COUNTY GOVERNMENT COMMITTEE

The State of Tehama County Elections

SUMMARY

The Grand Jury conducted numerous observations and interviews into the integrity and security of our Elections in Tehama County. These dealt mainly with voter registration, ballot collection and processing, and the accuracy of the tabulation processes.

The Grand Jury concluded that the integrity in the tabulation of the ballot contests was above satisfactory, and that every effort was made by the Tehama County Elections staff to provide the checks and balances necessary to make sure every vote was correctly counted. Recent changes in the law allowing for individuals to collect and return anyone's VBM ballot to the Elections office has raised concerns over the integrity and security of having their vote counted. The Grand Jury found, through no fault of Tehama County Elections, issues with the implementation of the DMV's voter registration interface with the Secretary of State's database directly impacting the integrity of numerous voter applications and updates. There was also concern over no required procedures in California to verify U.S. citizenship.

GLOSSARY AND ACRONYMS

Vote by Mail or Absentee Ballot herein referred to as VBM.

California Department of Motor Vehicles herein referred to as the DMV.

ImageCast Evolution (voting/tabulation machines) herein referred to as ICE.

Compact Flash card herein referred to as CF.

Secretary of State herein referred to as SOS.

Supreme Court of the United States herein referred to as SCOTUS.

BACKGROUND

Many federal and state mandated regulations have impacted the way in which voters are registered and elections are processed in Tehama County. These government mandates have dealt mainly in the pursuit of greater voter participation through convenience of voter registration and the voting process itself. We now have various ways to register to vote, and various means in which to vote in Tehama County. A consequence of having these choices has led to questioning the integrity and security of our elections process. The Grand Jury set out to look into how Tehama County administers elections and if proper procedures are in place to accomplish the concept of one citizen, one vote.

As stated in their mission statement:

The Tehama County Elections Department is here to protect and promote public trust and confidence by providing an exemplary level of professional, courteous, efficient service. To ensure the highest possible degree of integrity for the County's election process through the administration of all federal, state, local and special election laws in a uniform and consistent manner.

METHODOLOGY

On October 10, 2018, the Tehama County Elections Department invited the Grand Jury to observe the election process for the November 6, 2018 Consolidated General Election. The Grand Jury had not participated in any observance since 2010.

These observer activities included:

- Logic and Accuracy testing of the Dominion Voting system equipment
- Participation in the Poll worker training
- VBM ballot processing of returned ballots by the VBM Ballot Board and tabulation of these ballots prior to Election Day
- Election Day observation of poll sites procedures and processes
- Election Night procedures as the poll workers return all ballots cast and tabulation of the precincts results are conducted
- The processing of all remaining VBM ballots, processing Provisional Ballots, auditing the Ballot Statements and Rosters from all precincts, and conducting a 1% manual tally of all paper ballots cast.

The Grand Jury participated in most of these activities, interviewed Election officials, and interviewed a member of the Election Observer Panel which oversees all critical procedures of the vote tallying process.

DISCUSSION

As part of California Senate Bill No. 360, signed into law in 2013, voting systems must now be certified by the Secretary of State. No part of the voting system can send/receive any wireless communications or be connected to the Internet, and must produce a paper audit trail of all ballots cast. Today, California voting is done by 100% paper ballots.

In January, 2016, Tehama County entered into a 6 year lease agreement with Dominion Voting Systems, Inc., one of three vendors currently certified in California, at approximately $160,000 per year. This equipment consists of 40 ImageCast Evolution voting machines to handle the current 34 polling place precincts, the ImageCast Central Count Scanner system and the Democracy Suite Tabulation System. All ballots created for Tehama County are written in the English language only. In this last election, 14 different ballots were created to handle the 46 precincts in Tehama County.

Logic and Accuracy Testing of Voting Equipment

On October 22, 2018, the Grand Jury observed the Logic and Accuracy Testing of the Dominion voting system alongside the Election Observer Panel and Logic and Accuracy Board. A test deck of ballots was used, for which a predetermined outcome was established. The procedures included:

- Setup and power on the ICE machine
- Open the polls (user/password required) and print a zero report
- Process the test deck of ballots
- Create an audio test ballot (this actually turns the ICE machine into an actual voting machine by creating a physical ballot from a blank one)
- Close the polls (user/password required)
- Print two result tapes (One to be placed at the polling site, the other sent to the Elections office)
- Confirm the printed results match the pre-marked test deck of ballots
- Remove the ballots from the ICE machine and confirm that the number of ballots counted match the number on the screen
- Power down ICE voting machine
- Remove Compact Flash card for Elections office tally. This is inserted into the Dominion Suite Tabulation system and verified that the counts match the pre-marked test deck.
- Re-insert the CF card
- Power up the ICE machine
- Re-zero out the results
- Verify ballot counter shows zero
- Power down and security seal the ICE machine
- The unit is now available for use on Election Day

Each of the 34 ICE machines were tested in this way to verify that the machines are accurate. The test deck of ballots is also run through the ImageCast Central Count Scanner and compared to the predetermined outcome for accuracy.

Poll Worker Training

On October 31, 2018 the Grand Jury attended a Poll Worker training class. A manual was handed out to each worker detailing how to conduct an Election at a poll site. This was very informative in laying out procedures required to ensure a secure and accurate voter count at the polls.

Each poll worker is paid $110 - $125 for Election Day which starts before 6:00 a.m. and goes until 10:00 p.m. for many. Each polling site has four workers, so there are at least 136 people needed to man each of the 34 polling sites. High school students who meet GPA requirements are encouraged to participate as poll workers.

Counting VBM Ballots Pre-Election

On November 5, 2018 the Grand Jury observed the initial counting of VBM ballots. Logs are maintained on a daily basis as to how each VBM ballot was received and how many were collected that day. VBM ballots can be received by Post Office, drop-box or at the Elections counter. Elections Code § 15101 allows for processing returned VBM ballots 10 business days prior to the Election. Twelve of the current 46 precincts in Tehama County are 100% VBM precincts. Current state law requires that you must have a polling place if there are more than 250 voters in a precinct. Capay is an example of a precinct that has gone back and forth over the years.

In order for a VBM ballot to count, a signature must be verified on the VBM envelope with the signature on file with the Elections Department. All signatures for an address are available for verification, and this is done manually for each of the VBM ballots. If there is an issue with the signature not matching, or if one is not on file, a notification is sent to the voter, and they have 8 business days after the Election to sign the signature verification form in order for the vote to count.

Once the signature is verified, it is considered a valid ballot, and the database is updated that you have voted. The VBM envelope is opened by machine (the ballot remaining in the envelope) and placed in a tray as a batch. Each envelope is counted as it is placed into the tray, and every tray is counted with a post-it on the side with the envelope count as they are placed on the rack, usually around 200 envelopes.

A batch of VBM ballots are split amongst the temporary workers (6 we observed) which make up the VBM Ballot Board. Each worker:

1. Counts the number of envelopes they are issued.
2. Opens and looks at each ballot for issues such as torn, damaged, spilled on, and written on ballots. If no issue, the ballots are spread into individual piles.
3. Sets aside problem ballots for duplication. Once all ballots have been validated, a worker gets the ballot(s) pertaining to the problem ones for the batch. One worker reads the problem ballot as another creates the new ballot while the others observe. The new ballot is given to the worker who found the problem and the original ballot is placed into a bag with 'DUPLICATE' written on it.
4. Counts the number of ballots they have looked over. The count must match the number of envelopes counted.

The spread out ballots are then placed back into the tray and placed on a rack. They are now ready for vote tallying. The total ballots in the tray must match the number of envelopes originally counted in the tray.

The VBM Ballot Board is also responsible for creating valid paper ballots for military and other authorized voters who may have had to fax or create their ballot on an unofficial ballot. For this past election, approximately 150 ballots had to be duplicated.

The rack containing trays of valid ballots are then moved into the secure vote tabulation room. Once a ballot is scanned, the image of the ballot is now available to be seen from the monitor for adjudication if necessary. Each batch of ballots in a tray are scanned separately to make sure each count of ballots that run through the tabulator scanner matches the number of ballots in the tray. This is done while the Election Observer Panel is present to oversee any issues that may arise.

While the Grand Jury was observing the vote tallying, an issue came up where the scanner could not read a ballot because of markings on its edges. This ballot was removed, the VBM Ballot Board duplicated the ballot, and the ballot was returned and scanned. Due to the large number of voters abstaining from voting for U.S. Senator, a more prevalent issue arose with the enormous amount of under-votes occurring that prevented tabulation without manual adjudication. As this was not a real issue as far as the vote counting was concerned, the system had to be reset to ignore this issue and the ballots rescanned.

Election Observations

On November 6, 2018, the Grand Jury observed various polling sites around Tehama County. The poll workers were very helpful. The student workers greeted the voter as they entered. Voters went to their precinct table, signed the roster, got a ballot, voted at the 4-person voting booth, and scanned their ballot into the ICE voting machine. The ICE machine verifies under and over votes and allows the voter the chance to rectify any discrepancies at that time, or accept the ballot as is. Once the ballot is scanned by the ICE machine, it is considered to be counted. The voter may opt to place the ballot into the Auxiliary Bin of the ICE machine for counting post-Election Day. This is mainly for use when the ICE machine is in use as a ballot creating machine or there is a power outage whereby the ICE scanner is not available.

Every effort was made to maintain the secrecy of the ballot. Some voters showed up with their VBM ballot. These ballots would be placed into a bag for later counting post-Election Day. If it wasn't in the provided envelope, the VBM ballot is considered a provisional ballot to be manually verified by the Elections team. Other reasons for casting a provisional ballot would be if the voter did not surrender their VBM ballot but wishes to vote, the voter has moved within the County, the voter has 'Inactive' voting status, or no acceptable ID as a first time voter.

The Grand Jury observed the actual closing of a precinct. The ballots from the ICE machine were manually counted twice for accuracy. It matched the number count on the ICE machine. The ballots are placed into a bag and sealed. One of the two CF cards was removed from the ICE machine and placed into a container. The ICE machine was then shut down, sealed and locked for pick-up the next day.

The poll workers at each precinct are required to fill out and certify a Ballot Statement Form (Exhibit 1) which details the ballot counts from the Election. (Cal Elections Code § 14405,14420-21) This document details:

1. The total number of voters who signed:
    a. The voting roster
    b. The provisional log
2. The total number of provisional ballots cast (should match 1b)
3. The total number of ballots cast on the ICE voting machine
4. The total number of ballots in the Auxiliary Bin of the ICE machine

5. The grand total of ballots cast. (Add 2, 3, and 4)

6. The difference between 1 and 5 (there should not be any)

7. The total number of VBM ballots received at the precinct.

Discrepancies have happened in the Ballot Statement Form. An example is that a voter would vote a provisional ballot, but the ballot would be run through the ICE machine by accident and not placed into a provisional ballot envelope. Elections would then have to verify that the voter had not voted in any other way or at any other county within California.

Once all of the voting materials have been placed into various containers and ballot bags, and each one sealed, two poll workers from each precinct are required to transport all voting materials to the annex area outside the Elections office. Here, the ballot bags are carried into the Elections office and placed into a locked room. The CF card from each precinct's ICE machine is carried into the vote tabulation room and placed into a basket.

The Grand Jury observed the Election night process. An initial report of VBM counts was released at 8:00 p.m., once the polls had closed. The Election Observer Panel was present to observe the vote tally from the CF cards. Each of the 34 CF cards was placed into a flash card reader and loaded into the Democracy Suite Tabulation System. Once loaded, each ballot is counted and a ballot image made available to be seen on a monitor in case adjudication is needed.

As required by California law, the Elections office must report vote counts to the SOS by 10:00pm. At that time, 14/46 precincts were counted. By 10:30 p.m., all precincts had reported, and the only ballots left to be counted were provisional and uncounted VBM.

On November 13, 2018 the Grand Jury observed Post Election VBM and provisional ballot counting. Once again, the Election Observer Panel was also present. Fewer than 100 provisional ballots were counted without the Election Observer Panel present and only after mutual agreement.

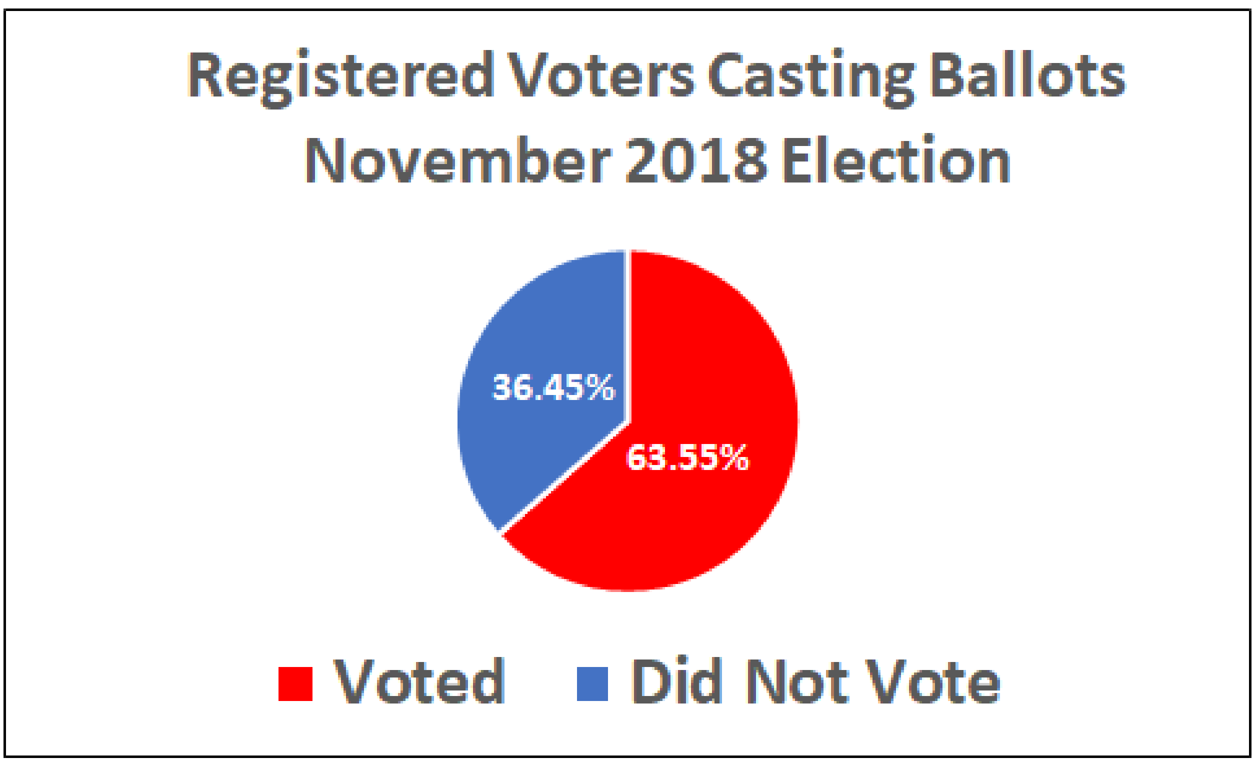
Counting provisional ballots are very time consuming as each one must be manually verified. For example, if a voter is registered in another county in California and they register here on Election Day, the state database will flag the voter as 'Pending'. The voter is then given a provisional ballot. When Elections verifies this voter's eligibility a few days later, the state database will know whether or not this voter voted in the previous county. The rule here is that first ballot counted wins.

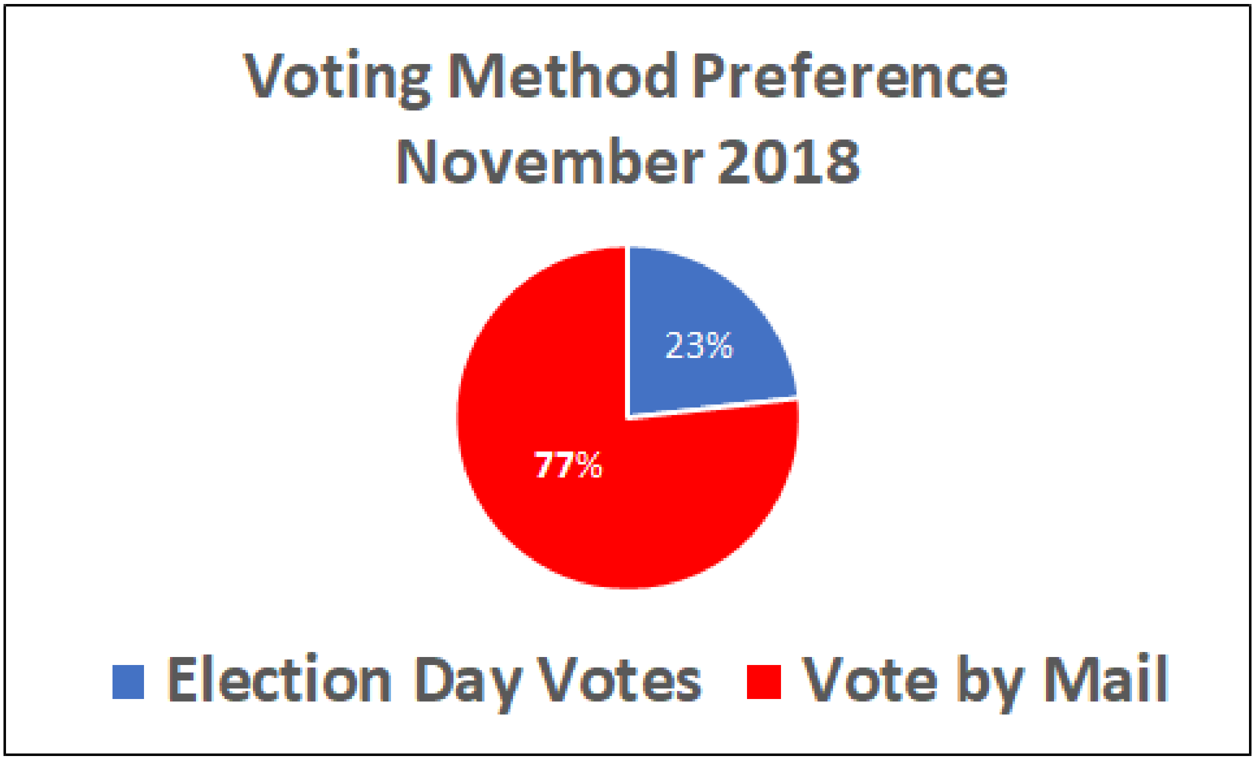
Election Results

On November 21, 2018 the Final Official Results of the General Election were published. The Statement of Votes Cast is available at the Tehama County Elections website: http://www.co.tehama.ca.us/dep-elections

The Grand Jury found other interesting results and observations about this Election that should be noted:

- 9561 VBM had been counted by the close of the polls at 8:00 p.m. on Election night. This represents 45.2% of the total 21147 votes counted.
- After all 34 precincts had reported by 10:30 p.m. on Election night 4897 votes were counted from CF cards read from the ICE machines.
- 6121 VBM ballots were not returned to the Elections office.
- 275 votes for a contest were not counted due to over-votes (i.e. you can only vote for 2 and you voted for more than 2)
- 128 VBM ballots were rejected due to non-matching signatures or no signature
- 47 VBM ballots were rejected because they were received too late
- 4 VBM ballots were missing from their envelope.





Ballot Collection

During our several interviews, Grand Jury Members became aware of Senate Bill No. 450 approved by the Governor on September 29, 2016 that amended VBM laws. Our concerns specifically focused on the changes of how VBM ballots are returned. The law previously read, *"...a vote by mail voter who is unable to return the ballot may designate his or her spouse, child, parent, grandparent, grandchild, brother, sister, or a person residing in the same household as the vote by mail voter to return the ballot to the elections official who issued the ballot…".* The law was amended to read *"...a vote by mail voter who is unable to return the ballot may designate any person to return the ballot to the elections official who issued the ballot…"*

Our interviews and research have led us to the following observations:

1. This change could make it easier for certain individuals to return their ballots, but it is unnecessary since the same amendment will require the county to pay for all postage for ballots returned by US Mail.

2. This change will provide cover for organized political operatives to legally collect ballots from individuals in order to assist the VBM voter in returning his ballot.

3. Once collected, prompt delivery to the election official who issued the ballot, although the desired outcome, is almost impossible to enforce.

Our concern is that allowing anyone to collect and return ballots opens a vulnerability in the VBM process. Those vulnerabilities include:

1. Political operatives could collect ballots, sort them based on the voter registration list, and only return "their" party ballots or simply return opposition party ballots late.

2. This collection process will also make it easier for ballots to be tampered with by being opened and over-votes marked to invalidate the vote.

As stated on the VBM envelope (Exhibit 2), "If you give your ballot to someone else to return, complete the following authorization. I authorize the following person to return my ballot." It is then signed by the person returning the ballot. It also states "the ballot cannot be counted if this section is not completed." As Elections officials do not know who returns VBM ballots when they are placed into the various drop-boxes, this obligation is not being adhered to. Neither is this verification made if the VBM is returned to a polling place or hand delivered to the Elections Department.

Voter Registration and Verification

In order to be eligible to vote in Tehama County, the voter must:

1. Be a United States citizen
2. Reside in Tehama County
3. Be at least 18 years old on Election Day (or pre-register at 16, but cannot vote until 18)
4. Not be in state or federal prison or on parole for a felony conviction
5. Not be found mentally incompetent to vote by a court.

To become a U.S. citizen you must:

- Have been born in the U.S.
- Have been born in certain territories or outlying possessions of the U.S. and subject to the jurisdiction of the U.S.
- Have had a parent who was a citizen at the time of your birth and meet other requirements

- Apply for derived or acquired citizenship through parents after your birth
- Apply for naturalization through the U.S. Customs and Immigration Services after your birth.

The voter declares under penalty of perjury that they meet all voter eligibility requirements, including citizenship. California law states "*A person may prove he or she is a citizen by his or her certification under penalty of perjury on the affidavit of registration*." (Cal Elections Code § 2111) No other proof of citizenship, such as a birth certificate or passport, is required. "*Notwithstanding any other provision of law to the contrary, the fact that a person certifies to his or her United States citizenship by signing his or her affidavit of registration shall be deemed evidence of citizenship for voting purposes only*." (Cal Elections Code § 2112)

In 2013, the SCOTUS decision in *Arizona et al. v. Inter-Tribal Council of Arizona, Inc., et al.* held that proof of citizenship in federal elections cannot be required as part of current Federal Form voter registration, but that states can require proof in state elections. As an option, states can petition the Election Assistance Commission (EAC) to alter the Federal Form, from certification under penalty of perjury to provide documentary evidence of citizenship. So far, the EAC has denied the petitions.

All registrations submitted to the SOS with no verification issues are determined "Active". They are "Pending" if there is something on the application that needs further verification. A voter is deemed "Inactive" if they did not vote in two federal elections, moved, or a mailing is returned (but they can vote at the polls). There are currently 2690 voters on the Tehama County voter rolls who are "Inactive". If you are flagged as "Cancelled", you must re-register in order to vote.

Recently, new voter registration identification requirements have been enacted both at the federal and state level. Persons registering to vote in Tehama County must:

- Provide their California driver's license or ID card number (if they have one), or
- Provide the last 4 digits of their social security number (if they have one and do not have a driver's license or ID card).

Tehama County Elections must verify that the driver's license or ID card number on the registration form is correct. If not provided, the elections official must verify that the voter does not have a driver's license or ID card number. If not, they must verify the last 4 digits of the voter's social security number. If verified that the voter has neither, the elections official assigns a unique voter identifying number, but the voter's eligibility will be delayed until the voter provides the missing information.

Tehama County Elections are solely responsible for the integrity of the voter rolls for the county. They have found no evidence of voter fraud in the county. No voter has been denied eligibility due to non-citizenship. No voter has committed perjury by registering to vote willfully and not being entitled to register.

California has a statewide voter database that allows for maintaining the integrity of voter registrations in each of the 58 counties. If you register in Tehama County and you are currently registered in a different county, the statewide database will cancel your registration in the other county automatically. There is no such integrity if you are registered in another state. The Grand Jury considers this an integrity issue and a flaw in our elections process.

New Motor-Voter Program Registration

In October 2015, Assembly Bill 1461 was signed into California law that automatically registers individuals who renew or apply for driver's licenses or ID cards. In January 2015, noncitizen residents of California were given the right to apply for, and receive a driver's license or ID card. As part of the bill, noncitizens would not be allowed the option of voter registration.

The bill also removed legal ramifications for the DMV if they incorrectly allowed a noncitizen to register to vote, creating a failure to verify the information, and without certification on the affidavit of registration. And, if the noncitizen votes or attempts to vote, they will not be criminally charged unless they voted when they knowingly were not entitled to vote. The Grand Jury considers this a flaw in our DMV registration process and justifies how a noncitizen can attempt to vote without criminal consequences.

The New Motor-Voter Program was implemented in April 2018. Individuals who register to vote at DMV offices began having their registrations electronically transmitted to the SOS. By September, nearly 23,000 registrations from the DMV were submitted erroneously in California changing voters' party preferences, VBM options, and language choices. Some of them "did not complete an affidavit of registration to vote." (Exhibit 3) In October, DMV officials have stated that a software fix was made to correct these issues. A number of voters in Tehama County were affected by these errors.

Once the Elections Department receives each registration from DMV they have to be verified and checked to see if there is any duplication of information, or if the individual is already registered, or has made changes on their registration. All new and updated registrations supersede what is currently in the Tehama County voter rolls, even when incorrect. If the Elections Department is unclear of the voter's intent, or if the DMV has dropped the voter's VBM status, they notify the voter requesting clarification.

Currently, around 50% of all DMV updates require no changes but creates unnecessary work on the Elections staff currently under a soft hiring freeze. Regardless, a card is automatically mailed to the voter notifying them of a change. A current Grand Jury member made changes to their voter registration at the DMV in January 2019, and has not been notified, as required, of the change. The change has been verified at the SOS website.

COMMENDATION

The Grand Jury considers the accuracy of the ballot counting process in Tehama County to be exemplary. The Elections Department and temporary staff who participated in the last election are to be commended for their integrity and dedication.

FINDINGS

F1. Tehama County does not require any proof of citizenship in order to register to vote. Certification under penalty of perjury on the affidavit of registration is not proof of citizenship. While the Grand Jury knows that California Election Codes dictate proof of citizenship law, and SCOTUS decisions limit requiring documentary proof of citizenship, we consider this a flaw in not only the verification of voter registration, but the integrity of our elections process.

F2. The SOS has a statewide database of voter rolls. This is important for the integrity of voter registration around the state. But, the integrity is lost once a voter moves out of state.

F3. The SOS does not provide compensation to the Elections Department to process all the registrations it collects. This places additional workload on an understaffed Elections Department.

F4. State law changes will open additional vulnerabilities in the VBM system. No verification of who returns VBM ballots creates an integrity and security issue.

F5. Implementation of the DMV Motor Voter Law has compromised the integrity of voter rolls by allowing registrations without completion of an affidavit certifying that the person is applying and complying with voter laws.

RECOMMENDATIONS

R1. The Grand Jury recommends that Tehama County Elections pursue voter registration integrity, emphasizing the details of the affidavit during the registration process, by all means necessary and afforded by the department. This may include a recommendation to the SOS of California to petition the Election Assistance Commission to alter the Federal Form for voter registration to require documentary proof of citizenship.

R2. The Grand Jury recommends that Tehama County, along with the State of California, establish read only access to all other voter registration databases within the United States.

R4. The Grand Jury recommends that additional safeguards be put in place to prevent ballot harvesting, such as sending post cards or emails when ballots are received.

R5. The Grand Jury recommends that Tehama County Elections scrutinize voter registration data received from the SOS, with any changes forcing a notification by post card or email to the voter within 30 days.

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the grand jury requests responses as follows:

From the following elected county officials within 60 days:

- Tehama County Clerk and Recorder, Jennifer Vise, P. O. Box 250, Red Bluff, CA 96080, F1, F2, F3, F4, F5, R1, R2, R3, R4, R5.

INVITED RESPONSES

- California Secretary of State Alex Padilla, F1, F2, F3, F4, F5, R2

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

BIBLIOGRAPHY

California Elections Codes:

14405. (a) The members of the precinct board shall account for the ballots delivered to them by returning a sufficient number of unused ballots to make up, when added to the number of official ballots cast and the number of spoiled and canceled ballots returned, the number of ballots given to them. The accounting of ballots may either:

(1) Take place at the polling place.

(2) Be performed by the county elections official at the central counting place

.

(b) The precinct board shall complete the roster as required in Section 14107, and shall also complete and sign the certificate of performance prescribed in Section 15280, if that section applies.

(c) This section does not apply to elections conducted using vote centers.

14420. (a) Except as provided in subdivision (c), before or as soon as the polls are closed, the precinct board shall remove the voted ballots from the ballot container and take them out of the secrecy envelopes or detach them from the secrecy stubs. Where the envelope or stub is also the write-in ballot, and a write-in vote has been registered thereon, the ballot card shall not be separated from the envelope or stub. If two or more separate ballot cards have been used in the election, the precinct board shall sort them into groups, each of which shall contain the same series of ballot cards.

(b) After completing the action described in subdivision (a), the precinct board shall count the number of ballot cards in each group, and certify the number of ballots cast on the voting roster as provided by Section 14107. If there is any discrepancy between the number of voters listed in the roster and the number of ballots voted, this fact shall be noted with an explanation of the difference and signed by all the members of the precinct board.

(c) Before or at the close of the polls, the county elections official may direct the precinct board to seal the ballot container and record on forms provided by the elections official the information needed for the reconciliation of ballots required by Section 14405.

14421. Unless the county elections official has directed the precinct board to seal the ballot container and record information pursuant to subdivision (c) of Section 14420, the precinct board shall group voted ballot cards and voted separate write-in ballots, as directed by the elections official, and place them in containers. The board shall also place spoiled and void ballots, if any, in containers as directed by the elections official. All of these ballots, along with the containers for voted ballot cards, shall be placed in one or more boxes, which shall then be sealed and delivered as soon as possible to the receiving centers or central counting places with the unused ballots, supplies, and other materials as directed by the elections official.

2111. A person may prove he or she is a citizen by his or her certification under penalty of perjury on the affidavit of registration.

2112. Notwithstanding any other provision of law to the contrary, the fact that a person certifies to his or her United States citizenship by signing his or her affidavit of registration shall be deemed evidence of citizenship for voting purposes only.

Senate Bill 360 can be viewed by going to:
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB360

Senate Bill 450 can be viewed by going to:
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB450

Assembly Bill 1461 can be viewed by going to:
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB1461

The SCOTUS decision in *Arizona et al. v. Inter Tribal Council of Arizona, Inc., et al.* can be viewed by going to:https://www.supremecourt.gov/opinions/12pdf/12-71_7l48.pdf

APPENDIX

Exhibit 1:

BALLOT STATEMENT FORM

ENCLOSE THIS BALLOT STATEMENT IN THE BLUE BALLOT BAG

Precinct: **Election: June 5, 2018 Statewide Direct Primary Election**

BALLOT STATEMENT

(Elections Code Sections 14405, 14420,14421)

1. **TOTAL** NUMBER OF VOTERS WHO SIGNED ROSTER ___________ + PINK PROVISIONAL LOG _____________=

2. **TOTAL** NUMBER OF PROVISIONAL BALLOTS CAST: (Reason if different than amount that signed Provisional Log)

3. **TOTAL** NUMBER OF BALLOTS CAST ON ICE MACHINE: (Reason if different than amount that signed Roster)

4. **TOTAL** NUMBER OF BALLOTS IN AUXILIARY BIN:..

5. **GRAND TOTAL:** ADD 2, 3 & 4 to get total CAST:..

6. **DIFFERENCE** BETWEEN 1 AND 5 (IF ANY)..

7. **TOTAL** NUMBER OF VOTE BY MAIL BALLOTS RECEIVED (RED BAG) ....

(Do not open the I.D./Return Envelopes.)

WE THE UNDERSIGNED PRECINCT BOARD MEMBERS, HEREBY CERTIFY that the above accounting is true and correct.

CERTIFICATE OF PACKAGING AND SEALING

WE FURTHER CERTIFY that the following containers were sealed in our presence, and that we have enclosed in the containers provided for such purpose, Items A,B,C,D,E,F,G,H,and I and their respective appropriate listed contents:

A. BLUE BALLOT BAG - VOTED PAPER BALLOTS (This Statement needs to be enclosed and Sealed in the Blue Ballot Bag)
B. CONTAINER 1 - UNUSED PAPER BALLOTS (Fill out Purple Form in Section 5 Pg. 15 and enclose and Seal in Plastic Slip on top of Container 1 - White
C. CONTAINER 2 - SURRENDERED VOTE BY MAIL BALLOTS
D. CONTAINER 3 - PROVISIONAL BALLOTS
E. CONTAINER 4 - SPOILED VOTED PAPER BALLOTS
F. CONTAINER 5 - ALL SIGNED PAPER WORK: STREET INDEXES & PAYROLL
G. CONTAINER 6 - CF CARD, ALL SEALS & PAPER WORK THAT GOES WITH SEALS
H. BLUE BAG - CONTAINERS 2 - 6 AND ROSTER OF VOTERS
I. RED BAG - ALL VOTE BY MAIL BALLOTS TURNED IN AT THE POLLS

Dated: ____________________ Time: __________ PM

Inspector: ____________________ Clerk: ____________________

Clerk: ____________________ Clerk: ____________________

Clerk: ____________________ Clerk: ____________________

White copy - Enclosed and Sealed in Blue Ballot Bag
Yellow copy - Mailed in pre-stamped addressed envelope located in the white Precinct Supply Box

Section 7 14

EXHIBIT 2:

IMPORTANT: Complete the information below if this ballot is hand delivered to the Elections Department or to a polling place by someone other than the voter. The ballot cannot be counted if this section is not completed. *Pursuant to State law, only persons named here are authorized to return a voted ballot.
If you give your ballot to someone else to return, complete the following authorization.
I authorize the following person to return my ballot:

(Print Name) *(Signature of the person returning this ballot)*

For Election Office Use Only

If you have spoiled your ballot and wish another sent to you, enclose the spoiled ballot and mark a check in this box............

YOUR BALLOT WILL NOT BE COUNTED WITHOUT YOUR SIGNATURE

PRIVACY TAB
(DO NOT REMOVE)

The voter must sign the declaration underneath the flap of this envelope in order for the ballot to be counted.

52-CRM (11/18)

WARNING: VOTING MORE THAN ONCE IN AN ELECTION IS A CRIME

VOTER: COMPLETE ALL INFORMATION BELOW

I have not applied nor intend to apply for a vote by mail ballot from any other jurisdiction for the same election.

Residence Address as Registered (Do NOT USE PO BOX NUMBER)

City or Town, State, Zip Code

Exhibit 3:

CALIFORNIA STATE TRANSPORTATION AGENCY

EDMUND G. BROWN JR., Governor

OFFICE OF THE DIRECTOR
DEPARTMENT OF MOTOR VEHICLES
P.O. BOX 932328
SACRAMENTO, CA 94232-3280

September 5, 2018

Honorable Alex Padilla
Secretary of State
1500 11th Street
Sacramento, CA 95814

Dear Secretary of State Padilla:

The Department of Motor Vehicles and Department of Technology recently discovered an administrative processing error in the DMV system that impacted some California Motor Voter data transmitted to the California Secretary of State's office. The Departments completed a comprehensive review in order to prevent a reoccurrence of this error, and have implemented new and additional safeguards in the Motor Voter registration system, including software updates and staff training.

Following an extensive audit of the 1.4 million customer records that were transmitted to the Secretary of State's office between April 23 and August 5, 2018, we have determined approximately 23,000 customers may have been affected by this error. These errors occurred through no fault of the customer and were caused by DMV technicians who had more than one customer record open on their computer screens at the same time and those records were inadvertently merged. As a result, inaccurate customer information – largely affecting voter preferences such as, vote-by-mail options, language and political party selections – was transmitted to the Secretary of State. Some of those 23,000 customers did not complete an affidavit of registration to vote and their records were sent erroneously to the Secretary of State. None of the impacted customers are undocumented immigrants who received a driver license under AB 60.

We are committed to working collaboratively with your office to implement a quick and efficient resolution for impacted customers. Accordingly, during the next week, state officials will send notification to customers whose records contained errors so they can verify and correct that information well before the October 22, 2018 voter registration deadline for the upcoming General Election.

We will provide any additional information and assistance needed.

Sincerely,

JEAN SHIOMOTO
Director
Department of Motor Vehicles

AMY TONG
Chief Information Officer/Director
Department of Technology

California Relay Telephone Service for the deaf or hearing impaired from TDD Phones: 1-800-735-2929; from Voice Phones: 1-800-735-2922

AUDIT & FINANCE COMMITTEE

SUMMARY

In 1984 Congress passed the Single Audit Act, which requires governmental entities (e.g., state and local governments) that expend more than a certain amount ($750,000 currently) in federal assistance to have organization-wide financial and compliance audits on an annual basis. The Single Audit has specific components which must be included in the audit. It is the Tehama County Grand Jury's responsibility to confirm that this audit has been carried out.

The audit was conducted for the 2017-18 fiscal year. Audited financial statements were produced in accordance with Generally Accepted Accounting Principles (GAAP) and audited according to Government Auditing Standards (GAS). The auditors reported on internal control and compliance, and included the Schedule of Expenditures of Federal Awards (SEFA). They also produced a Schedule of Findings and Questioned Costs. Three Material Weaknesses were identified in the Schedule of Findings and Questioned Costs which concerned internal control. One of the Material Weaknesses also resulted in a Qualified Opinion on this matter for the financial statements. There were no questioned costs.

Management is required to submit Corrective Action Plans when there are audit findings. These were submitted by County departments named as having a Material Weakness. The Auditor-Controller Department does not have direct oversight over the accounting practices of individual departments and didn't have input in the Corrective Action Plans submitted by other departments. The external auditors do not weigh in on whether the corrective plans will "do the trick". Next year's audit will tell. In the case of the Public Works Department, the corrective plan for Material Weakness 2018-001 did not address the Material Weakness finding.

The current external auditors have been doing the Single Audit for Tehama County for eight years. In the past, they have taken the information sent to them and have corrected it in order to produce the SEFA. This year they made it clear that they expect correct information to be produced by departments, and they also expect the Auditor-Controller Department to review the information before submitting it to the external

auditors (Material Weakness 2018-001 and Material Weakness 2018-003). Departments identified as having submitted incorrect information have committed to producing correct information for this fiscal year – date of completion June 30, 2019. The Auditor-Controller Department will now take a more active role in advising departments and will review SEFA information prior to sending it to the external auditors – date of completion August 31, 2019. We recommend that the next Grand Jury follow up on this.

Material Weakness 2018-002 had to do with the lack of support for infrastructure values and construction in progress related to infrastructure. “The County does not have a system that tracks infrastructure projects in progress or keeps track of infrastructure owned by the County.” According to governmental accounting standards, all infrastructure and construction in progress is to be recorded in the County’s financial statements. The lack of support for values resulted in a Qualified Opinion on the financial statements.

The audit process begins when accruals for expenses and receivables have been recorded for fiscal year end. This occurs in July. The auditors come on-site in August and again in November. The audit is completed in late February; by law it must be completed by March 31. The audit is rarely requested by the general public. Its main use is for refinancing, issuing Certificates of Participation (bonds), and applying for grants. Material weaknesses from the audit can have an adverse effect on all three.

The Audit & Finance Committee of the Grand Jury reviewed the budget and looked at budget vs. actual reporting that is presented quarterly to the Board of Supervisors by the Auditor-Controller. The quarterly reporting adds numbers from numerous programs creating summary numbers, making it impossible to tell which programs are within budget. It is recommended that the Auditor-Controller produce an additional schedule with the budget that more accurately reflects the format of the quarterly reports.

The Committee also made an attempt to reconcile budget numbers with the financial statements. This was not possible since the categories are different and the purpose for each is different. It is recommended that the County and external auditors create a report for income and expenses that corresponds to budget categories (excluding categories that are unique to financial statements).

BACKGROUND

The Single Audit is required annually by law. It is the Grand Jury's responsibility to see that this has been done. The Grand Jury also reports on Material Weaknesses reported in the Schedule of Findings and Questioned Costs and also follows up in subsequent years to see that weaknesses are corrected. This year's Grand Jury also reviewed the budget and budget vs actual reporting.

METHODOLOGY

The Audit & Finance Committee reviewed the Single Audit and the budget. They interviewed individuals in the Auditor-Controller Department in order to get more clarity on the audit process, Material Weaknesses, and usefulness of the audit report. There were several questions the Committee sought the answers to: Why weren't these weaknesses identified in prior years? What are the possible repercussions of having Material Weakness findings and a Qualified Opinion on the financial statements? Were the responses written by the County adequate and did they address the issues? What is being done right now to correct the problems? What role does the Auditor-Controller Department have in the audit process? What oversight do they execute over other departments?

DISCUSSION

In 1984 Congress passed the Single Audit Act, which requires governmental entities (e.g., state and local governments) that expend more than a certain amount ($750,000 currently) in federal assistance to have organization-wide financial and compliance audits on an annual basis. The Single Audit has specific components which must be included in the audit:

1. Financial Statements
2. Opinion on Financial Statements
3. Schedule of Expenditures of Federal Awards (SEFA)
4. Opinion or Disclaimer of Opinion on Schedule of Federal Awards
5. Uniform Guidance Report on Internal Control
6. Uniform Guidance Report on Compliance
7. GAS (Government Auditing Standards) Report on Internal Control
8. GAS (Government Auditing Standards) Report on Compliance
9. Schedule of Findings and Questioned Costs

10. Summary Schedule of Prior Audit Findings (if had Prior Audit Findings)
11. Corrective Action Plan (if findings)

The audit was conducted for the 2017-18 fiscal year. Financial statements were produced in accordance with accounting principles generally accepted in the United States (GAAP) and were audited according to Government Auditing Standards (GAS). The auditors reported on internal control and compliance, and included the Schedule of Expenditures of Federal Awards (SEFA). They also produced a Schedule of Findings and Questioned Costs. Three Material Weaknesses were identified in the schedule of findings. A Material Weakness is a deficiency, or 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. One of the Material Weaknesses also resulted in a Qualified Opinion on this matter for the financial statements. The Material Weakness had to do with infrastructure and construction in progress values which would affect the assets and net position reported on the government-wide financial statements of the County.

Material Weakness 2017-001 from last year's Audit Report has been corrected.

Consequences of Material Findings

Material Weakness findings on an audit affect the ability to get future funding, grants, or awards. In particular this has a big effect on the ability to get Federal grants.

The County has a Standard and Poor rating - this reflects the ability of the entity to repay bonded indebtedness. It has an impact on the interest rate on Certificates of Participation. This was reviewed/upgraded in 2014. This rating is used when seeking to refinance or issue Certificates of Participation (bonds). A copy of the audit is required for disclosure statements and Material Weaknesses could affect this rating, particularly if the Material Weaknesses are in the findings of future audits.

Auditor-Controller – Other Departments and Audit

The Auditor-Controller is an elected position. The focus of the Auditor-Controller Department is on revenue and expenses as well as the County budget. The department reviews claims, audits them, and issues warrants (checks). The department processes payroll and also works with the Assessor, extending the property tax roll and apportioning the collections.

Each department is responsible for doing its own accounting and it is each department's responsibility to submit correct information to the external auditors. The Auditor-Controller Department does very little oversight in day-to-day accounting done by other departments. They interject when asked, but do not audit other departments. The Auditor-Controller Department does not generally conduct direct training of accounting staff for other departments. The individuals preparing the schedules can range from clerks to higher-level accountants; it all depends on the department. In the case of this year's audit, both of the departments with Material Weakness findings have accountants preparing their schedules.

The paperwork that comes with the federal funds, grants or awards shows how much money comes from federal sources. The original documents should enable departments which receive federal money to get pretty close to the correct ratios between federal and state funds. The final percentage breakouts are not available until after June, but they have claiming templates with sharing ratios. Once federal funds are exhausted, the funds will be pulled from state funds and then from the county. Funds will be realigned. There is a potential for overspending one source of funds (state vs federal) if funds are commingled. However, if funds are overspent in one area, this must be compensated for by a reduction in another area.

The Auditor-Controller Department does not know why there is a difference in amounts between Material Weakness 2018-001 ($1.2 million overstated federal expenditures on initial schedules for two programs) and Material Weakness 2018-003 ($2.34 million overstated federal expenditures on initial schedules that the Auditor-Controller is to review**).**

Corrective Action Plans are required whenever there is an audit finding. The Corrective Action Plans from other departments were read over but not edited by the Auditor-Controller Department. In light of the audit findings, the Auditor-Controller Department will be taking a much more active role in reviewing information submitted to external auditors.

Audit Process

The audit process begins at the beginning of July (after the June 30 fiscal year ends). Accruals for expenses are done during July and receivables are recorded. The external auditors will come for a few days in August. At this time the external auditors will review accruals, treasury, investments, and long-term debt. They will also take time to visit some departments. They will return in November. During this visit they will work more directly on the Single Audit and the schedules that have been submitted to them.

The Auditor-Controller Department will have sent them a preliminary trial balance. The audit is completed the last week in February, but the official deadline for this is March 31.

This particular firm has conducted the audits for Tehama County for eight years. The length of the contract varies but is generally three years with a caveat to extend. When a Request for Proposal (RPF) is put out only a few firms typically respond and the process for selection takes six to seven months.

Budget and Financial Statements

The budget content is determined by the State Controller's office with a specific format and categories. Special Revenue funds are not in the budget so the budget does not match up when budget vs. actual expenditures are reported. The Auditor-Controller produces and presents a quarterly report on budget vs. actual expenditures. This report adds amounts from a number of programs so it is impossible to see which departments are over or under on actual vs. budgeted expenditures.

The financial statements are very rarely requested by the general public (students, unions, etc. might request them, but not often). The auditors look over internal controls as well as insure compliance with various accounting standards. They show the financial condition of the County. The audited financial statements are required when applying for grants, for seeking an upgrade in Standard and Poor rating, for refinancing, and for issuing Certificates of Participation (bonds).

The financial statements do not have the same categories as the budget. Financial statements are constrained by a different set of rules than the budget. The financial statements also have a different "mission" than the budget. For these reasons, it is not possible to reconcile the financial statements to the budget.

FINDINGS

F1. The Single Audit is required by law. The GJ reviews it. It was not sent to the GJ in a timely fashion.

F2. 2017-2018 Audit – Material Weakness 001 – Highway Planning & Construction: Did not provide accurate information to include on the SEFA that was provided at the beginning of the audit.

F3. 2017-2018 Audit – Material Weakness 001 - Medical Assistance Program: Did not provide accurate information to include on the SEFA that was provided at the beginning of the audit.

F4. 2017-2018 Audit – Material Weakness 002 – Infrastructure: The support for the infrastructure of the County and construction in progress related to infrastructure was not available.

F5. 2017-2018 Audit – Material Weakness 003 – Schedule of Federal Expenditures (SEFA): The SEFA at the beginning of the audit contained errors – it was materially incorrect. The Auditor-Controller Department did not review schedules from departments before turning them over to the auditing firm.

F6. Corrective Action Plans were written by the departments identified in the findings. The action plan for Public Works for Material Weakness 2018-001 did not address the Material Weakness of incorrect information on the initial schedule for the SEFA.

F7. The budget and budget quarterly reports cannot be reconciled to each other without having the work papers or a schedule from the Auditor-Controller to know how amounts were accumulated.

F8. The budget and financial statements cannot be reconciled to each other since categories and purposes for each are different.

RECOMMENDATIONS

R1. It is recommended that the Auditor-Controller send a copy of the Single Audit and Financial Statement documents annually by March 1, 2020. These should be sent to the Grand Jury P.O. Box 1061, Red Bluff, CA 96080.

R2. It is recommended that Public Works give a progress report on this matter in their response to the Grand Jury on Material Weakness 2018-001. It is requested that the next Grand Jury follow up after June 30, 2019 to see that the Corrective Action Plan submitted by Public Works for Material Weakness 2018-001 has been implemented.

R3. It is recommended that Social Services give a progress report on this matter in their response to the Grand Jury on Material Weakness 2018-001. It is requested that the next Grand Jury follow up after June 30, 2019 to see that the Corrective

Action Plan submitted by Social Services for Material Weakness 2018-001 has been implemented.

R4. It is recommended that Public Works give a progress report on this matter in their response to the Grand Jury on Material Weakness 2018-002. It is requested that the next Grand Jury follow up after June 30, 2019 with Public Works to see what progress has been made for correcting Material Weakness 2018-002 as well as the Qualified Opinion on the financial statements.

R5. It is recommended that the Auditor-Controller give a progress report on this matter in his response to the Grand Jury on Material Weakness 2018-003. It is requested that the next Grand Jury follow-up after August 31, 2019 to see that the Corrective Action Plan submitted by the Auditor-Controller for Material Weakness 2018-003 has been implemented.

R6. It is recommended that by August 1, 2019, the Public Works amend their Corrective Action Plan for Material Weakness 2018-001 to address the weakness.

R7. It is recommended that the Auditor-Controller produce a schedule showing how budget program numbers have been added together for the quarterly reports to the Board of Supervisors by August 1, 2019.

R8. It is recommended that the Auditor-Controller and external auditors produce a report reconciling budget reports and financial statements by August 1, 2019.

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the Grand Jury requests responses as follows:

From the following elected county officials within 60 days:

- The Grand Jury requires a response from the Tehama County Auditor-Controller, Leroy Anderson, 444 Oak Street, Room J, Red Bluff, CA 96080 on F1 - R1, F5 - R5, F7 - R7, F8 - R8

From the following governing bodies:

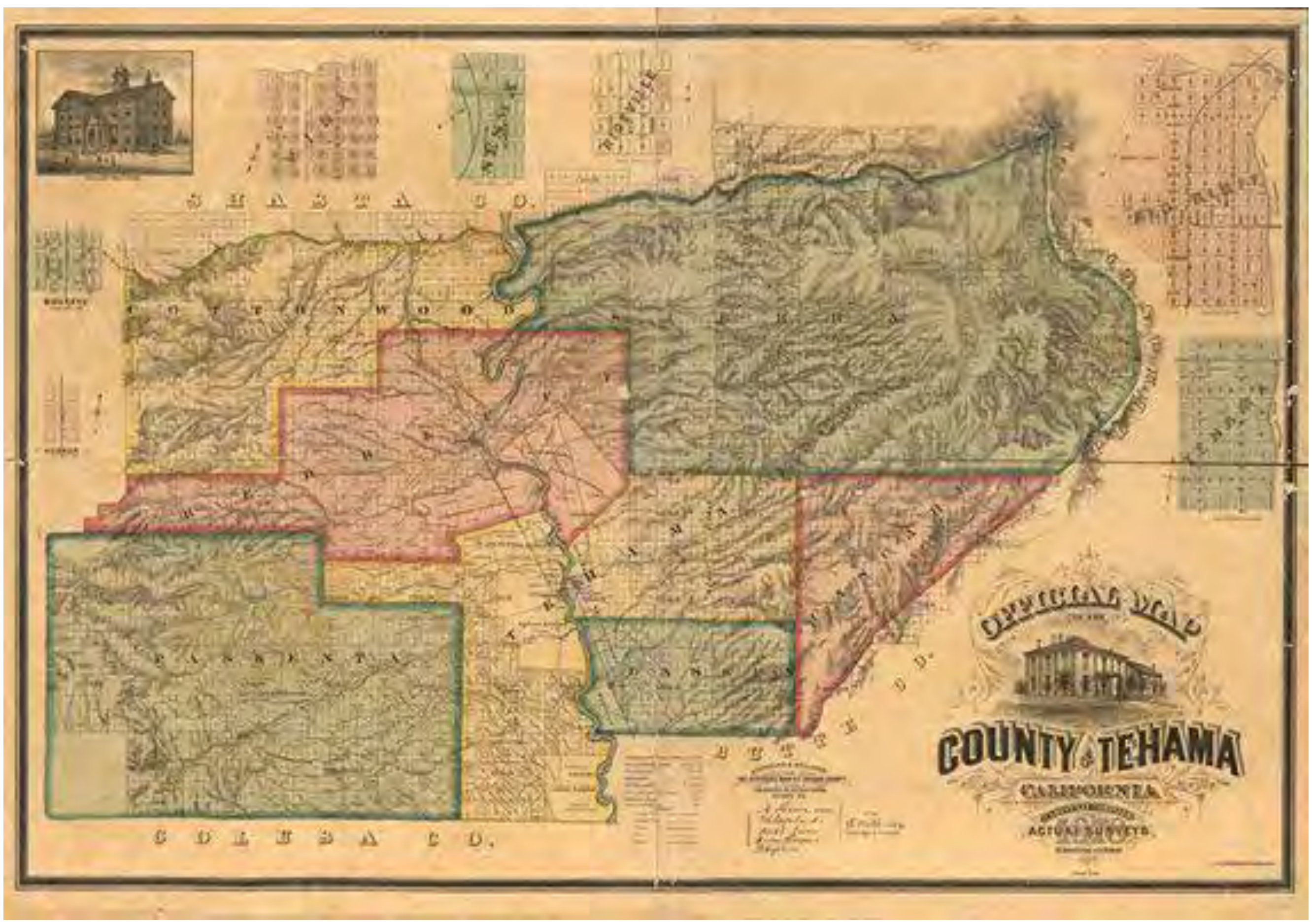
- The Grand Jury requires a response within 90 days from the Tehama County Board of Supervisors, P. O. Box 250, Red Bluff, CA 96080 on F7 – R7, F8 – R8.

INVITED RESPONSES

- The Grand Jury invites a response within 60 days from Public Works Director, 9380 San Benito Avenue, Gerber, CA 96035 on F2 - R2, F4 - R4, F6 - R6.

- The Grand Jury invites a response within 60 days from Department of Social Services Director, 310 South Main Street, Red Bluff, CA 96080 on F3 – R3

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.



SMITH & NEWELL

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County of Tehama, 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

950 THARP ROAD, SUITE 502 YUBA CITY, CA 95993 TEL: (530) 673-9790 FAX: (530) 673-1305 ACCOUNTING@SMITHANDNEWELL.COM

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

Basis for Qualified Opinion

As discussed in Note 1J to the financial statements, the County has not maintained detailed records of infrastructure assets and infrastructure construction in progress. Accounting principles generally accepted in the United States of America require that infrastructure and infrastructure construction in progress be capitalized. The amounts by which this departure would affect the assets and net position of the government-wide financial statements of the County is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly the financial position of the governmental activities of the County as of June 30, 2018, and the changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1S to the financial statements, in 2017-18, the County adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, County Pension Plan - Schedule of Changes in the Net Pension Liability and Related Ratios, County Pension Plan - Schedule of Contributions, Notes to County Pension Plan, County OPEB Plan - Schedule of Changes in the Net OPEB Liability and Related Ratios, Notes to County OPEB Plan, Infrastructure Assets Reported Using the Modified Approach and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

Smith ~ Newell

Smith & Newell CPAs
Yuba City, California
February 22, 2019

SMITH & NEWELL

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, 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 Tehama, 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 February 22, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. (2018-002 and 2018-003)

950 THARP ROAD, SUITE 502 YUBA CITY, CA 95993 TEL:(530) 673-9790 FAX:(530) 673-1305 ACCOUNTING@SMITHANDNEWELL.COM

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

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 Responses to Findings

The County's responses to the findings identified in our audit are described in the management's 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 them.

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.

Smith & Newell

Smith & Newell CPAs
Yuba City, California
February 22, 2019

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

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 Responses to Findings

The County's responses to the findings identified in our audit are described in the management's 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 them.

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.

Smith ~ Newell

Smith & Newell CPAs
Yuba City, California
February 22, 2019

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

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 Responses to Findings

The County's responses to the findings identified in our audit are described in the management's 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 them.

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.

Smith & Newell

Smith & Newell CPAs
Yuba City, California
February 22, 2019

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements	Status
1. Type of auditor's report issued	Unmodified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	No
3. Noncompliance material to financial statements noted?	No
Federal Awards	
1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)?	No
4. Identification of major programs:	
20.205 Highway Planning and Construction	
93.659 Adoption Assistance	
93.778 Medical Assistance Program	
93.872 Tribal Maternal, Infant, and Early Childhood Home Visiting	
5. Dollar threshold used to distinguish between Type A and Type B Programs?	$777,037
6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

Infrastructure	2018-002
Schedule of Federal Expenditures	2018-003

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

20.205	Highway Planning and Construction	2018-001
93.778	Medical Assistance Program	2018-001

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

2018-001

Name:	**Highway Planning and Construction** **Medical Assistance Program**
CFDA #:	**20.205** **93.778**
Federal Grantor:	**U.S. Department of Transportation** **U.S. Department of Health and Human Services**
Pass Through Entity:	**State Department of Transportation** **State Department of Health Services**
Award No.:	**Various**
Year:	**2017-18**

Condition

During our testing of major programs we noted that the Schedule of Federal Expenditures (SEFA) provided by the County at the beginning of audit fieldwork contained errors in the federal expenditures included on the SEFA. Expenditures included on the SEFA provided at the beginning of the audit were greater than actual expenditures by $1,224,399 in the major programs listed above.

Cause

The County departments did not provide accurate information to include on the SEFA that was provided to us at the beginning of the audit.

Criteria

Good internal control over the SEFA requires that individual County departments provide accurate Federal expenditure information to the County Auditor in a timely manner.

Effect of Condition

The SEFA provided at the beginning of fieldwork was not materially correct and adjustments were needed to accurately reflect all Federal expenditures.

Questioned Cost

No costs are questioned.

Recommendation

We recommend that the County departments provide the County Auditor with accurate federal expenditure information prior to the beginning of audit fieldwork.

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

2018-002 Infrastructure (Material Weakness)

Condition

During our audit, we noted that support for infrastructure of the County and construction in progress related to infrastructure was not available.

Cause

The County road department does not have a system that tracks infrastructure projects in progress or keeps track of infrastructure owned by the County.

Criteria

Governmental accounting standards require that all infrastructure, including construction in progress related to infrastructure, be recorded on the County's financial statements. Good internal control requires that amounts recorded on the County's financial statements be supported by adequate documentation.

Effect of Condition

The amount by which this departure would affect the assets and net position of the government-wide financial statements of the County is not reasonably determinable.

Recommendation

We recommend that the County maintain a system that tracks all infrastructure owned by the County, including construction in progress related to infrastructure, and maintain adequate supporting documentation related to infrastructure.

2018-003 Schedule of Federal Expenditures (Material Weakness)

Condition

The Schedule of Federal Expenditures (SEFA) provided by the County at the beginning of audit fieldwork contained errors. The expenditures included on the SEFA at the beginning of the audit were greater than actual expenditures by approximately $2.34 million.

Cause

County departments had not submitted information required for the Single Audit Report or had submitted incorrect information.

Criteria

Good internal control over the SEFA requires that individual County departments provide accurate information to the County auditor.

COUNTY OF TEHAMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

2018-003 Schedule of Federal Expenditures (Material Weakness) (Continued)

Effect of Condition

The SEFA at the beginning of fieldwork was not materially correct and required adjustment.

Recommendation

We recommend that the County review the requirements of the Uniform Guidance to ensure that the expenditures reported on the SEFA are correctly stated.

Tehama County Social Services
Mailing Address: P.O. Box 1515, Red Bluff CA 96080
Red Bluff Office t (530) 527-1911 | f (530) 527-5410 | 310 South Main Street, Red Bluff, CA 96080
Corning Office t (530) 824-9182 | f (530) 527-5410 | 275 Solano Street, Corning, CA 96021 www.tcdss.org

From: Shannon Conley, Fiscal Analyst Supervisor

Re: Status of Prior Year Recommendation (2017-001 Adoption Assistance)

Status of Prior Year Recommendation
For the Year Ended June 30, 2018

STATUS OF PRIOR YEAR RECOMMENDATION

Adoption Assistance (Audit Reference: 2017-001)

Prior Year Recommendation

We recommend that the County incorporate into their monitoring process procedures to ensure that the AAP-4 documentation is maintained in each case file.

Status

Management's Corrective Action Plan (February 2, 2018) was implemented immediately upon receipt of the audit findings, and each aspect was completed within the identified timelines. Moreover, the addition of a new position focused specifically on communications, policy and procedures, quality assurance, stakeholder workgroups, etc. is being considered to further increase effectiveness of such monitoring process procedures.

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From: Shannon Conley, Fiscal Analyst Supervisor

Re: Management's Corrective Action Plan (2018-001)

Management's Corrective Action Plan
For the Year Ended June 30, 2018

2018-001 Federal Expenditures

We recommend that the County departments provide the County Auditor with accurate federal expenditure information prior to the beginning of audit fieldwork.

Responsible Individual(s):

Deputy Director, Fiscal – Shelley Zimmerman
Fiscal Analyst Supervisor – Shannon Conley

Corrective Action Plan:

Social Services has reviewed the federal expenditures noted in the audit findings, specifically CalWORKs Assistance (TANF), and has already begun implementing a Corrective Action Plan. Social Services has been in communication with the County Auditor's Office to obtain further clarification on the process related to the separation of CalWORKs assistance expenditures claimed on the CA 800. While the methodology provided by the California Department of Social Services for calculating appropriate federal funding is understood, clarification is needed regarding the County Auditor's process and expectations related to future end-of-year reporting, as this is a new request which differs from prior end-of-year reporting processes.

It should be noted that at the time of end-of-year reporting, final sharing ratios are not available. Social Services is willing and able to calculate the breakdowns according to the estimated sharing ratios available in order to better identify the estimated federal expenditures prior to submission to the County Auditor; however, final and accurate federal expenditures cannot be calculated/reported until final sharing ratios are released, which is typically (6) months after the end-of-year reporting is due.

Anticipated Completion Date:

Social Services will continue to work with the County Auditor to better define the process and expectations related to reporting of the CalWORKs assistance expenditures claimed on the CA 800 in time to provide the County Auditor with accurate federal expenditure information prior to the beginning of audit fieldwork for fiscal year 2018/2019 (by June 30, 2019).

COUNTY OF TEHAMA
DEPARTMENT OF PUBLIC WORKS
9380 San Benito Avenue
Gerber, CA 96035-9701
(530) 385-1462

(530) 385-1189 Fax

Road Commissioner
Surveyor
Engineer
Public Transit
Flood Control
& Water
Conservation District
Sanitation District No. 1

MEMORANDUM

FROM: Timothy J. McSorley, Public Works Director

RE: 2017-18 FY Single Audit Corrective Action Plan

2018-001
HIGHWAY PLANNING AND CONSTRUCTION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY DEPARTMENT:

The problem: annual invoices to Caltrans do not match the YTD expenditures. There are several factors contributing to the problem.

Invoices produced early in the fiscal year contain, mostly, prior year expenses.

Invoices may not be submitted to Caltrans for less than $1,000. Some projects become stagnate and there are not enough expenditures to invoice.

Caltrans compounds the issue by failing to approve invoices within the subscribed timeframe - forcing us to change invoice dates and by sending thousands of dollars and many days chasing penny discrepancies (even after we graciously ask them to keep the pennies.)

Responsible Individual:

Timothy McSorley, Director of Public Works

Corrective Action Plan:

Always invoice on June 30th regardless of the cost or amount.
Review project expenses in December and instruct Engineering to charge time to stagnated projects to ensure there's a minimum of $1,000 per project for which to invoice.

Anticipated Completion Date:

June 30, 2019