

Excerpt from State Controller's Office Field Review June 30, 2016

POINTS SHEET

Internal Service Fund (ISF)

Information Technology ISF:

Finding:

- Information Technology ISF has an estimated \$790,000 in excess of 60 Days Working Capital (WC) according to the 2015 Financials. As of the Exit Conference, the excess above the allowable 60 Days WC is not supported with proper documentation as required by OMB Circular 2 CFR Part 200. The County plans to reduce the excess by spending an estimated \$210,000 to replace the audio-video equipment in the Board of Supervisors chambers. This plan has not yet been approved by the Board of Supervisors.

Recommendation:

- The County will continue to monitor billing rates to reduce the WC Reserve.
- The County will reduce the WC Reserve by at least \$400,000 by June 30, 2016. If the County fails to reduce the WC Reserve by at least \$400,000 by June 30, 2016, the County will immediately rebate any unsubstantiated funds above the allowable 60 Day WC.
- Funds should not be pooled before a project has been approved by the Board of Supervisors, as required by OMB Circular 2 CFR Part 200. The County will no longer pool funds or bill departments for projects not yet approved by the Board of Supervisors.

COUNTY OF SHASTA
Appendix of Internal Service Funds

1/10/2017

Unrestricted Retained Earnings Per G/L 6-30-16:

Net Investment in Capital Assets	\$	466,794
Retained Earnings		1,719,363

Unrestricted Retained Earnings Per FS 6-30-16:

Less:			\$	2,186,157
Net Investment in Capital Assets		466,794		
Subtotal				(466,794)
Unrestricted Retained Earnings, As Restated				1,719,363

Financial Statement Expenditures:

Operating Expenses		6,173,098		
Other Expense		-		
Subtotal Financial Statement Expenditures		6,173,098		
Less Depreciation		(173,143)		
Adjusted Financial Statement Expenditures		5,999,955		
Divided By		6		
Computed Allowable Working Capital				999,992.52
Difference Over (Under)			\$	719,371