

COUNTY OF MONTEREY
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2019



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**COUNTY OF MONTEREY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2019**

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, 2019, 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 20, 2019. 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 item 2019-001 that we consider to be a material weakness.

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 finding 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.



CliftonLarsonAllen LLP

Roseville, California
December 20, 2019



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

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, 2019. 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.

Auditors' 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, 2019.

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, 2019, and have issued our report thereon dated December 20, 2019, 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, 2019. 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, based on our audit and the report of other auditors, 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 20, 2019

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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	18-8506-0484-CA	197,194	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C047	106,213	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C405	79,583	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C047	8,688	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C405	13,720	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C047	10,227	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C405	10,848	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-8506-1317-CA	50,569	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0619-11-SF	96,904	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-8506-1211-CA	22,288	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-8506-1211-CA	6,457	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C009	84,967	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP19PPQFO000C009	24,677	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0410-000-SA	11,522	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	AP18PPQFO000C522	16,120	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0299-000-FR	18,859	-
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18-0342-000-SA	5,665	-
Subtotal			764,501	-
Passed through the State Department of Education:				
School Nutrition Program	10.560		164,628	-
Passed through the State Department of Social Services:				
State Administrative Matching Grants for Food Stamp Program	10.561		10,948,400	-
Passed through State Department of Aging:				
State Administrative Matching Grants for Food Stamp Program	10.561	SP-1718-32	4,796	4,796
State Administrative Matching Grants for Food Stamp Program	10.561	SP-1819-32	54,436	45,526
Passed through the State Department of Public Health:				
Supplemental Nutrition Assistance Program - Education	10.561	16-10155	760,744	173,243
Subtotal SNAP Cluster			11,768,376	-
Special Supplemental Nutrition Program for Women, Infants, and Children - Admin. Costs	10.557	16-10155	4,358,533	-
Total U.S. Department of Agriculture			\$ 17,104,443	\$ 223,565
<u>U.S. Department of Commerce</u>				
Direct Programs:				
EDA Revolving Loan Fund	11.307		34,423	-
EDA Revolving Loan Fund - Outstanding Loan Balance	11.307		510,841	-
Subtotal			545,264	-
Total U.S. Department of Commerce			\$ 545,264	\$ -
<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	Entitlement/ Urban County	793,003	698,440
Community Development Block Grants/Entitlement Grants (outstanding loan)	14.228		3,228,250	-
Home Investment Partnership Program (program income)	14.239		2,715	-
Home Investment Partnership Program (outstanding loan)	14.239		8,607,773	-
Subtotal			8,610,488	-
Total U.S. Department of Housing and Urban Development			\$ 12,631,741	\$ 698,440

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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	2017-VV-BX-0059	\$ 148,439	\$ -
Drug Enforcement Administrator	16.922	2019-31	1,891	-
Equitable Sharing Fund	16.922		17,596	-
Subtotal			19,487	-
Passed through the Governor's Office of Emergency Services:				
Victims of Crime Act (VOCA)	16.575	XC16 01 0270	243,829	224,412
County Victim Services Program (VOCA) Probation	16.575	XC16 01 0270	25,539	-
County Victim Services Program (VOCA) District Attorney	16.575	XC16 01 0270	4,550	-
County Victim Services Program (VOCA) Health	16.575	XC16 01 0270	6,000	-
Victim Witness Assistance Program	16.575	VW18 36 0270	708,850	-
Underserved Victim Advocacy and Outreach Program	16.575	XV15 01 0270	219,806	-
Underserved Child and Youth Advocacy Program	16.575	XV16 01 0270	361,155	-
Subtotal			1,569,729	224,412
Total U.S. Department of Justice			\$ 1,737,655	\$ 224,412
<u>U.S. Social Security Administration</u>				
Direct Programs:				
Social Security Incentive Program	16.755		44,200	-
Total U.S. Department of Commerce			\$ 44,200	\$ -
<u>U.S. Department of Labor</u>				
Passed through the North Central Counties Consortium:				
WIOA Adult 201	17.258	K9110028	293,037	108,744
WIOA Adult 202	17.258	K9110028	1,562,211	636,556
WIOA Adult 500	17.258	K9110028	366,762	-
WIOA Dislocated Worker 501	17.258	K9110028	374,027	159,602
WIOA Dislocated Worker 502	17.258	K9110028	1,411,757	734,756
WIOA Youth 301	17.259	K9110028	1,859,440	1,118,322
WIOA Rapid Response 540	17.278	K9110028	39,397	--
WIOA Rapid Response 541	17.278	K9110028	195,736	--
WIOA Rapid Response L.a. 292	17.278	K9110028	11,112	--
WIOA Rapid Response L.a. 293	17.278	K9110028	43,714	--
Subtotal - WIOA Cluster			6,157,193	2,757,980
Total U.S. Department of Labor			\$ 6,157,193	\$ 2,757,980
<u>U.S. Department of Transportation</u>				
Passed through the State Department of Transportation:				
Highway Planning and Construction	20.205	BRLS-5944 (068)	993,379	-
Highway Planning and Construction	20.205	BHLO-5944 (099)	57,805	-
Highway Planning and Construction	20.205	BHLO-5944 (100)	44,688	-
Highway Planning and Construction	20.205	BRLS-5944 (098)	34,930	-
Highway Planning and Construction	20.205	BRLO-5944 (102)	31,750	-
Highway Planning and Construction	20.205	BRLO-5944 (103)	156,630	-
Highway Planning and Construction	20.205	RSTPLE-5944 (111)	110,406	-
Highway Planning and Construction	20.205	DEM101 5944 (112)	341,018	-
Highway Planning and Construction	20.205	BPMPL-5944(122)	16,582	-
Highway Planning and Construction	20.205	STPLX-5944 (124)	12,588	-
Highway Planning and Construction	20.205	HSIPL-5944 (127)	202,501	-
Highway Planning and Construction	20.205	HSIPL-5944 (130)	34,661	-
Highway Planning and Construction	20.205	STPLZ-5944 (041)	61,125	-
Subtotal			2,098,063	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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	PS18019	\$ 62,684	\$ -
Alcohol & Drug Impaired Vertical Prosecution Program	20.601	DH9009	235,126	-
Drug/Alcohol Treatment Court	20.608	AL1723	117,870	-
Monterey County DUI Court	20.608	DH8018	103,964	-
Monterey County DUI Court	20.608	DH9010	109,000	-
Subtotal - Office of Traffic Safety Cluster			628,644	-
Total U.S. Department of Transportation			\$ 2,726,707	\$ -
<u>U.S. Food and Drug Administration</u>				
Passed through Association of Food and Drug Officials				
Retail Program Standards Grant Program	91.103	G-SP-1809-06195	2,000	2,000
Total U.S. Elections Administration Commission			\$ 2,000	\$ 2,000
<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-1819-32	458,618	248,176
Special Programs for the Aging, Title III, Part C, Nutrition Services				
	93.045	AP-1819-32	387,005	298,915
Special Programs for the Aging, Title III, Part C, Nutrition Services				
	93.045	AP-1819-32	471,154	425,218
Nutrition Services Incentive Program				
	93.053	AP-1819-32	179,374	179,374
Subtotal - Aging Cluster			1,496,151	1,151,683
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation				
	93.041	AP-1819-32	5,424	5,424
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals				
	93.042	AP-1819-32	35,242	35,242
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services				
	93.043	AP-1819-32	33,411	33,411
National Family Caregiver Support, Title III, Part E				
	93.052	AP-1819-32	228,695	202,916
Medicare Enrollment Assistance Program				
	93.071	MI-1718-32	6,857	19,295
Medicare Enrollment Assistance Program				
	93.071	MI-1819-32	22,208	6,171
State Health Insurance Assistance Program				
	93.324	HI-1718-32	91,845	82,636
Passed through the State Department of Alcohol and Drug Programs:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959		2,273,819	-
Passed through the State Department of Child Support Services:				
Child Support Enforcement	93.563		6,663,885	-
Passed through the State Department of Community Services and Development:				
Community Services Block Grant				
	93.569	18F-5027	343,161	151,269
Community Services Block Grant				
	93.569	19F-4027	251,348	163,315
Subtotal - CSBG Cluster			594,509	314,584
Passed through the State Department of Health Care Services:				
Tuberculosis Control Program				
	93.116	1827BAS00/1827FSIE00	66,936	-
Targeted Case Management/Medi-Cal Administrative Activities				
	93.778	18-95001/27-17 EVRGRN	320,788	-
MCAH - Maternal Child & Adolescent Health Title XIX				
	93.778	2018-27	108,837	-
Medical Assistance Program (Medi-Cal Administration)				
	93.778		1,647,664	-
Subtotal			2,077,289	-
AIDS Master Agreement - HIV Care Program				
	93.917	15-11065/18-10878	281,683	-
AIDS Master Agreement - HIV Supplemental Care Program				
	93.917	16-10851	198,918	-
AIDS Master Agreement - Minority AIDS Initiative HRSA Part B				
	93.917	15-11065/18-10878	22,723	-
AIDS Master Agreement - Prevention Program				
	93.917	15-10942/18-10763	91,496	-
AIDS Master Agreement - Prevention Augmentation				
	93.917	18-10582	24,417	-
Subtotal			619,237	-
Maternal Child & Adolescent Health (MCAH) - ACA PREP				
	93.092	18-10238	216,108	-
Subtotal			216,108	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Passed through the State Department of Public Health:				
Maternal Child & Adolescent Health (MCAH)	93.994	2018-27	\$ 168,256	\$ -
California Children's Service (CCS)	93.994		875,618	-
Health Care for Children in Foster Care (HCPCFC)	93.994		225,245	-
Psychotropic Medication Monitoring and Oversight (HCPCFC)	93.994		32,178	-
Subtotal			1,301,297	-
Public Health Emergency Preparedness	93.069	17-10174	364,587	-
Striving to Prevent Youth Violence Everyw here	93.136	6 NH28CE002396-03-03	299,495	-
Child Lead Poisoning Prevention Program (CLPPP)	93.197	17-10246	127,694	-
Immunization Assessment Program	93.268	17-10333	165,323	-
RTI-Child Health and Human Development Extramural Research	93.865	R01HD075787	6,265	-
Hospital Preparedness Program (HPP)	93.889	17-10174	211,216	-
Assistance Program for Chronic Disease Prevention & Control 1305	93.945	14-10959	46,639	-
Child Health Disability Prevention (CHDP)	93.991	N/A	167,034	-
Passed through the State Department of Mental Health:				
Federal McKinney Projects for Assistance in Transition from Homelessness (PATH) Grant	93.150	2X068SM016005-12	96,278	-
Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant (includes Children's System of Care (CSOC) Grant)	93.958	1U79SM56058	1,674,617	-
Passed through the State Department of Social Services:				
Temporary Assistance for Needy Families - Administration	93.558		20,069,635	-
Temporary Assistance for Needy Families - Assistance	93.558		4,440,456	-
Subtotal - TANF Cluster			24,510,091	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		751	-
Adoption and Legal Guardianship Incentive Payments	93.603		100,092	-
Title IV-E Placement / Foster Care (Probation)	93.658		933,171	-
Group Home Visits (Probation)	93.658		304,416	-
Child Welfare Services - OIP (Probation)	93.658		22,978	-
Continuum of Care Reform (Probation)	93.658		5,356	-
Commercially Sexually Exploited Children (Probation)	93.658		4,644	-
Foster Care - Title IV-E (Administration)	93.658		3,529,248	-
Foster Care - Title IV-E (Assistance)	93.658		3,845,864	-
Subtotal			8,645,677	-
Adoption Assistance Program (Administration)	93.659		711,708	-
Adoption Assistance Program (Assistance)	93.659		5,049,231	-
Subtotal			5,760,939	-
Guardianship Assistance (Administration)	93.090		2,329	-
Guardianship Assistance (Assistance)	93.090		222,672	-
Subtotal			225,001	-
Medical Assistance Program - Adult Protective Services County Services Block Grant	93.778		771,544	-
Medical Assistance Program - Child Welfare Services IV-E	93.778		1,018,175	-
Medical Assistance Program - In-Home Supportive Services Public Authority - Administrative Costs	93.778		19,154,278	-
Subtotal			20,943,997	-
Social Services Block Grant	93.667		198,274	-
Medical Assistance Program - In-Home Supportive Services	93.667		2,206,354	-
Subtotal			2,404,628	-
Promoting Safe and Stable Families	93.556		263,174	-
Community-Based Child Abuse Prevention Grants	93.590		22,841	-
Child Welfare Services - State Grants	93.645		200,451	-
Chafee Foster Care Independence Program	93.674		107,102	-
Total U.S. Department of Health and Human Services			\$ 82,076,805	\$ 1,851,362

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF MONTEREY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

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 Homeland Security</u>				
Passed through Governor's Office of Emergency Services (Cal OES):				
Bay Area Urban Areas Security Initiative	97.007		\$ 77,966	\$ -
Emergency Management Performance Grant	97.042		107,226	-
Homeland Security Grant 2018	97.067		514,752	-
Operation Stonegarden	97.067	2017-0083	56,868	-
Subtotal			<u>571,620</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>\$ 756,812</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 123,782,820</u>	<u>\$ 5,757,759</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, 2019**

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, 2019. 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 2019 *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, 2019 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
11.307	EDA Countywide Revolving Loan Fund	510,841	510,841
14.228	Community Development Block Grant/States Program	3,228,250	3,298,449
14.239	Home Investment Partnership Program Program	8,607,773	8,680,150

COUNTY OF MONTEREY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

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
10.561	SP-1718-32	\$ 4,796	\$ -
10.561	SP-1819-32	54,436	-
93.041	SP-1819-32	5,424	-
93.042	SP-1819-32	35,242	-
93.043	SP-1819-32	33,411	-
93.044	SP-1819-32	458,618	67,665
93.045	SP-1819-32	387,005	38,342
93.045	SP-1819-32	471,154	44,756
93.052	SP-1819-32	228,695	-
93.053	SP-1819-32	179,374	-
93.071	MI-1718-32	6,857	-
93.071	MI-1819-32	22,208	-
93.324	HI-1718-32	91,845	-
N/A	AP-1819-32	-	32,275
N/A	HI-1718-32	-	125,066
N/A	HI-1718-32	-	59,152
	Total	<u>\$ 1,979,065</u>	<u>\$ 367,256</u>

**COUNTY OF MONTEREY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

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)	Name of Federal Program or Cluster
10.557	WIC Special Supplemental Nutrition Program
10.561	Supplemental Nutrition Assistance Program
93.558	Medical Assistance Program
93.658	Foster Care
93.659	Adoptions 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, 2019**

Section II – Financial Statement Findings

2019 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: During our audit, the County notified us that it had restated beginning net position by \$8.1 million to account for capital asset transactions that were not properly capitalized in previous years and to retire projects costs that should not have been capitalized.

Criteria or specific requirement: All capital expenditures meeting the criteria and capitalization threshold formally established by the County should be capitalized rather than expensed in the County's government-wide financial statements. The County should also update its capital asset records to reflect all capital asset acquisitions, including construction in progress.

Context: The amount of the misstatement is material to the County's government-wide financial statements.

Effect: Capital assets were understated by \$8.1 million.

Cause: The Resources Management Agency (RMA) department tracks construction in progress (CIP) costs by project using work orders in a Cost Accounting System (WinCAMS). Annually, the department generates a report from WinCAMS by work order to compile CIP costs for reporting to the Auditor-Controller's Office. Beginning in fiscal year (FY) 2016-17, RMA began using work order series 6XXX to track Winter Storm Costs, which many happened to be CIP. At the time, the Accountant I was following procedures that identified CIP work order series, which did not include the 6XXX series. This same staff person prepared the FY 2017-18 CIP costs as well, using the same procedures. The staff resigned, which prompted this task to be reassigned for FY2018-19.

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

Recommendation: We recommend RMA update its procedures to include the analysis of all work orders in its cost accounting system when compiling CIP costs. We further recommend the Auditor-Controller's Office and RMA perform a high level review of CIP reconciliations and project costs to identify any missing CIP additions as well as transactions that should not have been capitalized in accordance with the County's capitalization policy.

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. 18F-5027 (CSBG – \$506,144)
For the Period January 1, 2018 through December 31, 2018**

	January 1, 2018 through June 30, 2018	July 1, 2018 through December 31, 2018	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ 75,402	\$ 430,742	\$ 506,144		\$ 506,144
Advance	123,387	(123,387)	-		-
Total Revenue	<u>198,789</u>	<u>307,355</u>	<u>506,144</u>		<u>506,144</u>
EXPENDITURES					
Administration:					
Salaries and Wages	29,970	68,906	98,876	\$ 98,876	98,876
Fringe Benefits	17,181	36,031	53,212	53,212	53,212
Operating Expenses	2,386	467	2,853	2,853	2,855
Other Costs	14,025	17,178	31,203	31,203	31,201
Subtotal Administrative Costs	<u>63,562</u>	<u>122,582</u>	<u>186,144</u>	<u>186,144</u>	<u>186,144</u>
Program Costs:					
Subcontractor services	<u>129,626</u>	<u>190,374</u>	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>
Subtotal Program Costs	<u>129,626</u>	<u>190,374</u>	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>
Total Expenditures	<u>193,188</u>	<u>312,956</u>	<u>506,144</u>	<u>\$ 506,144</u>	<u>506,144</u>
REVENUE OVER (UNDER) COSTS	<u>\$ 5,601</u>	<u>\$ (5,601)</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 Discretionary – \$35,000)
For the Period January 1, 2019 through December 31, 2019**

	January 1, 2018 through June 30, 2018	July 1, 2018 through December 31, 2018	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE					
Grant Revenue	\$ 4,795	\$ 30,205	\$ 35,000		\$ 35,000
Total Revenue	<u>4,795</u>	<u>30,205</u>	<u>35,000</u>		<u>35,000</u>
EXPENDITURES					
Administration:					
Other Costs	832	638	1,470	\$ 1,470	1,478
Subtotal Administrative Costs	<u>832</u>	<u>638</u>	<u>1,470</u>	<u>1,470</u>	<u>1,478</u>
Program Costs:					
Salaries and wages	2,594	2,773	5,367	5,367	5,268
Fringe benefits	1,369	794	2,163	2,163	2,254
Subcontractor services	-	26,000	26,000	26,000	26,000
Subtotal Program Costs	<u>3,963</u>	<u>29,567</u>	<u>33,530</u>	<u>33,530</u>	<u>33,522</u>
Total Expenditures	<u>4,795</u>	<u>30,205</u>	<u>35,000</u>	<u>\$ 35,000</u>	<u>35,000</u>
REVENUE OVER (UNDER) COSTS	<u>\$ -</u>	<u>\$ -</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. 19F-4027 (CSBG – \$500,384)
For the Period January 1, 2019 through December 31, 2019**

	January 1, 2019 through June 30, 2019	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE				
Grant Revenue	\$ 125,461	\$ 125,461		\$ 500,384
Total Revenue	<u>125,461</u>	<u>125,461</u>		<u>500,384</u>
EXPENDITURES				
Administration:				
Salaries and Wages	38,279	38,279	\$ 38,279	95,702
Fringe Benefits	18,383	18,383	18,383	34,762
Operating Expenses	18,969	18,969	18,969	13,363
Other Costs	10,976	10,976	10,976	36,557
Subtotal Administrative Costs	<u>86,607</u>	<u>86,607</u>	<u>86,607</u>	<u>180,384</u>
Program Costs:				
Subcontractor services	163,316	163,316	163,316	320,000
Subtotal Program Costs	<u>163,316</u>	<u>163,316</u>	<u>163,316</u>	<u>320,000</u>
Total Expenditures	<u>249,923</u>	<u>249,923</u>	<u>\$ 249,923</u>	<u>500,384</u>
REVENUE OVER (UNDER) COSTS	<u>\$ (124,462)</u>	<u>\$ (124,462)</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. 19F-4027 (CSBG Discretionary – \$30,000)
For the Period January 1, 2019 through December 31, 2019**

	January 1, 2019 through June 30, 2019	Total Audited Costs	Total Reported Expenses	Total Budget
REVENUE				
Grant Revenue	\$ -	\$ -		\$ 30,000
Total Revenue	-	-		30,000
EXPENDITURES				
Administration:				
Other Costs	235	235	\$ 235	955
Subtotal Administrative Costs	235	235	235	955
Program Costs:				
Salaries and wages	962	962	962	3,407
Fringe benefits	228	228	228	1,138
Subcontractor services	-	-	-	24,500
Subtotal Program Costs	1,190	1,190	1,190	29,045
Total Expenditures	1,425	1,425	\$ 1,425	30,000
REVENUE OVER (UNDER) COSTS	\$ (1,425)	\$ (1,425)		\$ -