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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUPPLEMENTARY SCHEDULES OF THE DEPARTMENT OF COMMUNITY
SERVICES AND DEVELOPMENT

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 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.

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  

See accompanying Notes to Schedule of Expenditures of Federal Awards.  

(6)
<table>
<thead>
<tr>
<th>CFDA</th>
<th>Grantor/Pass-Through Grantor/Program Title</th>
<th>Federal Expenditures</th>
<th>Subrecipients</th>
<th>Federal Grantor/Pass-through Grantor/Program Title</th>
<th>Pass-Through Grantor/Program Title</th>
<th>Expenditures</th>
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<td>WIOA Rapid Response</td>
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<td>20.205</td>
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<td>BRLS-5944 (068)</td>
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<td>Highway Planning and Construction</td>
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<td>-</td>
<td>BHLO-5944 (009)</td>
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<td>20.205</td>
<td>Highway Planning and Construction</td>
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<td>HSIPL-5944 (130)</td>
<td>Subtotal</td>
<td>6,100,361</td>
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</table>

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

<table>
<thead>
<tr>
<th>Federal Grantor/Pass-through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Entity Identifying Number</th>
<th>Federal Expenditures to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passed through the State Office of Traffic Safety:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>STVS - Safe Travels Via Salinas</td>
<td>20.600</td>
<td>PS1708/PS18019</td>
<td>$115,319</td>
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<td>Alcohol &amp; Drug Impaired Vertical Prosecution Program</td>
<td>20.601</td>
<td>DI18009</td>
<td>295,265</td>
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<tr>
<td>Drug/Alcohol Treatment Court</td>
<td>20.608</td>
<td>AL1723</td>
<td>182,194</td>
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<td>Monterey County DUI Court</td>
<td>20.608</td>
<td>AL1723</td>
<td>58,866</td>
</tr>
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<td>20.608</td>
<td>DI18018</td>
<td>226,461</td>
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<td>Subtotal - Office of Traffic Safety Cluster</td>
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<td>878,105</td>
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<tr>
<td>Total U.S. Department of Transportation</td>
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<td></td>
<td>$8,978,466</td>
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</tbody>
</table>

**U.S. Elections Administration Commission**

Passed through Secretary of State:
- HAVA Section 301 Voting Systems Program  
  CFDA Number: 90.401  
  Entity Identifying Number: 16G30114  
  Federal Expenditures: 326,196

Total U.S. Elections Administration Commission:  
Federal Expenditures: 326,196  
Total U.S. Elections Administration Commission:  
Federal Expenditures: 326,196

**U.S. Department of Health and Human Services**

Passed through the State Department of Aging:
- Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers  
  CFDA Number: 93.044  
  Entity Identifying Number: AP-1718-32  
  Federal Expenditures: 341,817  
  Total Expenditures: 197,229

- Special Programs for the Aging, Title III, Part C, Nutrition Services  
  CFDA Number: 93.045  
  Entity Identifying Number: AP-1718-32  
  Federal Expenditures: 316,744  
  Total Expenditures: 231,794

- Special Programs for the Aging, Title III, Part C, Nutrition Services  
  CFDA Number: 93.045  
  Entity Identifying Number: AP-1718-32  
  Federal Expenditures: 402,518  
  Total Expenditures: 373,606

- Nutrition Services Incentive Program  
  CFDA Number: 93.053  
  Entity Identifying Number: AP-1718-32  
  Federal Expenditures: 184,158  
  Total Expenditures: 184,158

Subtotal - Aging Cluster:  
Federal Expenditures: 1,245,237  
Total Expenditures: 986,787

- Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation  
  CFDA Number: 93.041  
  Entity Identifying Number: AP-1718-32  
  Federal Expenditures: 5,265  
  Total Expenditures: 5,265

- Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals  
  CFDA Number: 93.042  
  Entity Identifying Number: AP-1718-32  
  Federal Expenditures: 28,133  
  Total Expenditures: 28,133

- Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services  
  CFDA Number: 93.043  
  Entity Identifying Number: AP-1718-32  
  Federal Expenditures: 21,594  
  Total Expenditures: 21,594

- National Family Caregiver Support, Title III, Part E  
  CFDA Number: 93.052  
  Entity Identifying Number: AP-1718-32  
  Federal Expenditures: 165,702  
  Total Expenditures: 147,208

- Medicare Enrollment Assistance Program  
  CFDA Number: 93.071  
  Entity Identifying Number: MI-1517-32  
  Federal Expenditures: 27,552  
  Total Expenditures: 24,797

- State Health Insurance Assistance Program  
  CFDA Number: 93.324  
  Entity Identifying Number: HI-1617-32  
  Federal Expenditures: 87,057  
  Total Expenditures: 78,352

Passed through the State Department of Alcohol and Drug Programs:
- Block Grants for Prevention and Treatment of Substance Abuse  
  CFDA Number: 93.959  
  Federal Expenditures: 2,536,489  
  Total Expenditures: -

Passed through the State Department of Child Support Services:
- Child Support Enforcement  
  CFDA Number: 93.563  
  Federal Expenditures: 6,836,448  
  Total Expenditures: -

Passed through the State Department of Community Services and Development:
- Community Services Block Grant  
  CFDA Number: 93.569  
  Entity Identifying Number: 17F-2027  
  Federal Expenditures: 257,618  
  Total Expenditures: 165,897

- Community Services Block Grant  
  CFDA Number: 93.569  
  Entity Identifying Number: 18F-5027  
  Federal Expenditures: 193,189  
  Total Expenditures: 129,626

Subtotal - CSBG Cluster:  
Federal Expenditures: 450,807  
Total Expenditures: 295,523

Passed through the State Department of Health Care Services:
- Affordable Care Act (ACA) Personal Responsibility Education Program  
  CFDA Number: 93.092  
  Entity Identifying Number: 15-10304  
  Federal Expenditures: 232,652  
  Total Expenditures: -

- Project Grants and Cooperative Agreements for Tuberculosis Control Programs  
  CFDA Number: 93.116  
  Entity Identifying Number: 73,936  
  Federal Expenditures: 73,936  
  Total Expenditures: -

- Medical Assistance Program  
  CFDA Number: 93.778  
  Entity Identifying Number: 12-8931827-0712  
  Federal Expenditures: 757,188  
  Total Expenditures: -

- Medical Assistance Program  
  CFDA Number: 93.778  
  Entity Identifying Number: 34763  
  Federal Expenditures: 55,752  
  Total Expenditures: -

- Medical Assistance Program  
  CFDA Number: 93.778  
  Entity Identifying Number: 54,203  
  Federal Expenditures: 54,203  
  Total Expenditures: -

- Medical Assistance Program  
  CFDA Number: 93.778  
  Entity Identifying Number: 2017-27  
  Federal Expenditures: 135,774  
  Total Expenditures: -

- Medical Assistance Program  
  CFDA Number: 93.778  
  Entity Identifying Number: 18,138,692  
  Federal Expenditures: 18,138,692  
  Total Expenditures: -

- Medical Assistance Program  
  CFDA Number: 93.778  
  Entity Identifying Number: 779,679  
  Federal Expenditures: 779,679  
  Total Expenditures: -

- Medical Assistance Program  
  CFDA Number: 93.778  
  Entity Identifying Number: 1,050,498  
  Federal Expenditures: 1,050,498  
  Total Expenditures: -

- Medical Assistance Program  
  CFDA Number: 93.778  
  Entity Identifying Number: 1,565,778  
  Federal Expenditures: 1,565,778  
  Total Expenditures: -

Subtotal - Medicaid Cluster:  
Federal Expenditures: 22,537,564  
Total Expenditures: -

See accompanying Notes to Schedule of Expenditures of Federal Awards.  
(8)
COUNTY OF MONTEREY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018

See accompanying Notes to Schedule of Expenditures of Federal Awards. (9)
## COUNTY OF MONTEREY
### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
#### YEAR ENDED JUNE 30, 2018

<table>
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<tr>
<th>Federal Grantor/Pass-through Grantor/Program Title</th>
<th>CFDA Number</th>
<th>Pass-Through Grantor Number</th>
<th>Federal Expenditures</th>
<th>Expenditures to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Services Block Grant</td>
<td>93.667</td>
<td>$297,411</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>Social Services Block Grant</td>
<td>93.667</td>
<td>2,245,626</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td><strong>2,543,037</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td>Promoting Safe and Stable Families</td>
<td>93.556</td>
<td></td>
<td>295,395</td>
<td>-</td>
</tr>
<tr>
<td>Community-Based Child Abuse Prevention Grants</td>
<td>93.590</td>
<td></td>
<td>22,877</td>
<td>-</td>
</tr>
<tr>
<td>Stephanie Tubbs Jones Child Welfare Services Program</td>
<td>93.645</td>
<td></td>
<td>205,428</td>
<td>-</td>
</tr>
<tr>
<td>Chafee Foster Care Independence Program</td>
<td>93.674</td>
<td></td>
<td>114,338</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total U.S. Department of Health and Human Services</strong></td>
<td></td>
<td></td>
<td>$85,845,926</td>
<td>$1,587,659</td>
</tr>
</tbody>
</table>

### U.S. Department of Homeland Security

Passed through the State Governor’s Office of Emergency Services:
- Homeland Security Preparedness Technical Assistance Program
  - CFDA Number 97.007
  - Expenditures $18,211

Passed through Urban Areas Security Initiative:
- Homeland Security Preparedness Technical Assistance Program
  - CFDA Number 97.007
  - Expenditures $176,908

- Emergency Management Performance Grants
  - CFDA Number 97.042
  - Expenditures $214,907

- Homeland Security Grant FY17
  - CFDA Number 97.067
  - Expenditures $517,020
- Operation Stonegarden
  - CFDA Number 97.067
  - Expenditures $51,868

- **Subtotal**
  - Expenditures $568,888

- **Total U.S. Department of Homeland Security**
  - Expenditures $978,914

- **Total Expenditures of Federal Awards**
  - Expenditures $135,408,193

---

See accompanying Notes to Schedule of Expenditures of Federal Awards.
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:

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

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Contract Number</th>
<th>Federal Expenditures</th>
<th>State Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>93.041</td>
<td>AP-1718-32</td>
<td>$5,265</td>
<td>$</td>
</tr>
<tr>
<td>93.042</td>
<td>AP-1718-32</td>
<td>28,133</td>
<td>-</td>
</tr>
<tr>
<td>93.043</td>
<td>AP-1718-32</td>
<td>21,594</td>
<td>-</td>
</tr>
<tr>
<td>93.044</td>
<td>AP-1718-32</td>
<td>341,817</td>
<td>9,938</td>
</tr>
<tr>
<td>93.045</td>
<td>AP-1718-32</td>
<td>316,744</td>
<td>36,017</td>
</tr>
<tr>
<td>93.045</td>
<td>AP-1718-32</td>
<td>402,518</td>
<td>38,321</td>
</tr>
<tr>
<td>93.052</td>
<td>AP-1718-32</td>
<td>165,702</td>
<td>-</td>
</tr>
<tr>
<td>93.053</td>
<td>AP-1718-32</td>
<td>184,158</td>
<td>-</td>
</tr>
<tr>
<td>93.071</td>
<td>MI-1517-32</td>
<td>6,983</td>
<td>-</td>
</tr>
<tr>
<td>93.071</td>
<td>MI-1718-32</td>
<td>20,569</td>
<td>-</td>
</tr>
<tr>
<td>93.324</td>
<td>HI-1718-32</td>
<td>87,057</td>
<td>-</td>
</tr>
<tr>
<td>N/A</td>
<td>AP-1718-32</td>
<td>-</td>
<td>41,028</td>
</tr>
<tr>
<td>N/A</td>
<td>HI-1718-32</td>
<td>-</td>
<td>125,098</td>
</tr>
<tr>
<td>N/A</td>
<td>HI-1718-32</td>
<td>-</td>
<td>62,556</td>
</tr>
<tr>
<td>N/A</td>
<td>SP-1617-32</td>
<td>-</td>
<td>8,623</td>
</tr>
<tr>
<td>N/A</td>
<td>SP-1718-32</td>
<td>-</td>
<td>21,073</td>
</tr>
</tbody>
</table>

Total  $1,580,540  $342,654
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?  _______ 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

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.561</td>
<td>Supplemental Nutrition Assistance Program</td>
</tr>
<tr>
<td>14.239</td>
<td>HOME Investment Partnership Program</td>
</tr>
<tr>
<td>20.205</td>
<td>Highway Planning and Construction</td>
</tr>
<tr>
<td>93.563</td>
<td>Child Support Enforcement</td>
</tr>
<tr>
<td>93.658</td>
<td>Foster Care</td>
</tr>
<tr>
<td>93.659</td>
<td>Adoptions Assistance Program</td>
</tr>
<tr>
<td>93.778</td>
<td>Medical Assistance Program</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th></th>
<th>January 1, 2017 through June 30, 2017</th>
<th>July 1, 2017 through December 31, 2017</th>
<th>Total Audited Costs</th>
<th>Total Reported Expenses</th>
<th>Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant Revenue</td>
<td>$233,837</td>
<td>$139,643</td>
<td>$373,480</td>
<td></td>
<td>$373,480</td>
</tr>
<tr>
<td>Interest Income</td>
<td>879</td>
<td>843</td>
<td>1,722</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income - Reimbursed to State</td>
<td>(879)</td>
<td>(843)</td>
<td>(1,722)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance</td>
<td>124,493</td>
<td></td>
<td>124,493</td>
<td></td>
<td>124,493</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>358,330</td>
<td>139,643</td>
<td>497,973</td>
<td></td>
<td>497,973</td>
</tr>
</tbody>
</table>

|                          |                                      |                                       |                     |                         |             |
| **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** | $117,975                              | $(117,975)                             | $-                  | $-                      | $-          |
CSD Contract No. 18F-5027 (CSBG – $541,144)
For the Period January 1, 2018 through December 31, 2018

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

(16)