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COUNTY OF MONTEREY

SINGLE AUDIT REPORT

JUNE 30, 2008

COUNTY OF MONTEREY

Single Audit Report
For the Year Ended June 30, 2008

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GALLINA LLP

CERTIFIED PUBLIC ACCOUNTANTS

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*

Board of Supervisors
County of Monterey
Salinas, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Monterey, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 19, 2008. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Monterey's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Board of Supervisors
County of Monterey

Internal Control Over Financial Reporting (continued)
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the County of Monterey's financial statements are free of 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*.

We noted certain matters that we reported to management of the County of Monterey in a separate letter dated December 19, 2008.

This report is intended solely for the information of the audit committee, management, the Board of Supervisors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
December 19, 2008

GALLINA LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Supervisors
County of Monterey
Salinas, California

Compliance

We have audited the compliance of the County of Monterey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County of Monterey's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Monterey's management. Our responsibility is to express an opinion on the County of Monterey's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Monterey'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. Our audit does not provide a legal determination on the County of Monterey's compliance with those requirements.

In our opinion, the County of Monterey complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 08-SA-1.

Internal Control Over Compliance

The management of the County of Monterey is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Monterey's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Monterey's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and material weaknesses.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-SA-1 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirements of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider item 08-SA-1 to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and business-type activities, each major fund, and the aggregate remaining fund information of the County of Monterey as of and for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements.

Board of Supervisors
County of Monterey

Schedule of Expenditures of Federal Awards (continued)
Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The Supplementary Statements of Grant Expenditures have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

The Supplementary Schedules of the Office of Emergency Services, the Department of Corrections and Rehabilitation, and the Community Services and Development beginning on page 24 have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

This report is intended solely for the information of the audit committee, management, the Board of Supervisors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
December 19, 2008

COUNTY OF MONTEREY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Agriculture			
Passed through State Department of Food and Agriculture:			
Pierce's Disease Control Program	10.025	08-8500-0484-CA	$ 213,207
Light Brown Apple Moth	10.025	--	213,426
Subtotal Pass Through			426,633
Passed through State Department of Health Services:			
Nutrition Network Local Incentive Award	10.561	07-65330	534,876
Regional Nutrition Network	10.561	05-1469	500,090
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02-25688/05-45773	2,957,851
Subtotal Pass Through			3,992,817
Passed through State Department of Social Services:			
State Administrative Matching Grants for Food Stamp Program	10.561 *	--	4,894,447
Food Stamps	10.551 *	--	25,913,523
Subtotal Pass Through			30,807,970
Passed through State Department of Education:			
School Nutrition Program	10.560	--	231,144
Passed through State Department of Aging:			
Senior Farmers Market Nutrition Program	10.576	--	6,304
Total U.S. Department of Agriculture			$ 35,464,868
U.S. Department of Commerce			
Direct Programs:			
Rural Revolving Loan Fund	11.307	--	311,082
EDA Revolving Loan Fund	11.307	--	1,573,052
Total U.S. Department of Commerce			$ 1,884,134
U.S. Department of Housing and Urban Development			
Passed through the State Department of Housing and Community Development:			
HOME Investment Partnerships Program	14.239 *	04HOME-0744	880,409
HOME Investment Partnerships Program	14.239 *	HOME PI	406,911
Subtotal CFDA 14.239			1,287,320

* Major Program

COUNTY OF MONTEREY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Housing and Urban Development (continued)			
Passed through the State Department of Housing and Community Development (continued):			
Community Development Block Grant/State's Program	14.228	04STBG-1916	$ 55,947
Community Development Block Grant/State's Program	14.228	CDBG PI	22,151
Community Development Block Grant/State's Program	14.228	04STBG-1977	216,555
Community Development Block Grant/State's Program	14.228	07FREZ2855	38,185
Community Development Block Grant/Revolving Loan Fund	14.228	--	560,526
Subtotal CFDA 14.228			893,364
Total U.S. Department of Housing and Urban Development			$ 2,180,684
U.S. Department of Interior			
Direct Program:			
Payment in Lieu of Taxes	15.226	--	475,195
Total U.S. Department of Interior			$ 475,195
U.S. Department of Justice			
Direct Programs:			
Equitable Sharing Program	16.000	--	182,006
Southwest Border Prosecution Initiative	16.000	--	17,770
Criminal Alien Assistance Program	16.606	--	673,078
Subtotal Direct Programs			872,854
Passed through State Office of Emergency Services:			
Juvenile Sex Offender Program Grant	16.203	2007-WP-BX-0024	9,270
Anti-Drug Enforcement Program	16.738	DC07180270	252,638
Marijuana Suppression Program	16.738	MS07150270	159,828
Victim Witness Assistance Program	16.575	VW07260270	119,119
Special Emphasis Victim Witness Program	16.575	SE07170270	110,000
Subtotal Pass Through			650,855
Passed through State Department of Corrections and Rehabilitation:			
Juvenile Accountability Block Grant	16.523	--	24,275
Total U.S. Department of Justice			$ 1,547,984

* Major Program

COUNTY OF MONTEREY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Labor			
Passed through State Employment Development Department:			
WIA Title I Adult Formula	17.258	201/02	$ 2,675,130
WIA Title I Youth Formula	17.259	301	2,181,853
WIA Title I Dislocated Worker	17.260	501/02	1,701,427
WIA Special Grant	17.261	R692485739	40,530
Total U.S. Department of Labor			$ 6,598,940
U.S. Department of Transportation			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	HRRRL-5944(086)	84,013
Highway Planning and Construction	20.205	STPLZ-5944(041)	8,595
Highway Planning and Construction	20.205	DEM115L-5944(074)	70,151
Highway Planning and Construction	20.205	STPLZ-5944(040)	9,803
Highway Planning and Construction	20.205	BRLKO-5944 (073)	273,442
Highway Planning and Construction	20.205	DEM117L-5944(083)	95,335
Highway Planning and Construction	20.205	BRLOZB-5944 (035)	107,839
Highway Planning and Construction	20.205	BRLSZD-5944 (046)	2,401,154
Highway Planning and Construction	20.205	BRLS-5944 (068)	163,146
Highway Planning and Construction	20.205	BRLO-5944 (010)	155,839
Highway Planning and Construction	20.205	CML-5944(063)	304
Highway Planning and Construction	20.205	STPLER-5944 (062)	4,572
Total U.S. Department of Transportation			$ 3,374,193
U.S. Environmental Protection Agency			
Direct Programs:			
Surveys, Studies, Investigations and Special Purpose Grants	66.606	XP-97994701-0	73,109
Water Quality Management Planning (205(j) funds)	66.202	XP-96995310-0	27,540
Water Quality Management Planning (205(j) funds)	66.202	XP-96995401-0	28,101
Total U.S. Environmental Protection Agency			$ 128,750

* Major Program

COUNTY OF MONTEREY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Education			
Passed through State Alcohol and Drug Programs:			
Mental Health AB 3632 Services - PCA 14468 (Federal IDEA Funds)	84.027	H027A040116	$ 1,302,807
Safe & Drug Free Schools & Communities (SDFSC)	84.186	SDF03-15	36,373
Subtotal Pass Through			1,339,180
Passed through Soledad Unified School District:			
Safe Schools/Healthy Students Grant	84.184	--	285,887
Total U.S. Department of Education			$ 1,625,067
U.S. Department of Health and Human Services			
Direct Programs:			
VIA Administration for Children and Families:			
Special Improvement Project	93.601	--	3,545
VIA Centers for Disease Control and Prevention:			
SALUD! Salinas STEPS to Health	93.283	U58/CCU923328-03	1,498,989
Passed through California Secretary of State:			
Voting Access for Individuals With Disabilities	93.617	07G26119	34,160
Passed through State Department of Aging:			
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	--	5,582
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	--	18,488
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	--	22,695
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	--	419,392
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	--	572,357
National Family Caregiver Support	93.052	--	168,849
Nutrition Services Incentive Program	93.053	--	194,933
Multi-Purpose Senior Services Program	93.778 *	--	435,390

* Major Program

COUNTY OF MONTEREY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Health and Human Services (continued)			
Passed through State Department of Aging (continued):			
Demonstrations and Evaluations	93.779	--	$ 53,441
Subtotal Pass Through			1,891,127
Passed through State Department of Alcohol and Drug Programs:			
Federal Drug Medi-Cal	93.778 *	--	504,985
Block Grants for Preventive and Treatment of Substance Abuse (SAPT)	93.959	--	2,161,594
Subtotal Pass Through			2,666,579
Passed through State Department of Child Support Services:			
Child Support Enforcement	93.563 *	--	7,571,297
Passed through State Department of Community Services and Development:			
Community Services Block Grant	93.569	06F-4729	226,907
Community Services Block Grant	93.569	08F-4928	145,357
Subtotal Pass Through			372,264
Passed through the State Department of Education:			
Child Care and Development Block Grant	93.575	CLPC-7026	98,138
Passed through State Department of Health Services:			
Maternal and Child Health Services Block Grant to the States:			
Maternal Child & Adolescent Health (MCAH)	93.994	200727	235,856
California Children's Service (CCS)	93.994	--	1,930,114
Subtotal CFDA 93.994			2,165,970
Targeted Case Management/Medi-Cal Administrative Activities	93.778 *	07-65030 & 27-0712	1,276,418
Medical Assistance Program (Medi-Cal Administration)	93.778 *	--	7,836,810
Immunization Assessment Program	93.268	07-65234	87,000
Ryan White Title II Care Treatment	93.917	07-65066	97,228
AIDS Master Agreement	93.917	07-65066	284,377
Public Health Preparedness and Response to Bioterrorism	93.069	EPO 07-27	554,653

* Major Program

COUNTY OF MONTEREY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Health and Human Services (continued)			
Passed through State Department of Health Services (continued):			
Child Lead Poisoning Prevention Program (CLPPP)	93.197	05-451	$ 112,642
Hospital Preparedness Program	93.889	EPO HPP 07-27	64,613
Child Health Disability Prevention (CHDP)	93.991	--	726,621
Subtotal			11,040,362
Subtotal Pass Through			13,206,332
Passed through the State Department of Mental Health:			
Substance Abuse & Mental Health Services Administration (SAMHSA) Monterey County Rural Youth and Family Substance Services Grant	93.243	1H79T116354-01	307,729
Substance Abuse & Mental Health Services Administration (SAMHSA)	93.243	5H79T116539-01	381,945
Subtotal CFDA 93.243			689,674
Substance Abuse & Mental Health Services Administration (SAMHSA) Children's System of Care (CSOC) Grant	93.104	5U79SM056058-05	1,507,562
Projects for Assistance in Transition from Homelessness	93.150	--	64,417
Short-Doyle Medi-Cal	93.778 *	--	13,765,839
Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant (includes Children's System of Care (CSOC) (Grant)	93.958	1U79SM56058-01	1,236,084
Subtotal			16,573,902
Subtotal Pass Through			17,263,576
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families:			
Temporary Assistance for Needy Families (Social Services Administration)	93.558 *	--	19,064,012
Temporary Assistance for Needy Families (Social Services Assistance)	93.558 *	--	17,388,509
Subtotal CFDA 93.558			36,452,521

* Major Program

COUNTY OF MONTEREY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Department of Health and Human Services (continued)			
Passed through State Department of Social Services (continued):			
Foster Care – Title IV-E:			
Title IV-E Placement/ Foster Care (Probation)	93.658	--	$ 2,856,644
Group Home Visits (Probation)	93.658	--	165,069
CWS-OIP	93.658	--	17,592
Foster Care - Title IV-E (Administration)	93.658	--	4,247,709
Foster Care - Title IV-E (Assistance)	93.658	--	2,498,858
Subtotal CFDA 93.658			9,785,872
Adoption Assistance Program:			
Adoption Assistance Program (Administration)	93.659	--	701,899
Adoption Assistance Program (Assistance)	93.659	--	3,012,891
Subtotal CFDA 93.659			3,714,790
Medical Assistance Program - Adult Protective Services County Services Block Grant	93.778 *	--	509,273
Medical Assistance Program - Child Welfare Services IV-E	93.778 *	--	783,556
Medical Assistance Program - In-Home Supportive Services (Administration)	93.778 *	--	833,974
Medical Assistance Program - In-Home Supportive Services Public Authority (Administrative Costs)	93.778 *	--	1,384,627
		--	
Promoting Safe and Stable Families	93.556	--	382,012
Refugee and Entrant Assistance - State Administered Programs	93.566	--	4,045
Community-Based Child Abuse Prevention Grants	93.590	--	24,240
Child Welfare Services – State Grants	93.645	--	179,143
Social Services Block Grant	93.667	--	1,052,475
Chafee Foster Care Independence Program	93.674	--	144,832
Subtotal			5,298,177
Subtotal Pass Through			55,251,360
Total U.S. Department of Health and Human Services			$ 99,857,367

* Major Program

COUNTY OF MONTEREY

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
U.S. Social Security Administration			
Direct Program;			
Social Security Incentive Program	96.006	--	$ 5,400
Total U.S. Social Security Administration			$ 5,400
U.S. Department of Homeland Security			
Passed through the State Office of Homeland Security:			
Homeland Security Grant 2007	97.067	053-00000	819,238
Passed through the State Office of Emergency Services:			
Emergency Management Performance Grant 2007	97.042	--	97,500
Total U.S. Department of Homeland Security			$ 916,738
Total Expenditures of Federal Awards Excluding Loans			$ 154,059,320
Federal Loan Balances With a Continuing Compliance Requirement at Year End			
U.S. Department of Housing and Urban Development			
Passed through State Department of Housing and Community Development:			
Community Development Block Grants/State's Program	14.228	--	$ 917,388
HOME Investment Partnerships Program	14.239 *	--	9,680,381
Total U.S. Department of Housing and Urban Development			$ 10,597,769
U.S. Department of Commerce			
Direct Programs:			
Revolving Loan Fund	11.307	--	1,080,614
Federal Loan Balances with a Continuing Compliance Requirement			$ 11,678,383
Total Expenditures of Federal Awards Including Loans			$ 165,737,703

* Major Program

COUNTY OF MONTEREY

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Monterey. The County of Monterey's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented on generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

Note 4: **Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County of Monterey provided federal awards to subrecipients as follows:

Federal CFDA	Program Title	Amount Provided to Subrecipients
10.576	Senior Farmers Market Nutrition Program	$ 6,304
14.228	Community Development Block Grant	38,185
17.000	Workforce Investment Act	1,852,735
93.041	Special Programs for the Aging – Title VII, Chapter 3 – Programs for Prevention of Elder Abuse, Neglect and Exploitation	5,582

Note 4: **Subrecipients** (continued)

Federal CFDA	Program Title	Amount Provided to Subrecipients
93.042	Special Programs for the Aging – Title VII, Chapter 2 – Long Term Care Ombudsman Services for Older Individuals	$ 18,488
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	22,695
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	372,796
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services	498,990
93.052	National Family Caregiver Support	148,529
93.053	Nutrition Services Incentive Program	194,933
93.779	HCFA and MMA Grants (SHIP Funds)	48,277
93.959	Block Grants for Preventive and Treatment of Substance Abuse (SAPT Block Grant 10/01/06 - 06/30/08 FFY 2008 Award)	1,872,210
93.958	Substance Abuse & Mental Health Services Administration (SAMHSA) Block Grant (includes Children's System of Care for FFY 2008 Award)	281,406
93.104	Substance Abuse & Mental Health Services Administration (SAMHSA) – CMHS	302,742
93.150	Federal McKinney Projects for Assistance in Transition from Homeless (PATH) Grant	47,000
93.778	Short-Doyle Medi-Cal (Mental Health)	6,436,044
97.067	Homeland Security Grant Program 2007	816,238
11.307	Rural Revolving Loan Fund	4,035
11.307	EDA Revolving Loan Fund	44,622
14.228	Community Development Block Grant/Revolving Loan Fund	34,128
84.186	Safe and Drug Free Schools & Communities (SDFSC) & Communities Youth Diversion Program & Outreach	3,000
	Total	$ 13,048,939

Note 5: **Loans Outstanding**

The following programs had federally-funded loans outstanding at June 30, 2008:

Federal CFDA	Program Title	Amount Outstanding
11.307	Rural Revolving Loan Fund	$ 60,643
11.307	EDA Revolving Loan Fund	1,019,971
14.228	Community Development Block Grant/Revolving Loan Fund	347,401
14.228	Community Development Block Grant/State's Program	569,987
14.239	HOME Investment Partnerships Program	9,680,381
	Total	$ 11,678,383

Note 6: **Program Clusters**

Federal programs, which must be audited together as a program cluster, include the following:

Federal CFDA	Program Title	Federal Expenditures
Food Stamp Cluster		
10.551	Food Stamps	$ 25,913,523
10.561	Nutrition Network Local Incentive Award	534,876
10.561	Regional Nutrition Network	500,090
10.561	State Administrative Matching Grants for Food Stamp Program	4,894,447
	Total	$ 31,842,936
WIA Cluster		
17.258	WIA Title I Adult Formula	$ 2,675,130
17.259	WIA Title I Youth Formula	2,181,853
17.260	WIA Title I Dislocated Workers	1,701,427
17.261	WIA Special Grant	40,530
	Total	$ 6,598,940

Note 6: **Program Clusters** (continued)

Federal CFDA	Program Title	Federal Expenditures
Aging Cluster		
93.041	Special Programs for the Aging – Title VII, Chapter 3 – Programs for Prevention of Elder Abuse, Neglect, and Exploitation	$ 5,582
93.042	Special Programs for the Aging – Title VII, Chapter 2 – Long Term Care Ombudsman Services for Older Individuals	18,488
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services	22,695
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers	419,392
93.045	Special Programs for the Aging – Title III, Part C – Nutrition Services	572,357
93.052	National Family Caregiver Support	168,849
93.053	Nutrition Services Incentive Program	194,933
	Total	$ 1,402,296

Note 7: **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 8: **Total Federal Awards Expended by CFDA Number**

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards presents totals of all programs under the one CFDA number. Occasionally, however, this total could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the Schedule, but instead is provided below:

CFDA No.	Total Federal Expenditures
93.778	$ 27,330,872

Note 9: **Title XIX Medi-Cal Waiver Grant (Multi-Purpose Senior Services Program)**

The County expended a total of $853,705 on the XIX Medi-Cal Waiver Grant (Multi-Purpose Senior Services Program) during the year ended June 30, 2008. Total federal expenditures, as shown on the Schedule of Expenditures of Federal Awards, were $435,390. Total state expenditures were $418,315.

Note 10: **Department of Aging Federal/State Share**

Beginning with the fiscal year ended June 30, 2008, the California Department of Aging (CDA) requires agencies who 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	Grant No.	Federal Expenditures	State Expenditures
93.041	AP-0708-32	$ 5,582	$ 250
93.042	AP-0708-32	18,488	3,009
93.043	AP-0708-32	22,695	976
93.044	AP-0708-32	419,392	54,973
93.045	AP-0708-32	572,357	82,675
93.052	AP-0708-32	168,849	--
93.053	AP-0708-32	194,933	--
N/A	AP-0708-32	--	366,145
93.779	HI-0708-32	53,441	--
N/A	HI-0708-32	--	162,521
93.778	MS-0708-30	435,390	418,315
10.576	Farmer's Market – Food Coupons	6,304	--
	Total	$ 1,897,431	$1,088,864

COUNTY OF MONTEREY

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section 1

Financial Statements	Summary of Auditor's Results
1. Type of auditor's report issued:	Unqualified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None Reported
3. Noncompliance material to financial statements noted?	No
Federal Awards	
1. Internal control over major programs:	
a. Material weaknesses identified?	Yes
b. Significant deficiencies identified not considered to be material weaknesses?	None Reported
2. Type of auditor's report issued on compliance for major programs:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)?	Yes

4. Identification of major programs:

CFDA Number	Name of Federal Program
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamps Program
14.239	HOME Investment Partnerships Program
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.778	Medical Assistance Program

COUNTY OF MONTEREY

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

Section 1 (continued)

Federal Awards (continued)	Summary of Auditor's Results
5. Dollar Threshold used to distinguish between Type A and Type B programs?	$3,000,000
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	No

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.563 — Finding 08-SA-1

Finding/Program	Findings/Noncompliance	
Finding 08-SA-1	*Federal Grantor:*	*U.S. Department of Health and Human Services*
Child Support Enforcement CFDA 93.563	*Pass-Through Entity:*	*State Department of Child Support Services*
	Compliance Requirement:	*Special Tests – Establishment of Paternity and Support Obligations*
Award No. n/a Year: 2007/2008	*Reporting Requirement:*	*Material Weakness; Material Non-Compliance in Relation to a Compliance Supplement Audit Objective*

Criteria

The Child Support Department must attempt to establish paternity and a support obligation within required time limits. Federal law requires that a State Child Support plan be adopted providing for expedited processes to establish paternity and support obligations, and as well, for accomplishing service of process. 45 CFR § 302.70(a)(2) & 303.3(c). Under these requirements and the state plan: (1) service on the non-custodial parent (NCP) must be attempted within 90 days of the date located via a locate service or within 60 days of the date on which the custodial parent provides the NCP's address; and (2) at least 90% of the paternity cases must reach disposition within one year after service of process is accomplished.

Condition

We tested 24 cases and located the following conditions: (1) In the first case, we observed from case history that an NCP was located on November 17, 1999 but service was not attempted at the address until March 10, 2000. (2) On December 20, 2007, the Department located an NCP through locate sources, but a summons and complaint was not sent until July 8, 2008.

Questioned Costs

No costs are questioned.

Perspective

The exception rate in the sample was 2 / 24 = 8.33%.

Finding/Program	Findings/Noncompliance
Finding 08-SA-1 (continued) Child Support Enforcement CFDA 93.563	Effect of Condition Collection of child support is a very time sensitive issue. Omission to serve NCPs in order to establish paternity/support orders within required time frames causes delays and, occasionally, loss of ability to collect some portion of support obligations. Recommendation The Child Support Department currently has procedures in effect to ensure that time frames are met for establishment of paternity and support obligations. We recommend that the Child Support Department review the above exceptions and determine what procedures can be implemented to prevent recurrence of similar events. Corrective Action Plan Monterey County Department of Child Support Services has implemented a statistical review sampling of cases for quality control purposes. These reviews will be randomly selected each month and conducted by Team Supervisors and Compliance Specialists. Also, case managers have received refresher training on service of process procedures for support and paternity establishment. The contact person for this corrective action plan is Darrell McGowan, Management Analyst. His telephone number is 831.755.3284.

COUNTY OF MONTEREY

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2008

Audit Reference Number	Status of Prior Year Audit Findings
Finding 07-FS-1 **Deferred Revenue** Material Weakness Original Finding Year: 2006/2007	Recommendation We recommend the Auditor-Controller's Office modify its year-end closing process to include a more thorough review of all deferred revenue accounts including comparative analytical procedures that would isolate such errors as negative balances in the deferred revenue accounts. If potential misstatements are indicated, the Auditor-Controller's Office should instruct the department responsible for the specific accounts and revenues to investigate the problem and propose correcting journal entries, if required, prior to closing the general ledger. Status Implemented.
Finding 07-FS-2 **Construction In Process** Material Weakness Original Finding Year: 2006/2007	Recommendation We recommend the Auditor-Controller's Office modify its year-end closing process to include a more thorough review of its reconciliation of capital outlay accounts to the construction in process account. The construction in process account schedule should be prepared by project to give a better understanding of the activity for the year and where omissions or errors have occurred. Status Implemented.
Finding 07-FS-3 **Financial Statement and SEFA Preparation** Material Weakness Original Finding Year: 2006/2007	Recommendation We recommend that the County review all expenditures reported on the SEFA for accuracy and compare what is reported to the general ledger. We further recommend that the County ensure that all Departments have provided their numbers and that any loans, in-kind and other federal awards are, as well, reported. We also recommend that the County have more than one person review the SEFA prior to submitting it for the audit to help ensure that all grants and programs are reported in a timely manner. Status Implemented.

SUPPLEMENTARY SCHEDULES
OF
THE OFFICE OF EMERGENCY SERVICES
AND
THE DEPARTMENT OF CORRECTIONS
AND REHABILITATION PROGRAMS
GRANT EXPENDITURES

COUNTY OF MONTEREY

Supplementary Schedules of the Office of Emergency Services
and the Department of Corrections and Rehabilitation Programs Grant Expenditures
For the Year Ended June 30, 2008

Office of Emergency Services Grants

The following represents expenditures for the Office of Emergency Services (OES) programs for the year ended June 30, 2008. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

	Expenditures Claimed			Share of Expenditures Current Year		
Program	For the Period Through June 30, 2007	For the Year Ended June 30, 2008	Cumulative As of June 30, 2008	Federal Share	State Share	County Share
VW07260270 - Victim Witness Assistance Program						
Personal services	$ 268,787	$ 265,008	$ 533,795	$ 119,119	$ 145,889	$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	$ 268,787	$ 265,008	$ 533,795	$ 119,119	$ 145,889	$ --
SE07170270 - Special Emphasis Victim Witness Program						
Personal services	$ 107,731	$ 110,000	$ 217,731	$ 110,000	$ --	$ --
Operating expenses	8,847	23,443	32,290	--	--	23,443
Equipment	--	--	--	--	--	--
Totals	$ 116,578	$ 133,443	$ 250,021	$ 110,000	$ --	$ 23,443
VB07040270 - Vertical Prosecution Block Grant						
Personal services	$ 343,347	$ 347,921	$ 691,268	$ --	$ 347,921	$ --
Operating expenses	8,088	3,514	11,602	--	3,514	--
Equipment	--	--	--	--	--	--
Totals	$ 351,435	$ 351,435	$ 702,870	$ --	$ 351,435	$ --
VCGC5067 - Victim Compensation and Government Claims Board						
Personal services	$ 54,961	$ 53,652	$ 108,613	$ --	$ 53,652	$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	$ 54,961	$ 53,652	$ 108,613	$ --	$ 53,652	$ --
DC07180270 - Anti-Drug Enforcement Program						
Personal services	$ 181,699	$ 252,638	$ 434,337	$ 252,638	$ --	$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	$ 181,699	$ 252,638	$ 434,337	$ 252,638	$ --	$ --

COUNTY OF MONTEREY

Supplementary Schedules of the Office of Emergency Services
and the Department of Corrections and Rehabilitation Programs Grant Expenditures
For the Year Ended June 30, 2008

Office of Emergency Services Grants (continued)

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2007	For the Year Ended June 30, 2008	Cumulative As of June 30, 2008	Federal Share	State Share	County Share
MS07150270 - Marijuana Suppression Program						
Personal services	$ 118,905	$ 119,127	$ 238,032	$ 119,127	$ --	$ --
Operating expenses	--	9,767	9,767	9,767	--	--
Equipment	--	30,934	30,934	30,934	--	--
Totals	$ 118,905	$ 159,828	$ 278,733	$ 159,828	$ --	$ --
2007-WP-BX-0024 - Juvenile Sex Offender Program Grant						
Personal services	$ --	$ 9,270	$ 9,270	$ 9,270	$ --	$ --
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	$ --	$ 9,270	$ 9,270	$ 9,270	$ --	$ --

Department of Corrections and Rehabilitation Grants

The following represents expenditures for the Department of Corrections and Rehabilitation programs for the year ended June 30, 2008. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2007	For the Year Ended June 30, 2008	Cumulative As of June 30, 2008	Federal Share	State Share	County Share
Juvenile Accountability Block Grant						
Personal services	$ 29,043	$ 26,972	$ 56,015	$ 24,275	$ --	$ 2,697
Operating expenses	--	--	--	--	--	--
Equipment	--	--	--	--	--	--
Totals	$ 29,043	$ 26,972	$ 56,015	$ 24,275	$ --	$ 2,697

SUPPLEMENTARY SCHEDULES
OF THE DEPARTMENT
OF
COMMUNITY SERVICES
AND DEVELOPMENT
GRANT REVENUES AND EXPENDITURES

COUNTY OF MONTEREY

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 06F-4729 (CSBG - $452,735)
For The Period January 1, 2007 through December 31, 2007

	January 1, 2007 through June 30, 2007	July 1, 2007 through December 31, 2007	Totals
Revenue			
Interest Income	$ 6,435	$ 2,271	$ 8,706
Grant Revenue	325,334	181,155	506,489
Total Revenue	$ 331,769	$ 183,426	$ 515,195
Expenditures			
Administrative Costs:			
Salaries and Wages	$ 65,891	$ 69,593	$ 135,484
Fringe Benefits	41,188	30,221	71,409
Operating Expense and Equipment	1,118	1,056	2,174
Subcontractor Services	54	3,065	3,119
Other Costs	27,520	25,327	52,847
Subtotal Administrative Costs	135,771	129,262	265,033
Program Costs:			
Subcontractor Services	90,055	106,763	196,818
Subtotal Program Costs	90,055	106,763	196,818
Total Expenditures	$ 225,826	$ 236,025	$ 461,851

Note: Expenditures of $9,118 funded by Interest Income paid during 7/1/07-12/31/07. Not Federally funded.

COUNTY OF MONTEREY

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 08F-4928 (CSBG - $452,735)
For The Period January 1, 2008 through December 31, 2008

	January 1, 2008 through June 30, 2008	July 1, 2008 through December 31, 2008	Totals
Revenue			
Interest Income	$ 3,560	$ --	$ 3,560
Grant Revenue	235,839	--	235,839
Total Revenue	$ 239,399	$ --	$ 239,399
Expenditures			
Administrative Costs:			
Salaries and Wages	$ 28,782	$ --	$ 28,782
Fringe Benefits	12,804	--	12,804
Operating Expense and Equipment	2,800	--	2,800
Subcontractor Services	49	--	49
Other Costs	14,120	--	14,120
Subtotal Administrative Costs	58,555	--	58,555
Program Costs:			
Subcontractor Services	86,802	--	86,802
Subtotal Program Costs	86,802	--	86,802
Total Expenditures	$ 145,357	$ --	$ 145,357