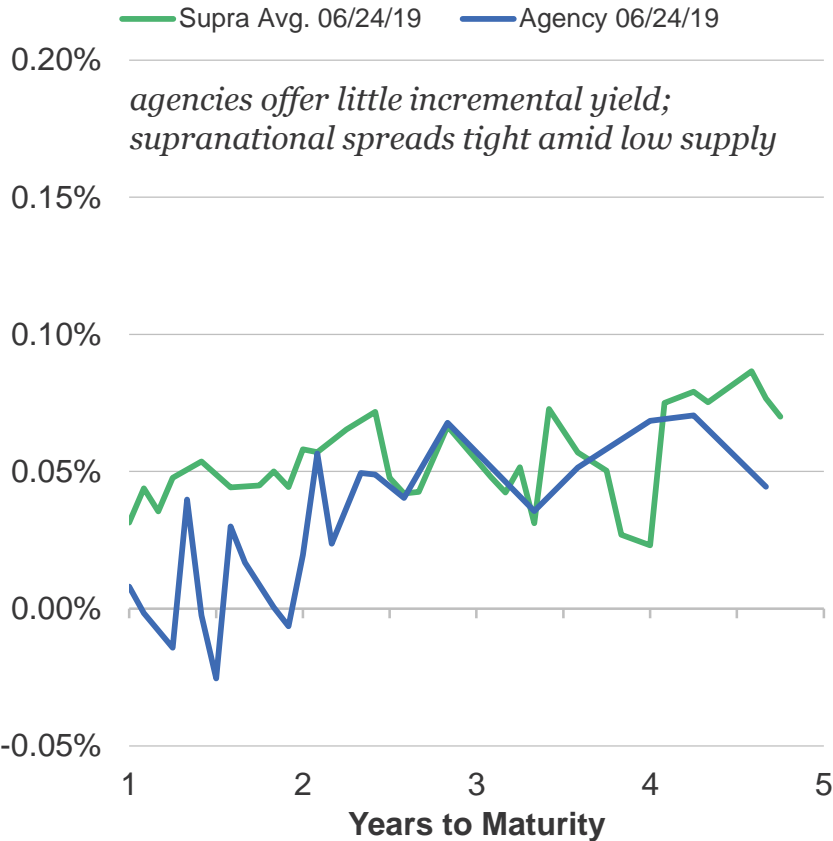


Source: Bloomberg, ICE BofAML Indices. OAS is option adjusted spread. As of 6/28/2019.

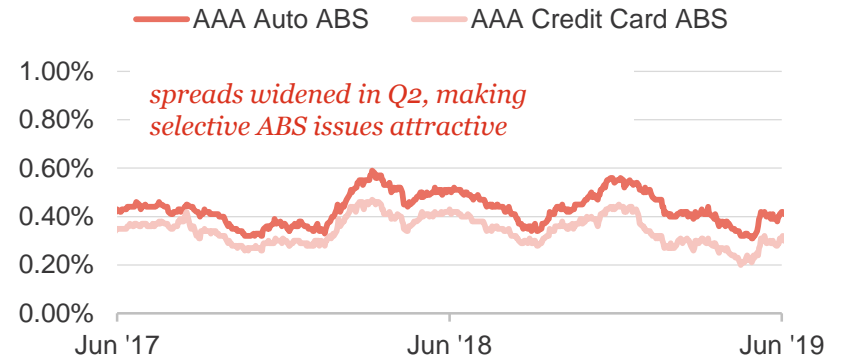


ABS and MBS Sectors Offer Value in a Tightening Spread Environment

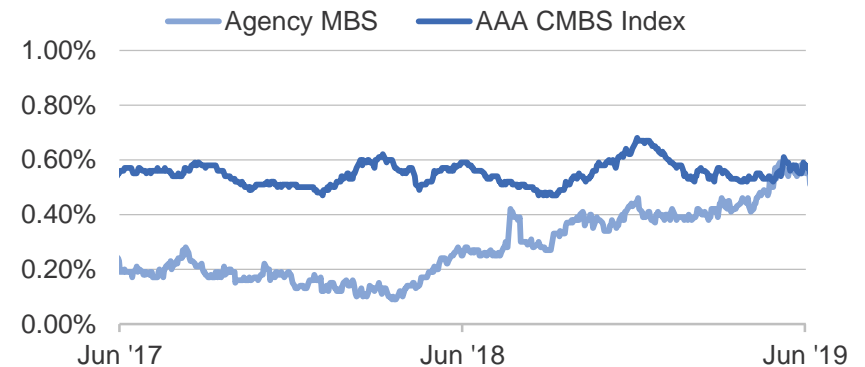
Yield Spreads on Federal Agencies and Supranationals



Asset-Backed Securities Yield Spreads



Mortgage-Backed Securities Yield Spreads



Source: Bloomberg, MarketAxess, and PFM. Spreads on ABS and MBS are option-adjusted spreads; spreads on agencies and supranationals are relative to comparable maturity Treasuries. Data as of 6/30/19. ICE BofAML 1-5 year Indices. MBS and ABS indices are 0-5 year, based on weighted average life.



Portfolio Update



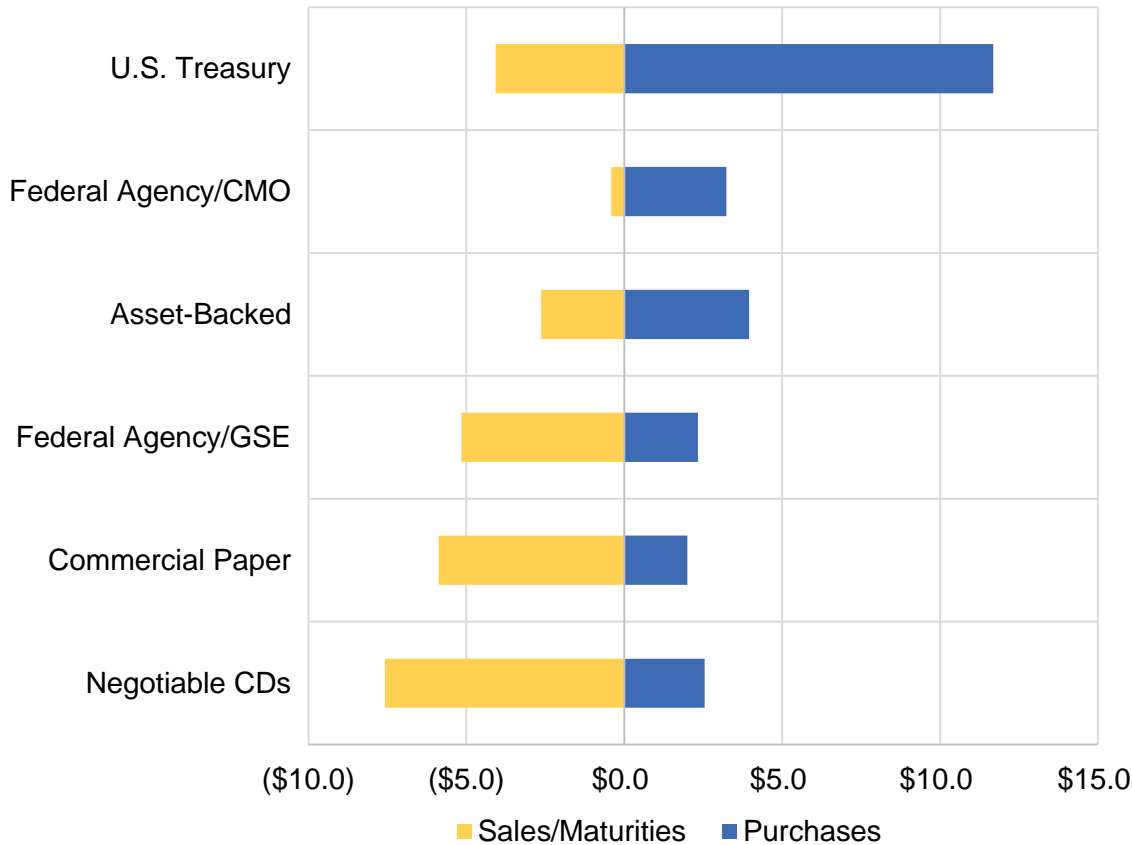
Second Quarter Portfolio Strategy

- Maintained a portfolio duration in line with the benchmark.
- Portfolio strategy continued to favor broad diversification, generally including the widest range of permitted investments.
- During the quarter we found value in:
 - U.S. Treasuries
 - Yield spreads between Treasuries and Agencies remain narrow; however, we found treasury alternatives to be more attractive than additional federal agency allocations.
 - Agency MBS
 - Agency MBS served as an attractive alternative to other government sectors due to their incremental income potential.
 - Asset-Backed Securities (ABS)
 - The AAA-rated ABS sector continued to offer attractive incremental income vs. government alternatives and offered a defensive outlet to credit exposure.



Summary of Trade Activity

Summary of Portfolio Trade Activity
March 31, 2019 – June 30, 2019



Net Transactions by Sector
(\$ millions)

U.S. Treasury	+ \$7.61
Federal Agency/CMO	+ \$2.83
Asset-Backed	+ \$1.32
Federal Agency/GSE	(\$2.83)
Commercial Paper	(\$3.87)
Negotiable CDs	(\$5.03)
Total	+ \$0.03

Based on par value of purchases, sells, maturities, and pay downs.

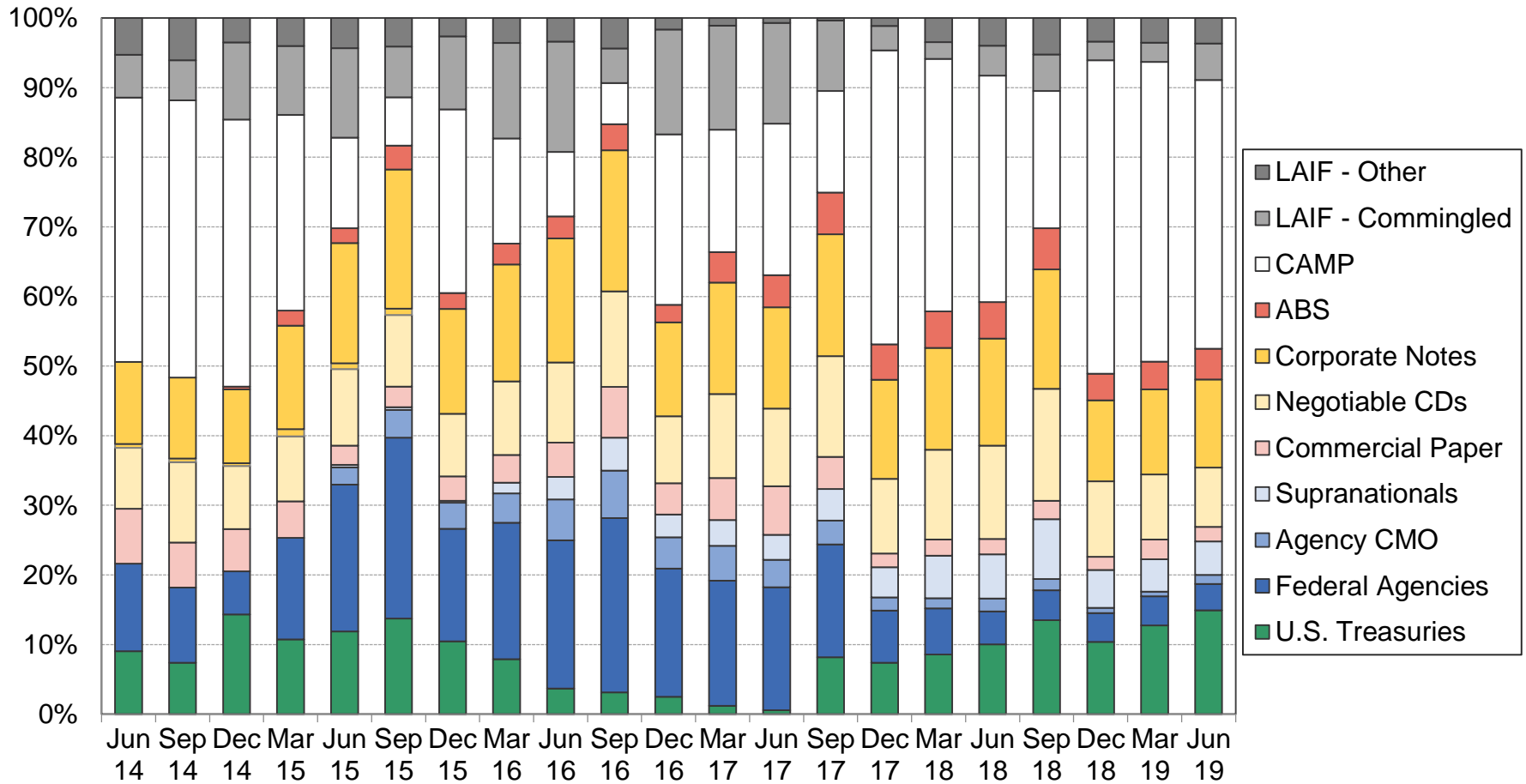


Portfolio Composition

Security Type	Market Value as of 6/30/19	% of Portfolio	% Change vs. 3/31/19	Permitted by Policy	In Compliance
U.S. Treasury	\$69,991,837	14.9%	+2.2%	100%	✓
Federal Agency	\$17,624,719	3.8%	-0.4%	100%	✓
Federal Agency CMOs	\$6,154,104	1.3%	+0.6%	100%	✓
Supranationals	\$22,557,982	4.8%	+0.2%	30%	✓
Negotiable CDs	\$40,063,584	8.5%	-0.8%	30%	✓
Corporate Notes	\$59,341,726	12.7%	+0.4%	30%	✓
Commercial Paper	\$9,816,186	2.1%	-0.7%	40%	✓
Asset-Backed Securities	\$20,655,091	4.4%	+0.4%	20%	✓
Securities Sub-Total	\$246,205,231	52.5%			
Accrued Interest	\$1,519,297				
Securities Total	\$247,724,528				
CAMP	\$181,101,663	38.6%	-4.4%	100%	✓
LAIF – Total	\$41,761,213	8.9%	+2.6%	\$65 million per account	✓
Total Investments	\$470,587,403	100.0%			



Adding Value through Sector Allocation





Portfolio Issuer Distribution

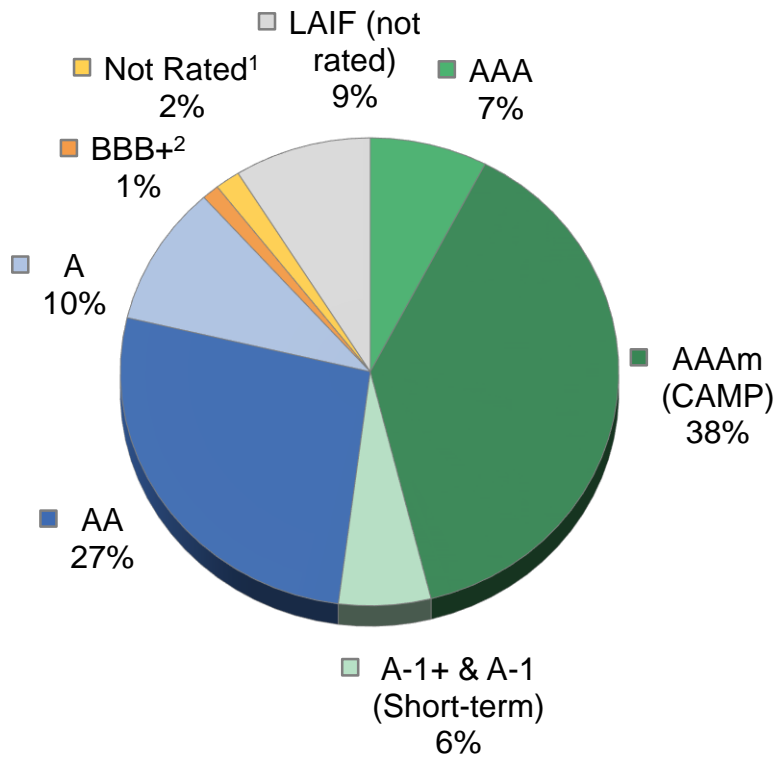
U.S. Treasury	28.4%	ING Funding LLC	1.3%
Fannie Mae	5.2%	Canadian Imperial Bank	1.3%
IBRD	4.6%	JP Morgan Chase	1.2%
Credit Agricole	2.8%	Wells Fargo	1.2%
Federal Home Loan Bank	2.5%	Nissan Corp	1.2%
International Finance Corp	2.5%	Visa	1.1%
American Express	2.4%	Credit Suisse NY	1.1%
Toyota Motor Credit	2.2%	IBM	1.1%
Swedbank NY	2.1%	CitiGroup Inc	1.1%
Inter-American Development Bank	2.1%	Bank of America	1.1%
American Honda Finance	2.1%	BB&T Corp	1.1%
Bank of New York	2.0%	Goldman Sachs Corp	1.0%
Hyundai Auto Receivables	1.9%	Sumitomo Mitsui Bank	1.0%
MUFG Bank	1.9%	Cisco Systems	1.0%
Freddie Mac	1.9%	Toyota Auto Receivables	0.9%
Bank of Montreal Chicago	1.9%	Chevron Corp.	0.7%
Honda Auto Receivables	1.9%	United Parcel Service Corp	0.6%
Westpac Banking Corp (NY)	1.8%	Berkshire Hathaway	0.5%
Bank of Nova Scotia Houston	1.8%	National Rural Utility Corp	0.4%
Exxon Mobil	1.7%	John Deere Owner Trust	0.4%
Nordea Bank	1.6%	CarMax Corp	0.4%
UBS AG Stamford	1.6%	Capital One	0.3%
Apple Inc	1.4%	Unilever Capital Corp.	0.2%
Ally Auto Receivables Trust	1.4%	Nissan Auto Receivables	0.1%



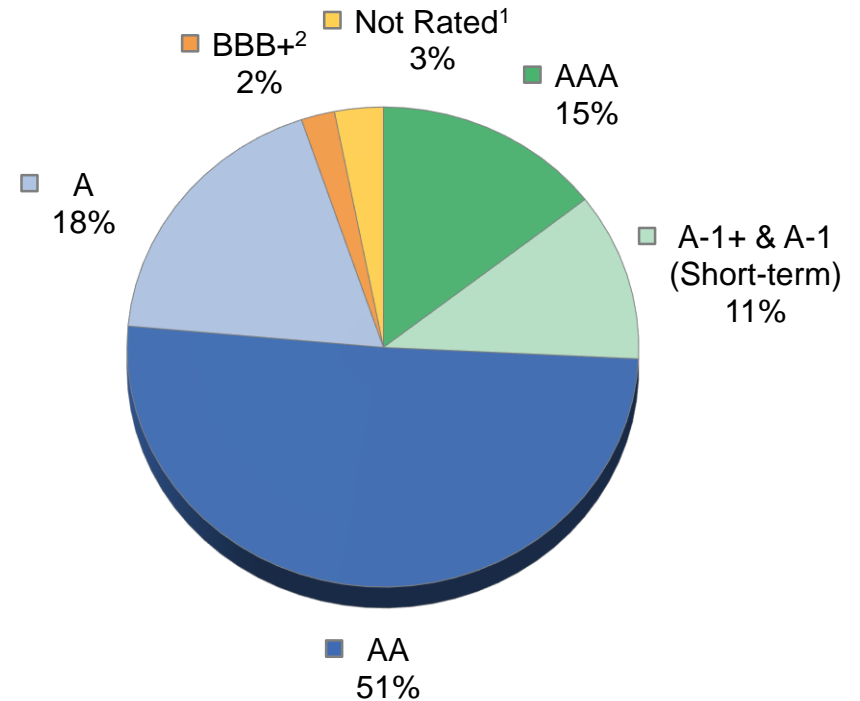
Portfolio Credit Quality

◆ The County's portfolio comprises high-quality securities.

Including Liquid Accounts



Excluding Liquid Accounts

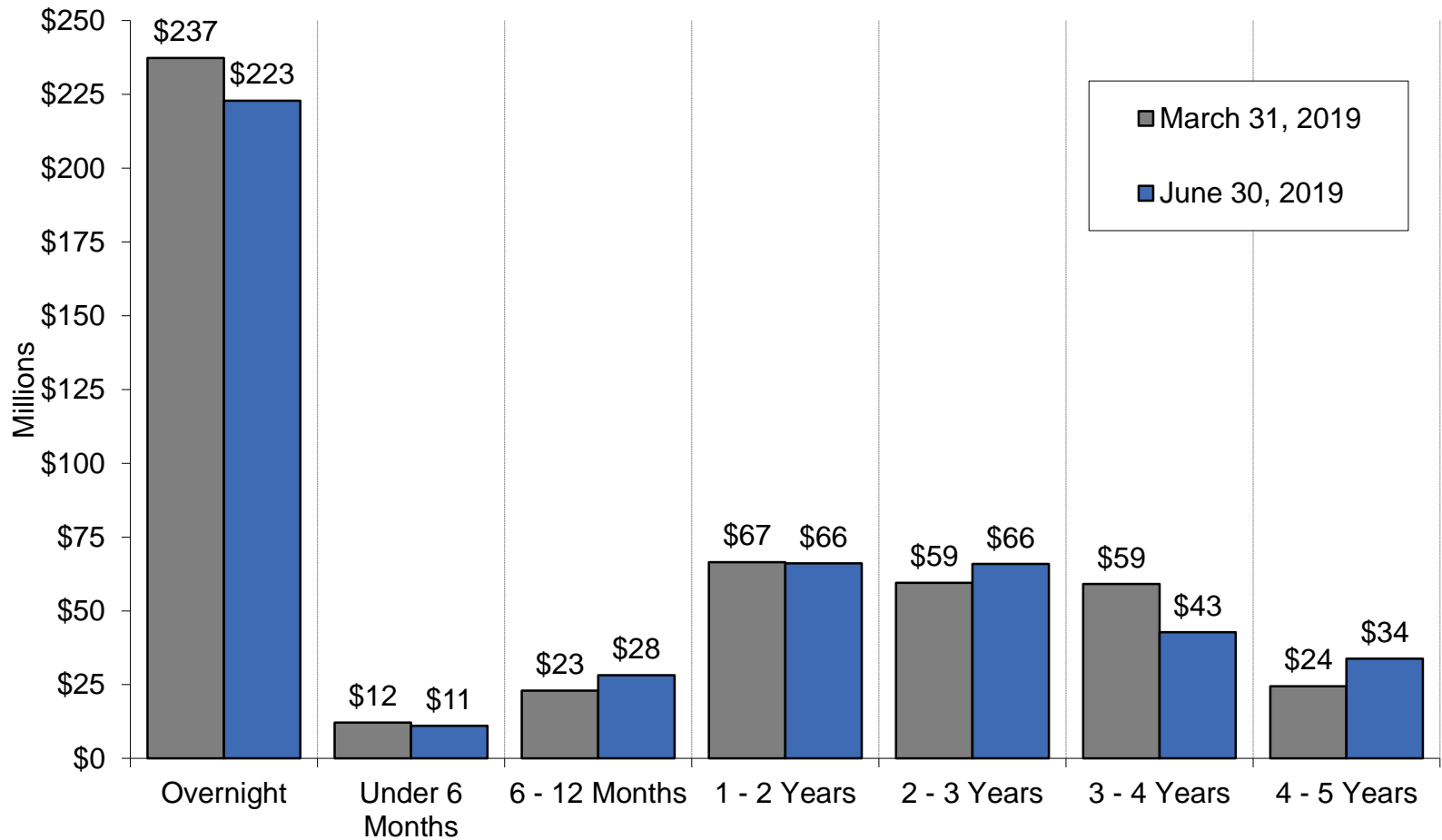


As of June 30, 2019. Percentages may not sum to 100% due to rounding. Ratings are based on Standard & Poor's.

1. The "Not Rated" category comprises asset-backed securities rated Aaa by Moody's.
2. The "BBB+" category comprises securities rated in a rating category of A or better by at least one NRSRO.



Portfolio Maturity Distribution



Callable and floating-rate securities are included in the maturity distribution analysis to their stated maturity date.

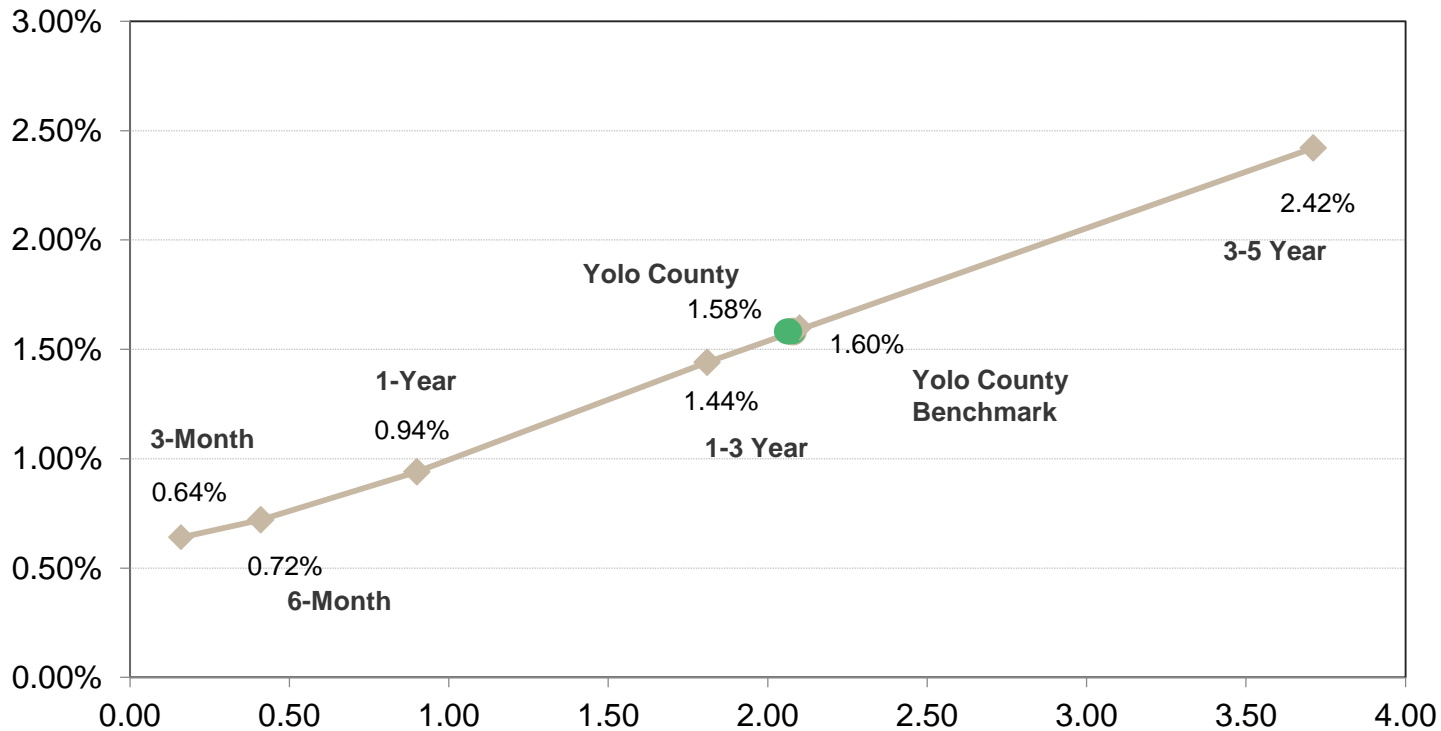


Longer-Duration Strategies Outperformed as Rates Fell in Second Quarter

Quarterly Total Returns

Yields

Yolo County, Yolo County Benchmark, and Various ICE BofA Merrill Lynch Treasury Indices



Portfolio Yield and LAIF Quarterly Apportionment Rate	
Yolo County	2.40%
LAIF	2.57%

- For periods ending June 30, 2019.
- Yolo County yield is the weighted average yield at cost.
- Source: Bloomberg, LAIF website.
- The County's benchmark is the ICE Bank of America Merrill Lynch (BAML) 0-5 Year U.S. Treasury Index. From March 31, 2015, to September 30, 2017, the benchmark was a blend of 30% ICE BAML 3-month Treasury index and 70% ICE BAML 1-3 year U.S. Treasury Index. From March 31, 2002, to March 31, 2015, the benchmark was a blend of 50% ICE BAML 1-3 Year U.S. Treasury index and 50% ICE BAML 3-month Treasury Bill index. Prior to March 31, 2002, the benchmark was the ICE BAML 1-3 Year U.S. Treasury index.



Total Return Performance

- During the quarter, the portfolio benefitted from a diversified sector allocation as most fixed-income sectors drove strong market-value returns due to the rise in prices as yields fell.
- Historically, the portfolio continues to outperform the benchmark by a wide margin.

Total Return For periods ended June 30, 2019

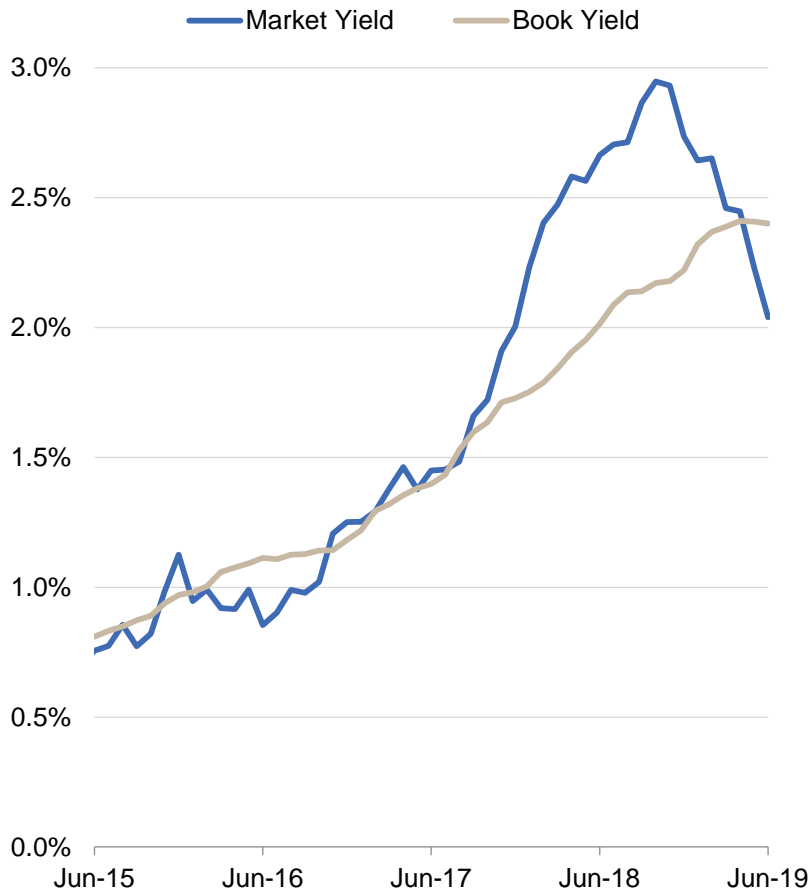
	Duration (years)	Past Quarter	Past 1 Year	Past 5 Years	Past 10 Years	Since Inception
Yolo County	2.08	1.58%	4.72%	1.55%	1.42%	3.17%
Treasury Benchmark	2.10	1.60%	4.39%	1.16%	0.91%	2.52%

- Performance on a trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Bank of America Merrill Lynch indices provided by Bloomberg Financial Markets.
- Inception date is June 30, 1998.
- Performance, yield, and duration calculations exclude holdings in CAMP, LAIF, and the money market fund.
- The County's benchmark is the ICE Bank of America Merrill Lynch (BAML) 0-5 Year U.S. Treasury Index. From March 31, 2015, to September 30, 2017, the benchmark was a blend of 30% ICE BAML 3-month Treasury index and 70% ICE BAML 1-3 year U.S. Treasury Index. From March 31, 2002, to March 31, 2015, the benchmark was a blend of 50% ICE BAML 1-3 Year U.S. Treasury index and 50% ICE BAML 3-month Treasury Bill index. Prior to March 31, 2002, the benchmark was the ICE BAML 1-3 Year U.S. Treasury index.



Historical Securities Portfolio Yields and Quarterly Accrual Earnings

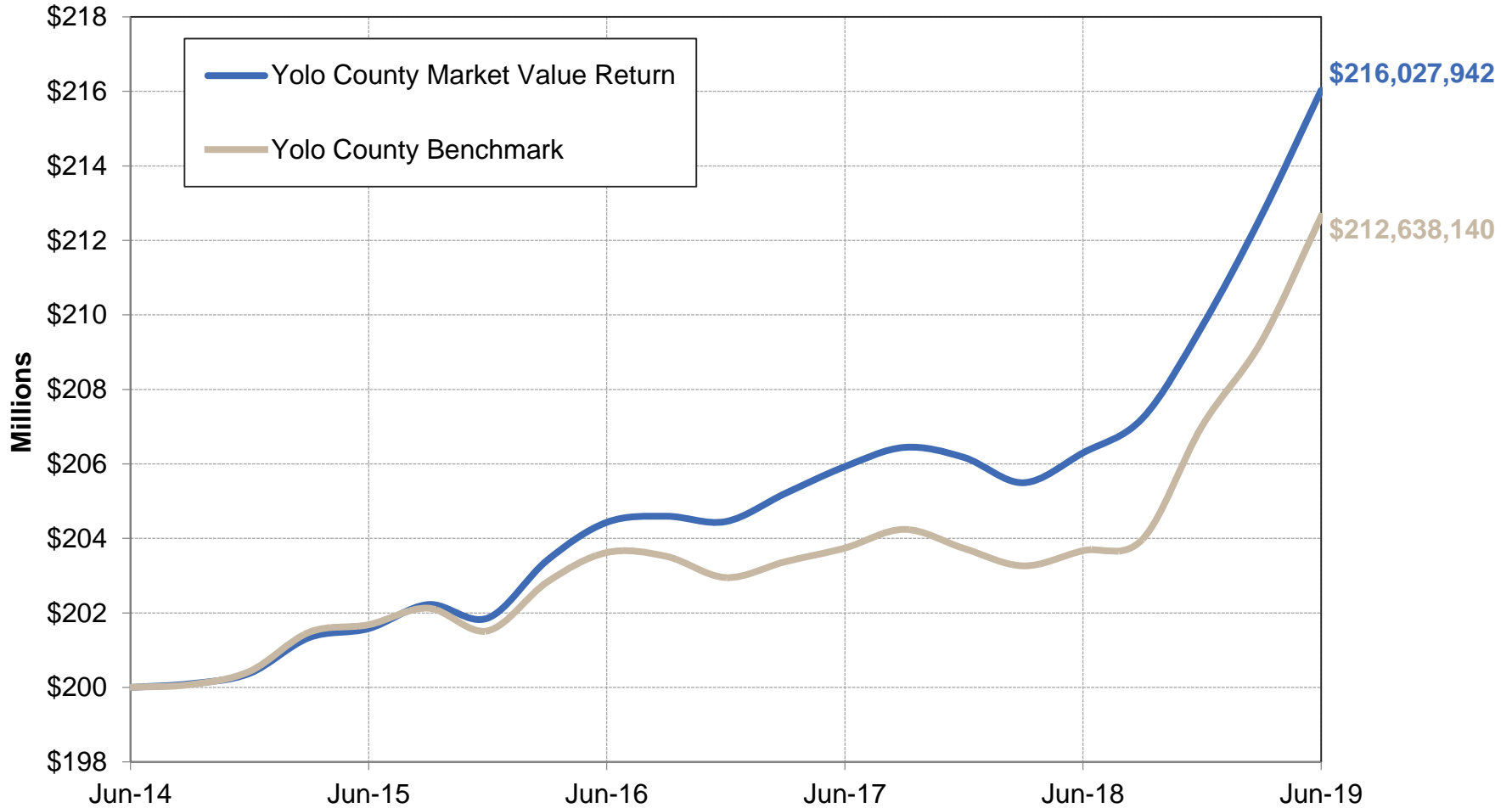
Historical Portfolio Yield



Annual Accrual Basis Investment Earnings	
Fiscal Year	Earnings
14-15	\$1,469,534
15-16	\$2,930,752
16-17	\$3,598,905
17-18	\$3,828,675
18-19	\$5,131,486



County's Strategy Continues to Be Effective



- Source: Bloomberg.
- Hypothetical growth of \$200 million.
- Past performance is not indicative of future performance.



Investment Strategy Outlook

- ◆ The Fed has officially shifted its stance on monetary policy from “patient” to “appropriate,” and rates have continued to move lower.
 - We will continue to maintain a portfolio duration in line with the benchmark.
- ◆ As a result of the outlook for slower economic growth:
 - We continue to recommend maintaining diversification among investment grade sectors with a tilt toward higher grade corporate bonds given their income-producing potential.
 - We will remain diligent in our issuer and security selection process given some of the international growth concerns.
- ◆ As federal agency spreads are expected to remain very tight:
 - We expect agency purchases to be minimal, seeking better value in either Treasuries or other sectors.
- ◆ ABS spreads have recently widened back to levels that offer attractive incremental income compared to government and credit alternatives. We will seek to maintain allocations.
- ◆ Careful maturity selection around the Fed meeting expectations will be a key component of our portfolio strategy going forward, particularly with both the Treasury and credit yield curves inverted.



Fixed-Income Sector Outlook – July 2019

Sector	Our Investment Preferences	Comments
COMMERCIAL PAPER /CD		<ul style="list-style-type: none"> Commercial paper/negotiable CD spreads remain narrow. Short credit remains higher-yielding than some longer-dated Treasuries.
TREASURIES		<ul style="list-style-type: none"> Treasury Bill supply increased in March but slowed in April, putting downward pressure on rates. The 3-month to 10-year part of the yield curve briefly inverted in the past two months, renewing concerns about a possible recession. With a flat-to-inverted yield curve, there is little expected roll-down.
T-Bill		
T-Note		
FEDERAL AGENCIES		<ul style="list-style-type: none"> Federal agency spreads remain very tight. The only value has been in certain new issue securities. With the likelihood of the Federal Reserve rate cuts, callable agencies should be avoided.
Bullets		
Callables		
SUPRANATIONALS		<ul style="list-style-type: none"> USD supply has increased modestly; however, spreads remain near historical tights across the curve. We continue to favor UST or GSE.
CORPORATES		<ul style="list-style-type: none"> Corporate yield spreads have narrowed back significantly, settling in around longer-term. Spreads are near post-recession tights. While the sector is no longer “cheap,” we plan to maintain allocations. The corporate spread curve remains positively sloped, offering modest value for extending maturities.
Financials		
Industrials		
SECURITIZED		<ul style="list-style-type: none"> The AAA-rated ABS sector continues to offer attractive incremental income versus government alternatives and offers a defensive outlet to credit exposure. With an improving fundamental landscape, Agency MBS are an attractive alternative to other government sectors due to their incremental income potential.
Asset-Backed		
Agency Mortgage-Backed		
MUNICIPALS		<ul style="list-style-type: none"> Munis continue to be expensive versus Treasuries amid limited supply.

● Current outlook

○ Outlook one month ago

Negative

Slightly Negative

Neutral

Slightly Positive

Positive



Disclosures

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