



COUNTY OF SUTTER, CALIFORNIA

FOR THE YEAR ENDED JUNE 30, 2025

SINGLE AUDIT REPORT

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on YOU



COUNTY OF SUTTER, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2025

COUNTY OF SUTTER, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2025

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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 Board of Supervisors and Grand Jury
County of Sutter, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sutter, California (hereafter, the County), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 31, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a significant deficiency.

Report on Compliance and Other Matters

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



To the Board of Supervisors and Grand Jury
County of Sutter, California

County of Sutter, California's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LSL, LLP

Sacramento, California
March 31, 2026



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

To the Board of Supervisors and Grand Jury
County of Sutter, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Sutter, California (hereafter, the County)'s compliance with the types of compliance requirements identified as subject to audit 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, 2025. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.



To the Board of Supervisors and Grant Jury
County of Sutter, California

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



To the Board of Supervisors and Grant Jury
County of Sutter, California

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 31, 2026, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

LSL, LLP

Sacramento, California
March 31, 2026

COUNTY OF SUTTER, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Entity Unique Identifier Number</i>	<i>Total Federal Expenditures</i>
<i>U.S. Department of Agriculture</i>			
Passed Through State of California Department of Public Health SNAP Cluster			
Supplemental Nutrition Assistance Program	10.551	KD2JSY6LNMW7	\$ 120,050
Total SNAP Cluster			120,050
Special Supplemental Nutrition Programs for Women, Infants, & Children *	10.557	KD2JSY6LNMW7	996,176
Passed Through State of California Department of Food and Agriculture Cooperative Forestry Assistance	10.664	HHPESLCJ4381	75,191
<i>Total U.S. Department of Agriculture</i>			1,191,417
<i>U. S. Department of Housing and Urban Development</i>			
Passed Through State of California Department of Housing and Community Development Community Development Block Grants (Beginning Loans Balance)	14.228	L4JQPJ7N5NT4	1,178,196
Passed Through Home Investments Partnerships Program 2010 HOME Program (Beginning Loans Balance)	14.239	N/A	21,330
<i>Total U.S. Department of Housing and Urban Development</i>			1,199,526
<i>U.S. Department of Justice</i>			
Direct			
Organized Crime Drug Enforcement Task Forces	16.000	N/A	2,992
State Criminal Alien Assistance Program	16.606	N/A	54,736
Bulletproof Vest Partnership	16.607	N/A	7,650
<i>Total U.S. Department of Justice</i>			65,378
<i>U.S. Department of Transportation</i>			
Direct			
Highway Safety Cluster			
State and Community Highway Safety	20.600	T1CSSJGRW1M1	57,122
Total Highway Safety Cluster			57,122
Passed Through State of California Federal Aviation Administration Airport Improvement Program	20.106	N5VKWJAJBTG1	10,000
Highway Planning and Construction	20.205	EHEGWCLJEVJ4	429,002
<i>Total U.S. Department of Transportation</i>			496,124
<i>U.S. Department of Treasury</i>			
Passed Through State of California Treasurer's Office Coronavirus State and Local Fiscal Recovery Funds *	21.027	NUDGYLBB4S99	3,248,791
<i>Total U.S. Department of Treasury</i>			3,248,791
<i>U.S. Department of Education</i>			
Passed Through State of California Department of Education Adult Education - Basic Grants to States	84.002A	HWECEY7CDW9Y7	209,831
<i>Total U.S. Department of Education</i>			209,831

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF SUTTER, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Entity Unique Identifier Number</i>	<i>Total Federal Expenditures</i>
U.S. Department of Health and Human Services			
477 Cluster			
Passed Through State of California Department of Public Health Community Services Block Grant	93.569	KD2JSY6LNMW7	10,610
Passed Through State of California Department of Social Services Temporary Assistance for Needy Families *	93.558	LDJ1MM9L56K7	<u>7,923,966</u>
Total 477 Cluster			7,934,576
Medicaid Cluster			
Passed Through State of California Department of Public Health Medical Assistance Program (Total Medical Assistance Program \$810,699)	93.778	JE73CDQUAPA7	295,781
Passed Through State of California Department of Social Services Medical Assistance Program (Total Medical Assistance Program \$810,699)	93.778	LDJ1MM9L56K7	<u>514,918</u>
Total Medicaid Cluster			810,699
Passed Through State of California Department of Public Health Special Projects of Regional and National Significance	93.110	KD2JSY6LNMW7	142,510
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	KD2JSY6LNMW7	17,101
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	KD2JSY6LNMW7	12,166
Immunization Cooperative Agreements	93.268	KD2JSY6LNMW7	565,297
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	KD2JSY6LNMW7	653,062
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	KD2JSY6LNMW7	59,156
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	KD2JSY6LNMW7	11,900
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	KD2JSY6LNMW7	92,197
National Bioterrorism Hospital Preparedness Program	93.889	KD2JSY6LNMW7	165,612
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	CXVUVFANSLH3	4,171
Passed Through State of California Department of Health Care Services Project for Assistance in Transition for Homelessness (PATH)	93.150	JE73CDQUAPA7	83,283
Block Grants for Community Mental Health Services	93.958	JE73CDQUAPA7	519,662
Passed Through State of California Department of Social Services Guardianship Assistance	93.090	LDJ1MM9L56K7	29,990
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	LDJ1MM9L56K7	459,844
Foster Care Title IV-E	93.658	LDJ1MM9L56K7	8,973,014
Adoption Assistance	93.659	LDJ1MM9L56K7	3,816,140
Passed Through State of California Work Opportunity and Responsibility to Kids Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	Not Available	203,525
Passed Through State of California Department of Alcohol and Drug Program Block Grants for Prevention and Treatment of Substance Abuse *	93.959	Not Available	<u>1,242,941</u>
Total U.S. Department of Health and Human Services			25,796,846
U.S. Department of Homeland Security			
Direct			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	73,546
Passed Through California Governor's Office of Emergency Services Emergency Management Performance Grant	97.042	UTM3S7LKYQZ4	144,622
Homeland Security Grant Program	97.067	UTM3S7LKYQZ4	<u>38,736</u>
Total U.S. Department of Homeland Security			256,904
Total Expenditures of Federal Awards			<u>\$ 32,464,817</u>

* Major Program

¹ There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

² The amount provided to subrecipients during the year was \$0.

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF SUTTER, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Scope of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County of Sutter, California (the "County") under programs of the federal government for the year ended June 30, 2025. 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.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the County becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. 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. The County has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2: MEDICAID CLUSTER

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

NOTE 3: LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The following schedule presents the amount of outstanding loans receivable by Assistance Listing 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 in the Schedule.

The balance of loans outstanding at June 30, 2025, consists of:

Assistance Listing No.	Federal Program	Outstanding Loans at June 30, 2025
14.228	Community Development Block Grants	\$ 1,179,896
14.239	2010 Home Program	21,330
	Total	<u>\$ 1,201,226</u>

COUNTY OF SUTTER, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.558	Temporary Assistance for Needy Families
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B program \$973,945

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

Reference Number: 2025-001

Reconciliation of Cash, Legacy Balances and Outstanding Checks

Material Weakness

Condition

During the implementation of a new accounting system in fiscal year 2024, outstanding payments were not fully reconciled and carried forward from the prior accounting system. Specifically, a reconciling difference of \$261,878, exists for an outstanding check that was cleared in the prior accounting system but has not been recorded as cleared in new system.

In addition, during our testwork, it was noted that certain treasury cash reconciliations were not completed within 60 days of month end. Specifically, the reconciliations selected for testing for the months of September 2024, December 2024 and March 2025, were not completed until August of 2025.

Criteria

Management is responsible for establishing and maintaining effective internal controls over financial reporting, including timely and accurate reconciliation of cash balances and outstanding checks to ensure cash is properly stated and reconciling items are identified, supported, and resolved in accordance with generally accepted accounting principles (GAAP).

Cause

This condition appears to be due to insufficient historical documentation, incomplete reconciliation records from the legacy system, and the absence of a formalized reconciliation and resolution plan during the system conversion process. Additionally, management review controls over legacy cash balances during implementation were not adequately designed or executed.

Effect or Potential Effect

As a result of these conditions, reconciliations and the resolution of reconciling items were not addressed timely. While no audit adjustments have been proposed for these item, not completing cash reconciliations in a timely manner increases the possibility that a material misstatement of the financial statements could occur and not be prevented or detected.

Repeat Finding

Yes

Recommendation

We recommend that management develop and implement formal procedures to timely reconcile and resolve cash balances and outstanding checks, including researching historical transactions, establishing criteria for voiding or reclassifying stale items, and documenting management approval of all resolutions.

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Management's Response

Legacy Balances and Outstanding Checks

In FY 23-24, the reconciliation for outstanding checks from legacy system was performed by matching the check numbers in the system and the check number of payments that cleared the bank. Since the bank misread the check number of this specific payment and reflected the erroneous check number in the bank statement lines, the reconciliation was not able to include this payment as a paid item. Therefore, the payment remained outstanding in the system. This was resolved in FY 24-25 reconciliation by manually reconciling residual outstanding check balances from the legacy system.

Proposed Completion Date

March 31, 2026.

Reconciliation of Cash Balances

The County Administrator and the Auditor-Controller will work with the Treasurer to establish a procedure for timely bank statement reconciliation and resolution of any discrepancies to improve control over cash. The procedure will be streamlined with monthly closing.

Proposed Completion Date

Ongoing.

Name of Contact Person

Nathan Black, Auditor-Controller

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Reference Number: 2025-002

Accrued Expenditures
Significant Deficiency

Condition

An accounts payable error was identified during the audit team's search for unrecorded liabilities testing. This procedure resulted in the identification of an invoice that had not been recorded in accounts payable in the financial statements at June 30, 2025.

Criteria

Management is responsible for setting up and keeping effective internal controls over financial reporting. This includes procedures to make sure important invoices are properly reviewed, approved, and recorded in the right accounting period according to generally accepted accounting principles (GAAP).

Cause

This situation may stem from areas where review procedures can be improved, especially relating to identifying and recording expenses and accruals at the end of the fiscal year, particularly during the May and June closing period.

Effect or Potential Effect

A \$229,500 adjustment was made to accurately report payables in the General Fund at June 30, 2025.

Repeat Finding

No

Recommendation

We recommend that management evaluate controls surrounding cutoff rules for evaluating invoices at year end, to improve the year-end accrual process and ensure all significant items are captured and correctly reported in the financial statements.

Management's Response

The County agrees with the finding. The County notes that this issue was associated with a unique set of circumstances during the implementation of the Growth Cap program for State Felony Incompetent to Stand Trial (IST). Limited upfront state funding and technical support, combined with a short turnaround time, created operational challenges during the fiscal year close period. As such, this situation is not reflective of typical year-end processes.

Nonetheless, the County recognizes the importance of reinforcing year-end cutoff procedures to ensure consistent application across all programs. To address this, management has implemented the following:

- Refined and formalized cutoff procedures with clear guidance and timelines for identifying and recording year-end accruals,
- Enhanced supervisory review of significant invoices and accruals to support proper period recognition,
- Continue to provide training to the Departments on year-end reviews and proper accruals of expenditures and related liabilities at year-end, and
- Staff training on year-end close and accrual requirements.

Proposed Completion Date

June 30, 2026.

Name of Contact Person

Nathan Black, Auditor-Controller

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

COUNTY OF SUTTER



NATHAN M. BLACK, CPA

AUDITOR-CONTROLLER

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

Finding: 2024-001: Financial Reporting

This item was corrected as of June 30, 2025

Finding: 2024-002: Grant Reconciliation

This item was corrected as of June 30, 2025

Finding: 2024-003: Delays in Financial Reporting

This item was corrected as of June 30, 2025

Finding: 2024-004: Loan Compliance

This item was corrected as of June 30, 2025

COUNTY OF SUTTER



NATHAN M. BLACK, CPA

AUDITOR-CONTROLLER

CORRECTIVE ACTION PLAN

Reference Number

2025-001 – Reconciliation of Cash Balances, Legacy Balances and Outstanding Checks

Name of Contact Person

Nathan Black, Auditor-Controller

Management's Response and Corrective Action

Legacy Balances and Outstanding Checks

In FY 23-24, the reconciliation for outstanding checks from legacy system was performed by matching the check numbers in the system and the check number of payments that cleared the bank. Since the bank misread the check number of this specific payment and reflected the erroneous check number in the bank statement lines, the reconciliation was not able to include this payment as a paid item. Therefore, the payment remained outstanding in the system. This was resolved in FY 24-25 reconciliation by manually reconciling residual outstanding check balances from the legacy system.

Proposed Completion Date

March 31, 2026.

Reconciliation of Cash Balances

The County Administrator and the Auditor-Controller will work with the Treasurer to establish a procedure for timely bank statement reconciliation and resolution of any discrepancies to improve control over cash. The procedure will be streamlined with monthly closing.

Proposed Completion Date

Ongoing.

Reference Number

2025-002 – Accrued Expenditures

Name of Contact Person

Nathan Black, Auditor-Controller

Corrective Action

The County agrees with the finding. The County notes that this issue was associated with a unique set of circumstances during the implementation of the Growth Cap program for State Felony Incompetent to Stand Trial (IST). Limited upfront state funding and technical support, combined with a short turnaround time, created operational challenges during the fiscal year close period. As such, this situation is not reflective of typical year-end processes.

Nonetheless, the County recognizes the importance of reinforcing year-end cutoff procedures to ensure consistent application across all programs. To address this, management has implemented the following:

- Refined and formalized cutoff procedures with clear guidance and timelines for identifying and recording year-end accruals,
- Enhanced supervisory review of significant invoices and accruals to support proper period recognition,
- Continue to provide training to the Departments on year-end reviews and proper accruals of expenditures and related liabilities at year-end, and
- Staff training on year-end close and accrual requirements.

Proposed Completion Date

June 30, 2026.