

COUNTY OF MONTEREY
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2018



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**COUNTY OF MONTEREY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2018**

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	15

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

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2018. Our report 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 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 as items 2018-001 that we consider to be material weaknesses.

Compliance and Other Matters

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

County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Roseville, California
December 21, 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 County of Monterey's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Monterey's major federal programs for the year ended June 30, 2018. County of Monterey's major federal programs are identified in the summary of auditors' 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 County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 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, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.


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, 2018, and have issued our report thereon dated December 21, 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, 2018. 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
December 21, 2018

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

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	16-8506-0484-CA	179,758	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C108	150,183	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C108	16,208	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C108	11,770	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP17PPQFO000C108	14,520	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-1317-CA	47,575	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-8506-1317-CA	134,789	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-8506-1211-CA	95,115	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0467-000-SA	9,472	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-0572-CA	15,314	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-8506-1164-CA	16,287	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	17-0337-000-SA	4,543	-
Subtotal			<u>695,534</u>	<u>-</u>
Passed through the State Department of Education:				
State Administrative Expenses for Child Nutrition	10.560		153,211	-
Passed through the State Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		11,936,923	-
Passed through the State Department of Public Health:				
Supplemental Nutrition Assistance Program - Education	10.561	16-10155	1,168,116	199,024
Subtotal - SNAP Cluster			<u>13,105,039</u>	<u>199,024</u>
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10094	<u>4,234,048</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>\$ 18,236,237</u>	<u>\$ 199,024</u>
<u>U.S. Department of Commerce</u>				
Direct Programs:				
EDA Revolving Loan Fund	11.307		38,625	-
EDA Revolving Loan Fund - Outstanding Loan Balance	11.307		163,557	-
EDA Countywide Revolving Loan Fund - Outstanding Loan Balance	11.307		<u>581,294</u>	<u>-</u>
Subtotal			<u>783,476</u>	<u>-</u>
Total U.S. Department of Commerce			<u>\$ 783,476</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		1,477,161	843,400
Community Development Block Grants/Entitlement Grants (outstanding loan)	14.228		3,418,049	-
Home Investment Partnership Program (program income)	14.239		12,497	-
Home Investment Partnership Program (outstanding loan)	14.239		<u>9,040,240</u>	<u>-</u>
Subtotal			<u>9,052,737</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 13,947,947</u>	<u>\$ 843,400</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, 2018

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:				
Monterey County Veterans Treatment Court Enhancement Project	16.585		\$ 83,027	\$ -
Drug Enforcement Administrator	16.922	2018-30	34,000	-
Equitable Sharing Fund	16.922		57,018	-
Subtotal			91,018	-
Passed through the Governor's Office of Emergency Services:				
Crime Victim Assistance	16.575	XC16 01 0270	279,962	263,962
Crime Victim Assistance	16.575	XC16 01 0270	64,160	-
Crime Victim Assistance	16.575	VW17 36 0270	608,186	-
Crime Victim Assistance	16.575	XV15 01 0270	208,089	-
Crime Victim Assistance	16.575	XV16 01 0270	330,775	-
Subtotal			1,491,172	263,962
Total U.S. Department of Justice			\$ 1,665,217	\$ 263,962
<u>U.S. Social Security Administration</u>				
Direct Programs:				
Social Security Incentive Program	16.755		39,800	-
Total U.S. Department of Commerce			\$ 39,800	\$ -
<u>U.S. Department of Labor</u>				
Passed through the North Central Counties Consortium:				
WIOA Adult Program	17.258	201 K8106646 2017	218,640	-
WIOA Adult Program	17.258	202 K8106646 2017	1,214,673	-
WIOA Adult Program	17.258	500 K8106646 2017	47,420	-
WIOA Dislocated Worker Formula Grants	17.258	501 K8106646 2017	320,807	-
WIOA Dislocated Worker Formula Grants	17.258	502 K8106646 2017	1,335,245	-
WIOA Youth Activities	17.259	301 K7102044 2016	122,233	-
WIOA Youth Activities	17.259	301 K8106646 2017	1,156,356	328,355
WIOA Rapid Response	17.278	541 K7102044 2016	24,909	-
WIOA Rapid Response	17.278	540 K8106646 2017	141,846	-
WIOA Rapid Response	17.278	292 K7102044 2016	22,680	-
WIOA Rapid Response	17.278	292 K8106646 2017	1,205	-
Subtotal - WIA Cluster			4,606,014	328,355
Total U.S. Department of Labor			\$ 4,606,014	\$ 328,355
<u>U.S. Department of Transportation</u>				
Passed through the State Department of Transportation:				
Highway Planning and Construction	20.205	BRLS-5944 (068)	752,139	-
Highway Planning and Construction	20.205	BHLO-5944 (099)	36,309	-
Highway Planning and Construction	20.205	BHLO-5944 (100)	46,170	-
Highway Planning and Construction	20.205	BRLS-5944 (098)	75,291	-
Highway Planning and Construction	20.205	BRLO-5944 (102)	24,472	-
Highway Planning and Construction	20.205	BRLO-5944 (103)	73,415	-
Highway Planning and Construction	20.205	RSTPLE-5944 (111)	4,185,495	-
Highway Planning and Construction	20.205	DEM101 5944 (112)	140,789	-
Highway Planning and Construction	20.205	BPMPLE-5944(122)	2,478,305	-
Highway Planning and Construction	20.205	STPLX-5944 (124)	13,863	-
Highway Planning and Construction	20.205	HSIPL-5944 (127)	231,302	-
Highway Planning and Construction	20.205	HSIPL-5944 (130)	42,811	-
Subtotal			8,100,361	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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/PS18019	\$ 115,319	\$ -
Alcohol & Drug Impaired Vertical Prosecution Program	20.601	DI18009	295,265	-
Drug/Alcohol Treatment Court	20.608	AL1723	182,194	-
Monterey County DUI Court	20.608	AL1723	58,866	-
Monterey County DUI Court	20.608	DI18018	226,461	-
Subtotal - Office of Traffic Safety Cluster			878,105	-
Total U.S. Department of Transportation			\$ 8,978,466	\$ -
<u>U.S. Elections Administration Commission</u>				
Passed through Secretary of State:				
HAVA Section 301 Voting Systems Program	90.401	16G30114	326,196	-
Total U.S. Elections Administration Commission			\$ 326,196	\$ -
<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-1718-32	341,817	197,229
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AP-1718-32	316,744	231,794
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AP-1718-32	402,518	373,606
Nutrition Services Incentive Program	93.053	AP-1718-32	184,158	184,158
Subtotal - Aging Cluster			1,245,237	986,787
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-1718-32	5,265	5,265
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	AP-1718-32	28,133	28,133
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-1718-32	21,594	21,594
National Family Caregiver Support, Title III, Part E	93.052	AP-1718-32	165,702	147,208
Medicare Enrollment Assistance Program	93.071	MI-1517-32	27,552	24,797
State Health Insurance Assistance Program	93.324	HI-1617-32	87,057	78,352
Passed through the State Department of Alcohol and Drug Programs:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959		2,536,489	-
Passed through the State Department of Child Support Services:				
Child Support Enforcement	93.563		6,836,448	-
Passed through the State Department of Community Services and Development:				
Community Services Block Grant	93.569	17F-2027	257,618	165,897
Community Services Block Grant	93.569	18F-5027	193,189	129,626
Subtotal - CSBG Cluster			450,807	295,523
Passed through the State Department of Health Care Services:				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	15-10304	232,652	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		73,036	-
Medical Assistance Program	93.778	12-89318/27-0712	757,188	-
Medical Assistance Program	93.778	34763	55,752	-
Medical Assistance Program	93.778		54,203	-
Medical Assistance Program	93.778	2017-27	135,774	-
Medical Assistance Program	93.778		18,138,692	-
Medical Assistance Program	93.778		779,679	-
Medical Assistance Program	93.778		1,050,498	-
Medical Assistance Program	93.778		1,565,778	-
Subtotal - Medicaid Cluster			22,537,564	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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	\$ 262,182	\$ -
HIV Care Formula Grants	93.917	16-10851	269,436	-
HIV Care Formula Grants	93.917	15-11065	25,149	-
HIV Care Formula Grants	93.917	15-10942	96,202	-
Subtotal			<u>652,969</u>	<u>-</u>
Passed through the State Department of Public Health:				
Maternal and Child Health Services Block Grant to the States	93.994	2017-27	169,487	-
Maternal and Child Health Services Block Grant to the States	93.994		1,822,961	-
Maternal and Child Health Services Block Grant to the States	93.994		119,391	-
Maternal and Child Health Services Block Grant to the States	93.994		17,698	-
Maternal and Child Health Services Block Grant to the States	93.994		3,467	-
Subtotal			<u>2,133,004</u>	<u>-</u>
Public Health Emergency Preparedness	93.069	17-10174	260,755	-
Injury Prevention and Control Research and State and Community Based Programs	93.136		286,603	-
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	17-10246	105,557	-
Immunization Cooperative Agreements	93.539	17-10333	170,015	-
Child Health and Human Development Extramural Research	93.865	R01HDO75787	9,742	-
National Bioterrorism Hospital Preparedness Program	93.889	17-10174	225,339	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	14-10959	217,311	-
Zika Health Care Services Program	93.966	16-11074	45,865	-
Preventive Health and Health Services Block Grant	93.991		177,214	-
Passed through the State Department of Mental Health:				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2X068SM016005-12	96,255	-
Block Grants for Community Mental Health Services	93.958	1U79SM56058	1,428,723	-
Passed through the State Department of Social Services:				
Temporary Assistance for Needy Families	93.558		20,429,036	-
Temporary Assistance for Needy Families	93.558		7,479,144	-
Subtotal - TANF Cluster			<u>27,908,180</u>	<u>-</u>
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		4,822	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		2,200	-
Subtotal			<u>7,022</u>	<u>-</u>
Title IV-E Placement / Foster Care (Probation)	93.658		1,038,663	-
Group Home Visits (Probation)	93.658		314,513	-
Child Welfare Services - OIP (Probation)	93.658		23,195	-
Continuum of Care Reform (Probation)	93.658		6,651	-
Commercially Sexually Exploited Children (Probation)	93.658		2,227	-
Foster Care - Title IV-E (Public Agency)	93.658		149,702	-
Foster Care - Title IV-E (Administration)	93.658		3,969,375	-
Foster Care - Title IV-E (Assistance)	93.658		3,837,378	-
Subtotal			<u>9,341,704</u>	<u>-</u>
Adoption Assistance Program (Administration)	93.659		527,322	-
Adoption Assistance Program (Assistance)	93.659		4,620,364	-
Subtotal			<u>5,147,686</u>	<u>-</u>
Guardianship Assistance (Administration)	93.090		686	-
Guardianship Assistance (Assistance)	93.090		202,685	-
Subtotal			<u>203,371</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, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Social Services Block Grant	93.667		\$ 297,411	\$ -
Social Services Block Grant	93.667		2,245,626	-
Subtotal			<u>2,543,037</u>	<u>-</u>
Promoting Safe and Stable Families	93.556		295,395	-
Community-Based Child Abuse Prevention Grants	93.590		22,877	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		205,428	-
Chafee Foster Care Independence Program	93.674		<u>114,338</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>\$ 85,845,926</u>	<u>\$ 1,587,659</u>
<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		18,211	-
Passed through Urban Areas Security Initiative:				
Homeland Security Preparedness Technical Assistance Program	97.007		<u>176,908</u>	<u>-</u>
Subtotal			<u>195,119</u>	<u>-</u>
Emergency Management Performance Grants	97.042		214,907	
Homeland Security Grant FY17	97.067	2016-0102	517,020	-
Operation Stonegarden	97.067	2016-0102	<u>51,868</u>	<u>-</u>
Subtotal			<u>568,888</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>\$ 978,914</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 135,408,193</u>	<u>\$ 3,222,400</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, 2018

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, 2018. 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 2018 *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, 2018 as follows:

<u>CFDA</u>	<u>Federal Program</u>	<u>Outstanding Loans</u>	<u>Loans with Continuing Compliance Requirements</u>
10.410	Very Low to Moderate Income Housing	\$ 48,405	\$ 48,405
11.307	EDA Rural Revolving Loan Fund	152,576	163,557
11.307	EDA Countywide Revolving Loan Fund	520,549	581,294
14.228	Community Development Block Grant/States Program	3,298,449	3,418,049
14.239	Home Investment Partnership Program	8,680,150	9,040,240

COUNTY OF MONTEREY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

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-1718-32	\$ 5,265	\$ -
93.042	AP-1718-32	28,133	-
93.043	AP-1718-32	21,594	-
93.044	AP-1718-32	341,817	9,938
93.045	AP-1718-32	316,744	36,017
93.045	AP-1718-32	402,518	38,321
93.052	AP-1718-32	165,702	-
93.053	AP-1718-32	184,158	-
93.071	MI-1517-32	6,983	-
93.071	MI-1718-32	20,569	-
93.324	HI-1718-32	87,057	-
N/A	AP-1718-32	-	41,028
N/A	HI-1718-32	-	125,098
N/A	HI-1718-32	-	62,556
N/A	SP-1617-32	-	8,623
N/A	SP-1718-32	-	21,073
Total		<u>\$ 1,580,540</u>	<u>\$ 342,654</u>

**COUNTY OF MONTEREY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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? x yes 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? yes x 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)? yes x no

Identification of Major Federal Programs

CFDA Number(s)

10.561
14.239
20.205
93.563
93.658
93.659
93.778

Name of Federal Program or Cluster

Supplemental Nutrition Assistance Program
HOME Investment Partnership Program
Highway Planning and Construction
Child Support Enforcement
Foster Care
Adoptions Assistance Program
Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

 yes x no

**COUNTY OF MONTEREY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

2018 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: During our review of unearned revenue, we noted the County recorded a prior period adjustment of \$8.5 million to correct an erroneous adjustment made by a department in the prior year to transfer funds between the General Fund and the H&W Realignment Fund. Instead of recording the budgeted transfer between the two funds to transfer cash from the General Fund to the H&W Realignment Fund, the department improperly adjusted unearned revenue and revenue in the General Fund resulting in a debit balance to unearned revenue.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP, including reconciling unearned revenue account balances at year-end.

Context: While performing audit procedures over unearned revenue, we noted that the welfare advance accounts had not been reconciled by the department.

Effect: The lack of reconciliation procedures resulted in a material misstatement to revenue and unearned revenue accounts requiring a prior period adjustment to restate the beginning fund balance in the H&W Realignment Fund in the current year.

Cause: The department did not reconcile its unearned revenue accounts to ensure the year-end balances accurately reflected program advances from the State and Federal government for use in the subsequent period.

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

Recommendation: The County should review all of its unearned revenue account balances at year-end to ensure these accounts are properly reconciled and properly reflect advances for the subsequent period.

Views of responsible officials: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs

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

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	July 1, 2017 through December 31, 2017	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ 233,837	\$ 139,643	\$ 373,480		\$ 373,480
Interest Income	879	843	1,722		
Interest Income - Reimbursed to State	(879)	(843)	(1,722)		
Advance	124,493	-	124,493		124,493
Total Revenue	358,330	139,643	497,973		497,973
EXPENDITURES					
Administration:					
Salaries and Wages	41,321	53,936	95,257	\$ 95,257	93,274
Fringe Benefits	18,201	20,418	38,619	38,619	39,764
Operating Expenses	7,026	1,262	8,288	8,288	7,365
Other Costs	16,749	16,106	32,855	32,855	34,616
Subtotal Administrative Costs	83,297	91,722	175,019	175,019	175,019
Program Costs:					
Subcontractor services	157,058	165,896	322,954	322,954	322,954
Subtotal Program Costs	157,058	165,896	322,954	322,954	322,954
Total Expenditures	240,355	257,618	497,973	\$ 497,973	497,973
REVENUE OVER (UNDER) COSTS	<u>\$ 117,975</u>	<u>\$ (117,975)</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. 18F-5027 (CSBG – \$541,144)
For the Period January 1, 2018 through December 31, 2018

	January 1, 2018 through June 30, 2018	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE				
Grant Revenue	\$ 75,402	\$ 75,402		\$ 417,757
Interest Income	588	588		-
Interest Income - Reimbursed to State	-	-		-
Advance	123,387	123,387		123,387
Total Revenue	<u>199,377</u>	<u>199,377</u>		<u>541,144</u>
EXPENDITURES				
Administration:				
Salaries and Wages	29,971	29,971	\$ 29,971	99,324
Fringe Benefits	17,181	17,181	17,181	44,950
Operating Expenses	2,386	2,386	2,386	10,920
Other Costs	14,025	14,025	14,025	34,450
Subtotal Administrative Costs	<u>63,563</u>	<u>63,563</u>	<u>63,563</u>	<u>189,644</u>
Program Costs:				
Subcontractor services	129,626	129,626	129,626	351,500
Subtotal Program Costs	<u>129,626</u>	<u>129,626</u>	<u>129,626</u>	<u>351,500</u>
Total Expenditures	<u>193,189</u>	<u>193,189</u>	<u>\$ 193,189</u>	<u>541,144</u>
REVENUE OVER (UNDER) COSTS	<u>\$ 6,188</u>	<u>\$ 6,188</u>		<u>\$ -</u>