

COUNTY OF MONTEREY
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**COUNTY OF MONTEREY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2017**

| | |
|--|-----------|
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 1 |
| INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE | 3 |
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 6 |
| NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS | 11 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 13 |
| SUPPLEMENTARY SCHEDULES OF THE DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT | 16 |



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

The Honorable Board of Supervisors
County of Monterey
Salinas, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Monterey (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 16, 2018. Our report includes a reference to other auditors who audited the financial statements of Monterey County Children and Families Commission, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

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



CliftonLarsonAllen LLP

Roseville, California
January 16, 2018



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

The Honorable Board of Supervisors
County of Monterey
Salinas, California

Report on Compliance for Each Major Federal Program

We have audited the County of Monterey's (the County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (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, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [2017-001 & 2017-002]. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items [2017-001 & 2017-002] that we consider to be material weaknesses.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2017, and have issued our report thereon dated January 16, 2018, that contained an unmodified opinion on those financial statements. We did not audit the Monterey County Children and Families Commission, which represents 100 percent of the assets, liabilities and revenues of the discretely presented component unit, as of and for the year ended June 30, 2017. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Commission are based solely on the reports of the other auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Supplementary Schedules

The supplementary schedules of the Department of Community Services and Development have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



CliftonLarsonAllen LLP

Roseville, California
February 14, 2018

**COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures | Expenditures to Subrecipients |
|---|---------------------------|--|-------------------------|-------------------------------------|
| <u>U.S. Department of Agriculture</u> | | | | |
| Direct Programs: | | | | |
| Very Low to Moderate Income Housing Loans Outstanding Loan Balance | 10.410 | | \$ 48,405 | \$ - |
| Passed through State Department of Food and Agriculture: | | | | |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 17-8506-0484-CA | 160,502 | - |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 16-8506-0934-GR | 155,391 | - |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 16-8506-0689-CA | 11,210 | - |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 17-8506-1317-CA | 120,386 | - |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 17-8506-1211-CA | 117,369 | - |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 16-8506-0572-CA | 13,550 | - |
| Plant and Animal Disease, Pest Control, and Animal Care | 10.025 | 16-8506-0934-GR | 6,708 | - |
| Subtotal | | | <u>585,116</u> | <u>-</u> |
| Passed through the State Department of Education: | | | | |
| State Administrative Expenses for Child Nutrition | 10.560 | | 148,784 | - |
| Passed through the State Department of Social Services: | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | | 11,501,292 | - |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | | 103 | - |
| Passed through the State Department of Public Health: | | | | |
| Supplemental Nutrition Assistance Program - Education Subtotal - SNAP Cluster | 10.561 | 16-10155 | <u>1,377,820</u> | <u>162,861</u> |
| | | | <u>12,879,215</u> | <u>162,861</u> |
| WIC Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | 15-10094 | <u>4,183,972</u> | <u>-</u> |
| Total U.S. Department of Agriculture | | | <u>\$ 17,845,492</u> | <u>\$ 162,861</u> |
| <u>U.S. Department of Commerce</u> | | | | |
| Direct Programs: | | | | |
| EDA Revolving Loan Fund | 11.307 | 07-57-02640 | 36,883 | - |
| EDA Revolving Loan Fund - Outstanding Loan Balance | 11.307 | | <u>999,148</u> | <u>-</u> |
| Subtotal | | | <u>1,036,031</u> | <u>-</u> |
| Total U.S. Department of Commerce | | | <u>\$ 1,036,031</u> | <u>\$ -</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| Passed through State Department of Housing and Community Development: | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | 679,035 | 585,647 |
| Community Development Block Grants/Entitlement Grants (outstanding loan) | 14.228 | | 3,440,049 | - |
| Home Investment Partnership Program (program income) | 14.239 | | 15,966 | - |
| Home Investment Partnership Program (outstanding loan) | 14.239 | | <u>9,205,146</u> | <u>-</u> |
| Subtotal | | | <u>9,221,112</u> | <u>-</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>\$ 13,340,196</u> | <u>\$ 585,647</u> |
| <u>U.S. Department of the Interior</u> | | | | |
| Direct Programs: | | | | |
| Distribution of Receipts to State and Local Governments | 15.227 | | <u>920,949</u> | <u>-</u> |
| Total U.S. Department of the Interior | | | <u>\$ 920,949</u> | <u>\$ -</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures | Expenditures to Subrecipients |
|---|---------------------------|--|-------------------------|-------------------------------------|
| <u>U.S. Department of Justice</u> | | | | |
| Direct Programs: | | | | |
| State Criminal Alien Assistance Program | 16.606 | 2016-AP-BX-0794 | \$ 375,748 | \$ - |
| Drug Enforcement Administrator | 16.922 | 2017-32 | 24,000 | - |
| Equitable Sharing Fund | 16.922 | | 74,111 | - |
| Subtotal | | | 98,111 | - |
| Passed through the Governor's Office of Emergency Services: | | | | |
| Crime Victim Assistance | 16.575 | XC16 01 0270 | 201,702 | 185,476 |
| Crime Victim Assistance | 16.575 | XC16 01 0270 | 5,698 | - |
| Crime Victim Assistance | 16.575 | VW15 34 0270 | 539,949 | - |
| Crime Victim Assistance | 16.575 | UV14 05 0270 | 211,229 | - |
| Subtotal | | | 958,578 | 185,476 |
| Total U.S. Department of Justice | | | \$ 1,432,437 | \$ 185,476 |
| <u>U.S. Department of Labor</u> | | | | |
| Passed through the North Central Counties Consortium: | | | | |
| WIOA Adult Program | 17.258 | 500 K698373 | 95,168 | - |
| WIOA Adult Program | 17.258 | 201 K7102044 | 198,145 | - |
| WIOA Adult Program | 17.258 | 202 K7102044 | 1,357,906 | - |
| WIOA Adult Program | 17.258 | 499 K7102044 | 200,000 | - |
| WIOA Adult Program | 17.258 | 500 K7102044 | 700,000 | - |
| WIOA Youth Activities | 17.259 | 301 K698373 | 273,120 | - |
| WIOA Youth Activities | 17.259 | 301 K7102044 | 1,407,321 | - |
| WIOA Dislocated Worker Formula Grants | 17.278 | 502 K698373 | 447,812 | - |
| WIOA Dislocated Worker Formula Grants | 17.278 | 501 K7102044 | 114,158 | - |
| WIOA Dislocated Worker Formula Grants | 17.278 | 502 K7102044 | 893,854 | - |
| WIOA Rapid Response | 17.278 | 541 K698373 | 12,102 | - |
| WIOA Rapid Response | 17.278 | 540 K7102044 | 28,026 | - |
| WIOA Rapid Response | 17.278 | 541 K7102044 | 147,801 | - |
| WIOA Rapid Response | 17.278 | 292 K594772 | 7,832 | - |
| WIOA Rapid Response | 17.278 | 293 K594772 | 15,347 | - |
| Subtotal - WIA Cluster | | | 5,898,592 | - |
| Total U.S. Department of Labor | | | \$ 5,898,592 | \$ - |
| <u>U.S. Department of Transportation</u> | | | | |
| Passed through the State Department of Transportation: | | | | |
| Highway Planning and Construction | 20.205 | STPLZ-5944 (040) | 93,730 | - |
| Highway Planning and Construction | 20.205 | STPLZ-5944 (041) | 1,447,358 | - |
| Highway Planning and Construction | 20.205 | BRLS-5944 (068) | 232,505 | - |
| Highway Planning and Construction | 20.205 | BHLO-5944 (099) | 52,592 | - |
| Highway Planning and Construction | 20.205 | BHLO-5944 (100) | 76,952 | - |
| Highway Planning and Construction | 20.205 | BRLS-5944 (098) | 220,368 | - |
| Highway Planning and Construction | 20.205 | BRLO-5944 (102) | 74,366 | - |
| Highway Planning and Construction | 20.205 | BRLO-5944 (103) | 61,006 | - |
| Highway Planning and Construction | 20.205 | RSTPLE-5944 (111) | 93,318 | - |
| Highway Planning and Construction | 20.205 | DEM101 5944 (112) | 36,518 | - |
| Highway Planning and Construction | 20.205 | BPMP-5944(122) | 82,861 | - |
| Highway Planning and Construction | 20.205 | STPLX-5944 (123) | 50,838 | - |
| Highway Planning and Construction | 20.205 | STPLX-5944 (124) | 49,807 | - |
| Highway Planning and Construction | 20.205 | HSIPL-5944 (127) | 25,449 | - |
| Highway Planning and Construction | 20.205 | ER-28c3(001) | 9,619 | - |
| Highway Planning and Construction | 20.205 | ER-28c3(005) | 7,559 | - |
| Highway Planning and Construction | 20.205 | ER-28c3(007) | 3,790 | - |
| Subtotal | | | 2,618,636 | - |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures | Expenditures to Subrecipients |
|---|---------------------------|--|-------------------------|-------------------------------------|
| Passed through the State Office of Traffic Safety: | | | | |
| STVS- Safe Travels Via Salinas | 20.600 | PS1708 | \$ 124,267 | \$ - |
| Alcohol & Drug Impaired Vertical Prosecution Program | 20.601 | DI1604 | 537,434 | - |
| Drug/Alcohol Treatment Court | 20.608 | AL1723 | 130,276 | - |
| Monterey County DUI Court | 20.608 | AL1602 | 39,933 | - |
| Monterey County DUI Court | 20.608 | AL1723 | 139,934 | - |
| Subtotal - Office of Traffic Safety Cluster | | | 971,844 | - |
| Total U.S. Department of Transportation | | | \$ 3,590,480 | \$ - |
| <u>U.S. Environmental Protection Agency</u> | | | | |
| Passed through the California Environmental Protection Agency | | | | |
| Capitalization Grants for Drinking Water State Revolving Funds | 66.468 | SRF13P116 | 50,843 | - |
| Total U.S. Environmental Protection Agency | | | \$ 50,843 | \$ - |
| <u>U.S. Department of Health and Human Services</u> | | | | |
| Passed through the State Department of Aging: | | | | |
| Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 93.044 | AP-1617-32 | 357,630 | 203,285 |
| Special Programs for the Aging, Title III, Part C, Nutrition Services | 93.045 | AP-1617-32 | 317,218 | 229,135 |
| Special Programs for the Aging, Title III, Part C, Nutrition Services | 93.045 | AP-1617-32 | 413,079 | 383,322 |
| Nutrition Services Incentive Program | 93.053 | AP-1617-32 | 195,838 | 195,838 |
| Subtotal - Aging Cluster | | | 1,283,765 | 1,011,580 |
| Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation | 93.041 | AP-1617-32 | 5,109 | 5,109 |
| Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals | 93.042 | AP-1617-32 | 28,683 | 28,683 |
| Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services | 93.043 | AP-1617-32 | 21,401 | 21,401 |
| National Family Caregiver Support, Title III, Part E | 93.052 | AP-1617-32 | 176,464 | 157,306 |
| Medicare Enrollment Assistance Program | 93.071 | MI-1517-32 | 17,212 | 15,491 |
| State Health Insurance Assistance Program | 93.324 | HI-1617-32 | 110,258 | 99,726 |
| Passed through the State Department of Alcohol and Drug Programs: | | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | 2,610,921 | - |
| Passed through the State Department of Child Support Services: | | | | |
| Child Support Enforcement | 93.563 | | 7,211,784 | - |
| Passed through the State Department of Community Services and Development: | | | | |
| Community Services Block Grant | 93.569 | 16F-5027 | 285,696 | 200,131 |
| Community Services Block Grant | 93.569 | 16F-5542 | 32,073 | 32,073 |
| Community Services Block Grant | 93.569 | 17F-2027 | 240,609 | 157,058 |
| Subtotal - CSBG Cluster | | | 558,378 | 389,262 |
| Passed through the State Department of Health Care Services: | | | | |
| Affordable Care Act (ACA) Personal Responsibility Education Program | 93.092 | 15-10304 | 186,946 | - |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | | 68,746 | - |
| Medical Assistance Program | 93.778 | 12-89318/27-0712 | 1,146,887 | - |
| Medical Assistance Program | 93.778 | 34763 | 43,263 | - |
| Medical Assistance Program | 93.778 | | 134,736 | - |
| Medical Assistance Program | 93.778 | 201627 | 68,565 | - |
| Medical Assistance Program | 93.778 | | 15,408,950 | - |
| Medical Assistance Program | 93.778 | | 733,091 | - |
| Medical Assistance Program | 93.778 | | 1,025,419 | - |
| Medical Assistance Program | 93.778 | | 1,412,651 | - |
| Medical Assistance Program | 93.778 | | 180 | - |
| Subtotal - Medicaid Cluster | | | 19,973,742 | - |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures | Expenditures to Subrecipients |
|--|---------------------------|--|-------------------------|-------------------------------------|
| HIV Care Formula Grants | 93.917 | 15-11065 | \$ 362,119 | \$ - |
| HIV Care Formula Grants | 93.917 | 16-10851 | 119,129 | - |
| HIV Care Formula Grants | 93.917 | 15-11065 | 26,916 | - |
| HIV Care Formula Grants | 93.917 | 15-10942 | 53,757 | - |
| Subtotal | | | <u>561,921</u> | <u>-</u> |
| Passed through the State Department of Public Health: | | | | |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 201627 | 217,542 | - |
| Maternal and Child Health Services Block Grant to the States | 93.994 | | 1,776,192 | - |
| Maternal and Child Health Services Block Grant to the States | 93.994 | | 91,738 | - |
| Maternal and Child Health Services Block Grant to the States | 93.994 | | 158,334 | - |
| Maternal and Child Health Services Block Grant to the States | 93.994 | | 12,269 | - |
| Subtotal | | | <u>2,256,075</u> | <u>-</u> |
| Public Health Emergency Preparedness | 93.069 | 14-10522 | 260,295 | - |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | NH28CE002396-01-02 | 287,071 | - |
| Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children | 93.197 | 14-10065 | 122,664 | - |
| Immunization Cooperative Agreements | 93.268 | 15-10146 | 170,015 | - |
| Child Health and Human Development Extramural Research | 93.865 | R01HDO75787 | 17,771 | - |
| National Bioterrorism Hospital Preparedness Program | 93.889 | 14-10522 | 285,772 | - |
| Assistance Programs for Chronic Disease Prevention and Control | 93.945 | 14-10959 | 249,617 | - |
| Preventive Health and Health Services Block Grant | 93.991 | | 219,693 | - |
| Passed through the State Department of Mental Health: | | | | |
| Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | 2X068SM016005-12 | 96,332 | - |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | C-12SM60821A | 263,690 | - |
| Block Grants for Community Mental Health Services | 93.958 | 1U79SM56058 | 1,343,249 | - |
| Passed through the State Department of Social Services: | | | | |
| Temporary Assistance for Needy Families | 93.558 | | 22,705,681 | - |
| Temporary Assistance for Needy Families | 93.558 | | 47 | - |
| Temporary Assistance for Needy Families | 93.558 | | 7,602,989 | - |
| Subtotal - TANF Cluster | | | <u>30,308,717</u> | <u>-</u> |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | | 18,009 | - |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | | 1,458 | - |
| Subtotal | | | <u>19,467</u> | <u>-</u> |
| Title IV-E Placement / Foster Care (Probation) | 93.658 | | 1,352,081 | - |
| Group Home Visits (Probation) | 93.658 | | 308,385 | - |
| Child Welfare Services - OIP (Probation) | 93.658 | | 33,181 | - |
| Foster Care - Title IV-E (Public Agency) | 93.658 | | 83,411 | - |
| Foster Care - Title IV-E (Administration) | 93.658 | | 3,615,472 | - |
| Foster Care - Title IV-E (Assistance) | 93.658 | | 3,751,013 | - |
| Subtotal | | | <u>9,143,543</u> | <u>-</u> |
| Adoption Assistance Program (Administration) | 93.659 | | 751,746 | - |
| Adoption Assistance Program (Assistance) | 93.659 | | 4,085,897 | - |
| Subtotal | | | <u>4,837,643</u> | <u>-</u> |
| Guardianship Assistance (Administration) | 93.090 | | 2,394 | - |
| Guardianship Assistance (Assistance) | 93.090 | | 140,742 | - |
| Subtotal | | | <u>143,136</u> | <u>-</u> |
| Social Services Block Grant | 93.667 | | 297,411 | - |
| Social Services Block Grant | 93.667 | | 2,329,108 | - |
| Subtotal | | | <u>2,626,519</u> | <u>-</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures | Expenditures to Subrecipients |
|---|---------------------------|--|------------------------------|-------------------------------------|
| Food and Drug Administration Research | 93.103 | | \$ 18,434 | \$ - |
| Promoting Safe and Stable Families | 93.556 | | 221,438 | - |
| Community-Based Child Abuse Prevention Grants | 93.590 | | 22,646 | - |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | | 206,263 | - |
| Chafee Foster Care Independence Program | 93.674 | | 121,792 | - |
| | | | <u>\$ 86,057,172</u> | <u>\$ 1,728,558</u> |
| Total U.S. Department of Health and Human Services | | | | |
| <u>U.S. Social Security Administration</u> | | | | |
| Direct Program: | | | | |
| Social Security Incentive Program | 96.008 | | 33,400 | - |
| | | | <u>\$ 33,400</u> | <u>\$ -</u> |
| Total U.S. Social Security Administration | | | | |
| <u>U.S. Department of Homeland Security</u> | | | | |
| Passed through the State Governor's Office of Emergency Services: | | | | |
| Homeland Security Preparedness Technical Assistance Program | 97.007 | | 2,021 | - |
| Emergency Management Performance Grants | 97.042 | 2016-0010 | 213,252 | - |
| | | | | |
| Homeland Security Grant FY15 | 97.067 | 2015-0078 | 34,414 | 21,454 |
| Homeland Security Grant FY16 | 97.067 | 2016-0102 | 376,455 | 184,363 |
| Operation Stonegarden | 97.067 | 2016-0102 | 34,660 | - |
| Subtotal | | | <u>445,529</u> | <u>205,817</u> |
| | | | <u>\$ 660,802</u> | <u>\$ 205,817</u> |
| Total U.S. Department of Homeland Security | | | | |
| Total Expenditures of Federal Awards | | | <u><u>\$ 130,866,394</u></u> | <u><u>\$ 2,868,359</u></u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the County of Monterey for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. 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. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 CATALOG OF FEDERAL DOMESTIC (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2017 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier and the word “unknown” were used.

NOTE 4 INDIRECT COST RATE

The County did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414. Uniform Guidance §200.510(6) requires the County to disclose whether or not it elected to use the 10 percent de minimis cost rate that §200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate.

NOTE 5 LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2017 as follows:

| <u>CFDA</u> | <u>Federal Program</u> | <u>Outstanding Loans</u> | <u>Loans with Continuing Compliance Requirements</u> | <u>New Loans</u> |
|-------------|---|------------------------------|--|------------------|
| 10.410 | Very Low to Moderate Income Housing | \$ 48,405 | \$ 48,405 | |
| 11.307 | EDA Rural Revolving Loan Fund | 163,152 | 172,770 | |
| 11.307 | EDA Countywide Revolving Loan Fund | 581,294 | 826,378 | \$ 20,000 |
| 14.228 | Community Development Block Grant/States Program | 3,418,049 | 3,440,049 | |
| 14.239 | Home Investment Partnership Program Program | 9,040,240 | 9,205,146 | 48,200 |

COUNTY OF MONTEREY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2017

NOTE 6 PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

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

NOTE 7 DEPARTMENT OF AGING FEDERAL/STATE SHARE

The California Department of Aging (CDA) requires agencies that receive CDA funding to display state-funded expenditures discretely along with federal expenditures. The County expended the following state and federal amounts under these grants:

| CFDA Number | Contract Number | Federal Expenditures | State Expenditures |
|----------------|--------------------|-------------------------|-----------------------|
| 93.041 | AP-1617-32 | \$ 5,109 | \$ - |
| 93.042 | AP-1617-32 | 28,683 | - |
| 93.043 | AP-1617-32 | 21,401 | - |
| 93.044 | AP-1617-32 | 357,630 | 10,123 |
| 93.045 | AP-1617-32 | 317,218 | 36,266 |
| 93.045 | AP-1617-32 | 413,079 | 58,386 |
| 93.052 | AP-1617-32 | 176,464 | - |
| 93.053 | AP-1617-32 | 195,838 | - |
| 93.071 | MI-1517-32 | 17,212 | - |
| 93.324 | HI-1617-32 | 110,258 | - |
| N/A | AP-1617-32 | - | 41,424 |
| N/A | HI-1617-32 | - | 111,957 |
| N/A | HI-1617-32 | - | 55,968 |
| N/A | SP-1516-32 | - | 3,193 |
| N/A | SP-1617-32 | - | 14,009 |
| | Total | <u>\$ 1,642,892</u> | <u>\$ 331,326</u> |

**COUNTY OF MONTEREY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes _____ no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

| CFDA Number(s) | Name of Federal Program or Cluster |
|----------------------------------|---|
| 14.228 | Community Development Block Grants |
| 17.258, 17.259, 17.278 (cluster) | WIA/WIOA Adult Program |
| | WIA/WIOA Youth Activities |
| | WIA/WIOA Dislocated Worker Formula Grants |
| 93.778 | Medical Assistance Program |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? x yes _____ no

**COUNTY OF MONTEREY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2017 – 001

Federal agency: U.S Department of Housing and Urban Development

Federal program title: Community Development Block Grant

CFDA Number: 14.228

Pass-Through Agency: Direct Program

Award Period: July 1, 2016 – June 30, 2017

Type of Finding:

Material Weakness in Internal Control over Compliance – Other Noncompliance

Criteria or specific requirement: Grant compliance requires that Community Development Block Grant Program loans be monitored for compliance with the loan provisions on a regular basis. Such loan requirements are required to ensure CDBG loan funds are used in accordance with all program requirements. The requirements are noted in the OMB 24 CFR Part 570.501 – Responsibility for grant administration. This requirement states the “recipient is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of designated public agencies, subrecipients, or contractors does not relieve the recipient of this responsibility.”

Condition: During our test of the outstanding loans for continuing compliance, CLA selected 11 outstanding loans for testing. We noted that the County did not have adequate documentation to show monitoring of loans receivable to ensure compliance with loan provisions for two of the loans.

Questioned costs: None noted.

Context: CLA haphazardly selected 11 loans of a population of 33 CDBG program loans to test continuing compliance.

Cause: There was inadequate monitoring of loans receivable to ensure compliance with loan provisions. A shortage of staff to follow-up on all requirements outlined in the loan agreements.

Effect: The lack of effective monitoring of loan programs could result in noncompliance with program requirements.

Repeat Finding: Audit finding is not a repeat finding from the prior year.

**COUNTY OF MONTEREY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Recommendation: We recommend the County develop procedures to ensure that outstanding loan continuing compliance is documented and followed per the CDBG grant loan provision.

Views of responsible officials: County will reach out to the development project and obtain a completed Annual Project Compliance Report to document occupancy and income requirements are met from here on.

2017 – 002

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

Federal program title: Medical Assistance Program

CFDA Number: 93.778

Pass-Through Agency: California Department of Health Care Services

Award Period: July 1, 2016 – June 30, 2017

Type of Finding:

Material Weakness in Internal Control over Compliance – Other Noncompliance

Criteria or specific requirement: The compliance supplement notes in section E part 1 that the agency is required to determine client eligibility in accordance with eligibility requirements defined in the approved State plan. Annual redeterminations are required as part of these eligibility requirements.

Condition: During eligibility compliance testing. Two of forty case files selected did not document a current eligibility determination during the fiscal year and appear to be overdue without suspension of benefits.

Questioned costs: None noted.

Context: We randomly selected forty casefiles to test eligibility compliance for Medical Assistance program. We noted two of the forty casefiles were not in compliance as cases did not have current renewals performed. The findings noted appeared to be systemic due to the backlog the Department has been experiencing in performing case redeterminations.

Cause: The cause of the noted finding is related to the renewal backlog in the department and eligibility staff cannot keep renewals current with the County's Medical Assistance caseload.

Effect: Participants in the program who are not having eligibility renewals completed could be receiving benefits that they may no longer be eligible for.

Recommendation: CLA recommends that the County establish a plan to perform redeterminations on casefiles with due and overdue redeterminations to reduce backlog and become current with renewals.

Views of responsible officials: Due to the backlog of renewals for the Medical Assistance Program, the County has contracted with an outside Agency to process the backlog of redeterminations.

**COUNTY OF MONTEREY
SUPPLEMENTARY SCHEDULE OF THE DEPARTMENT OF
COMMUNITY SERVICES AND DEVELOPMENT
STATEMENT OF REVENUES AND EXPENDITURES
(SEE INDEPENDENT AUDITORS' REPORT, PAGES 1 AND 2)**

**CSD Contract No. 16F-5027 (CSBG – \$497,973)
For the Period January 1, 2016 through December 31, 2016**

| | January 1, 2016 through June 30, 2016 | July 1, 2016 through December 31, 2016 | Total Audited Costs | Total Reported Expenses | Total Budget |
|---------------------------------------|---|--|---------------------------|-------------------------------|-----------------|
| REVENUE | | | | | |
| Grant Revenue | \$ 186,407 | \$ 187,073 | \$ 373,480 | | \$ 373,480 |
| Interest Income | 796 | 1,001 | 1,797 | | |
| Interest Income - Reimbursed to State | - | (1,797) | (1,797) | | |
| Interest Income | 124,493 | - | 124,493 | | 124,493 |
| Total Revenue | <u>311,696</u> | <u>186,277</u> | <u>497,973</u> | | <u>497,973</u> |
| EXPENDITURES | | | | | |
| Administration: | | | | | |
| Salaries and Wages | 49,082 | 44,192 | 93,274 | \$ 93,274 | 93,274 |
| Fringe Benefits | 20,203 | 19,561 | 39,764 | 39,764 | 39,764 |
| Operating Expenses | 3,060 | 4,305 | 7,365 | 7,365 | 7,365 |
| Other Costs | 17,108 | 17,508 | 34,616 | 34,616 | 34,616 |
| Subtotal Administrative Costs | <u>89,453</u> | <u>85,566</u> | <u>175,019</u> | <u>175,019</u> | <u>175,019</u> |
| Program Costs: | | | | | |
| Subcontractor services | <u>122,823</u> | <u>200,131</u> | <u>322,954</u> | <u>322,954</u> | <u>322,954</u> |
| Subtotal Program Costs | <u>122,823</u> | <u>200,131</u> | <u>322,954</u> | <u>322,954</u> | <u>322,954</u> |
| Total Expenditures | <u>212,276</u> | <u>285,697</u> | <u>497,973</u> | <u>\$ 497,973</u> | <u>497,973</u> |
| REVENUE OVER (UNDER) COSTS | <u>\$ 99,420</u> | <u>\$ (99,420)</u> | <u>\$ -</u> | | <u>\$ -</u> |

**COUNTY OF MONTEREY
 SUPPLEMENTARY SCHEDULE OF THE DEPARTMENT OF
 COMMUNITY SERVICES AND DEVELOPMENT
 STATEMENT OF REVENUES AND EXPENDITURES
 (SEE INDEPENDENT AUDITORS' REPORT, PAGES 1 AND 2)**

**CSD Contract No. 16F-5542 (CSBG – \$32,078)
 For the Period June 15, 2016 through May 31, 2017**

| | June 15, 2016 through December 31, 2016 | January 1, 2017 through May 31, 2017 | Total Audited Costs | Total Reported Expenses | Total Budget |
|-----------------------------------|---|--|---------------------------|-------------------------------|-----------------|
| REVENUE | | | | | |
| Grant Revenue | \$ 17,000 | \$ 15,073 | \$ 32,073 | | \$ 32,073 |
| Total Revenue | 17,000 | 15,073 | 32,073 | | 32,073 |
| EXPENDITURES | | | | | |
| Administration: | | | | | |
| Subcontractor services | 17,000 | 15,073 | 32,073 | \$ 32,073 | 32,073 |
| Subtotal Administrative Costs | 17,000 | 15,073 | 32,073 | 32,073 | 32,073 |
| Total Expenditures | 17,000 | 15,073 | 32,073 | \$ 32,073 | 32,073 |
| REVENUE OVER (UNDER) COSTS | \$ - | \$ - | \$ - | | \$ - |

COUNTY OF MONTEREY
SUPPLEMENTARY SCHEDULE OF THE DEPARTMENT OF
COMMUNITY SERVICES AND DEVELOPMENT
STATEMENT OF REVENUES AND EXPENDITURES
(SEE INDEPENDENT AUDITORS' REPORT, PAGES 1 AND 2)

CSD Contract No. 17F-2027 (CSBG – \$497,973)
For the Period January 1, 2017 through December 31, 2017

| | January 1, 2017 through June 30, 2017 | Total Audited Costs | Total Reported Expenses | Total Budget |
|---------------------------------------|---|---------------------------|-------------------------------|--------------------|
| REVENUE | | | | |
| Grant Revenue | \$ 56,103 | \$ 56,103 | | \$ 56,103 |
| Interest Income | 879 | 879 | | 879 |
| Interest Income - Reimbursed to State | - | - | | - |
| Interest Income | 124,493 | 124,493 | | 124,493 |
| Total Revenue | <u>181,475</u> | <u>181,475</u> | | <u>181,475</u> |
| EXPENDITURES | | | | |
| Administration: | | | | |
| Salaries and Wages | 41,321 | 41,321 | \$ 41,321 | 41,321 |
| Fringe Benefits | 18,201 | 18,201 | 18,201 | 18,201 |
| Operating Expenses | 7,280 | 7,280 | 7,280 | 7,280 |
| Other Costs | 16,749 | 16,749 | 16,749 | 16,749 |
| Subtotal Administrative Costs | <u>83,551</u> | <u>83,551</u> | <u>83,551</u> | <u>83,551</u> |
| Program Costs: | | | | |
| Subcontractor services | 157,058 | 157,058 | 157,058 | 157,058 |
| Subtotal Program Costs | <u>157,058</u> | <u>157,058</u> | <u>157,058</u> | <u>157,058</u> |
| Total Expenditures | <u>240,609</u> | <u>240,609</u> | <u>\$ 240,609</u> | <u>240,609</u> |
| REVENUE OVER (UNDER) COSTS | <u>\$ (59,134)</u> | <u>\$ (59,134)</u> | | <u>\$ (59,134)</u> |