

COUNTY OF SAN MATEO

Single Audit Reports

Year Ended June 30, 2016



Certified
Public
Accountants

COUNTY OF SAN MATEO

Single Audit Reports
Year Ended June 30, 2016

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**Independent Auditor’s Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Board of Supervisors of
the County of San Mateo
Redwood City, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of San Mateo (County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated November 18, 2016. Our report contains a reference to other auditors who audited the financial statements of the Housing Authority of the County of San Mateo, the San Mateo County Employees’ Retirement Association, the First 5 San Mateo County, and the Health Plan of San Mateo, as described in our report on the County’s financial statements. The financial statements of the Health Plan of San Mateo were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002, that we consider to be significant deficiencies.

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 are described in the accompanying corrective action plan. 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 result 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.

Macias Gini É O'Connell LAP

Walnut Creek, California
November 18, 2016



**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; Report on Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance; and Report on State of California
Department of Community Services and Development, Community Services Block Grant,
Schedules of Revenues and Expenditures**

To the Board of Supervisors of
the County of San Mateo
Redwood City, California

Report on Compliance for Each Major Federal Program

We have audited the County of San Mateo’s (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2016. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

The County’s basic financial statements include the operations of the Housing Authority of County of San Mateo (Housing Authority), which expended \$67,689,128 in federal awards that are not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2016. Our audit, described below, did not include the operations of the Housing Authority because the Housing Authority engaged other auditors to perform an audit in accordance with 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).

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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 and Report on State of California Department of Community Services and Development, Community Services Block Grant, Schedules of Revenues and Expenditures

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 18, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of

federal awards and the State of California Department of Community Services and Development, Community Services Block Grant, schedules of revenues and expenditures are presented for purposes of additional analysis as required by the Uniform Guidance and the State of California Department of Community Services and Development, respectively, and are not a required part of the basic 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 basic 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 basic financial statements or to the basic 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 expenditures of federal awards and the supplemental State of California Department of Community Services and Development, Community Services Block Grant, schedules of revenues and expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Walnut Creek, California
March 27, 2017

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COUNTY OF SAN MATEO
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures	Amount Provided to Subrecipients	Pass-Through Identifying Number
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through State of California, Department of Food and Agriculture:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	\$ 222,389	\$ -	14-0191-SF
Plant and Animal Disease, Pest Control, and Animal Care	10.025	18,329	-	15-0371-SF
Plant and Animal Disease, Pest Control, and Animal Care	10.025	391,775	-	15-0209
Plant and Animal Disease, Pest Control, and Animal Care	10.025	34,403	-	14-0501-SF
Plant and Animal Disease, Pest Control, and Animal Care	10.025	101,516	-	15-0476-SF
Total Plant and Animal Disease, Pest Control, and Animal Care		<u>768,412</u>	<u>-</u>	
Senior Farmers Market Nutrition Program	10.576	10,000	10,000	None
Passed Through State of California, Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	7,688,046	-	None
State Administrative Matching Grants for SNAP	10.561	701,732	-	13-20532
Subtotal of SNAP Cluster		<u>8,389,778</u>	<u>-</u>	
Passed Through State of California, Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	67,328	-	41-10413-6045223-01
National School Lunch Program	10.555	100,358	-	41-10413-6045223-01
Subtotal of Child Nutrition Cluster		<u>167,686</u>	<u>-</u>	
Passed Through State of California, Department of Public Health:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	578,890	-	14-10279
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2,216,102	-	15-10112
Subtotal of Special Supplemental Nutrition Program for Women, Infants, and Children		<u>2,794,992</u>	<u>-</u>	
Subtotal of Pass-Through Programs		<u>12,130,868</u>	<u>10,000</u>	
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>12,130,868</u>	<u>10,000</u>	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Programs:				
Community Development Block Grants / Entitlement Grants	14.218	2,835,938	982,345	--
Emergency Solutions Grant Program	14.231	215,808	197,365	--
Home Investment Partnerships Program	14.239	2,674,878	2,429,254	--
Subtotal of Direct Programs		<u>5,726,624</u>	<u>3,608,964</u>	
Passed Through City and County of San Francisco:				
Housing Opportunities for Persons with AIDS	14.241	670,345	576,125	None
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>6,396,969</u>	<u>4,185,089</u>	
U.S. DEPARTMENT OF THE INTERIOR				
Direct Program:				
Coastal Impact Assistance Program	15.668	17,535	-	--
TOTAL U.S. DEPARTMENT OF THE INTERIOR		<u>17,535</u>	<u>-</u>	
U.S. DEPARTMENT OF JUSTICE				
Direct Programs:				
Drug Court Discretionary Grant Program	16.585	37,451	-	--
Paul Coverdell Forensic Science Improvement Grant Program	16.742	6,949	-	--
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,660	-	--
DNA Backlog Reduction Program	16.741	141,200	-	--
Equitable Sharing Program	16.922	15,710	-	--
Subtotal of Direct Programs		<u>202,970</u>	<u>-</u>	
Passed Through State of California, Corrections Standards Authority:				
Juvenile Accountability Block Grants	16.523	60,345	-	CSA 181-09
Passed Through State of California, Emergency Management Agency:				
Crime Victim Assistance	16.575	361,713	-	VW15340410
Crime Victim Assistance	16.575	84,348	-	UV14050410
Crime Victim Assistance	16.575	59,688	-	XV15010410
Subtotal of Crime Victim Assistance		<u>505,749</u>	<u>-</u>	
Passed Through State of California, Board of State and Community Corrections:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	34,174	-	2015-48
Edward Byrne Memorial Justice Assistance Grant Program	16.738	25,735	-	2016-46
Edward Byrne Memorial Justice Assistance Grant Program	16.738	249,315	-	BSCC-638-14
Edward Byrne Memorial Justice Assistance Grant Program	16.738	434,112	-	BSCC-638-15
Subtotal of Edward Byrne Memorial Justice Assistance Grant Program		<u>743,336</u>	<u>-</u>	
Subtotal of Pass-Through Programs		<u>1,309,430</u>	<u>-</u>	
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>1,512,400</u>	<u>-</u>	

See notes to the schedule of expenditures of federal awards

COUNTY OF SAN MATEO
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures	Amount Provided to Subrecipients	Pass-Through Identifying Number
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Programs:				
Jobs Access and Reverse Commute Program	20.516	\$ 7,769	\$ -	--
Airport Improvement Program	20.106	542,104	-	--
Highway Planning and Construction Cluster:				
Passed Through State of California, Department of Transportation:				
Highway Planning and Construction	20.205	199,655	-	BRLO-5935(053)
Highway Planning and Construction	20.205	4,455	-	BRLO-5935(052)
Highway Planning and Construction	20.205	35,002	-	BPMP 5935(062)
Highway Planning and Construction	20.205	267,402	-	X16-5935(073)
Highway Planning and Construction	20.205	320,000	-	CML-5935(070)
Subtotal of Highway Planning and Construction Cluster		<u>826,514</u>	<u>-</u>	
Passed Through San Mateo County Transit District:				
Jobs Access and Reverse Commute Program	20.516	36,742	-	None
Subtotal of Pass-Through Programs		<u>863,256</u>	<u>-</u>	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>1,413,129</u>	<u>-</u>	
U.S. DEPARTMENT OF EDUCATION				
Passed Through State of California, Department of Rehabilitation:				
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	140,751	-	28941
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	672,748	-	28829
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>813,499</u>	<u>-</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Programs:				
Environmental Public Health and Emergency Response	93.070	12,630	-	--
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	1,714,862	-	--
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	100,466	-	--
Subtotal of Direct Programs		<u>1,827,958</u>	<u>-</u>	
Passed Through State of California, Department of Aging:				
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	7,730	-	AP-1516-08
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042	43,144	43,144	AP-1516-08
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	41,485	41,485	AP-1516-08
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	792,812	695,939	AP-1516-08
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	1,222,795	1,076,663	AP-1516-08
Nutrition Services Incentive Program	93.053	193,357	193,357	AP-1516-08
Subtotal of Aging Cluster		<u>2,208,964</u>	<u>1,965,959</u>	
National Family Caregiver Support, Title III, Part E	93.052	317,275	284,723	AP-1516-08
State Health Insurance Assistance Program	93.324	125,870	113,437	HI-1516-08
Medical Assistance Program	93.778	105,790	-	MS-1516-13
Passed Through Health Plan of San Mateo:				
Medical Assistance Program	93.778	199,607	-	None
Passed Through State of California, Department of Community Services and Development:				
Community Services Block Grant	93.569	174,996	-	16F-5040
Community Services Block Grant	93.569	246,467	-	15F-2040
Subtotal of Community Services Block Grant		<u>421,463</u>	<u>-</u>	
Passed Through State of California, Department of Health Care Services:				
Disabilities Prevention	93.184	886,918	-	San Mateo (41)
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	1,242,465	-	15-10170 San Mateo
Immunization Cooperative Agreements	93.268	261,326	-	15-10450
Children's Health Insurance Program	93.767	424,401	-	None
Medical Assistance Program	93.778	1,862,131	-	None
Medical Assistance Program	93.778	84,745	-	14-10068
Maternal and Child Health Services Block Grant to the States	93.994	793,652	-	201541 San Mateo

See notes to the schedule of expenditures of federal awards

COUNTY OF SAN MATEO
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number (CFDA)	Federal Expenditures	Amount Provided to Subrecipients	Pass-Through Identifying Number
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed Through State of California, Department of Public Health:				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	\$ 882,901	\$ -	14-10540
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	196,866	-	None
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	54,904	-	15-10384
HIV Care Formula Grants	93.917	262,171	-	13-20072
HIV Care Formula Grants	93.917	83,560	-	15-11026
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	2,680	-	15-10267
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	97,006	-	13-20157
Preventive Health and Health Services Block Grant	93.991	26,830	-	15-10833
Disabilities Prevention	93.184	118,785	-	San Mateo
Passed Through State of California, Department of Mental Health:				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	139,711	139,711	None
Block Grants for Community Mental Health Services	93.958	899,828	260,700	None
Passed Through State of California, Department of Social Services:				
Guardianship Assistance	93.090	259,074	-	None
Promoting Safe and Stable Families	93.556	357,004	-	None
Temporary Assistance for Needy Families	93.558	25,581,324	-	None
Refugee and Entrant Assistance - State Administered Programs	93.566	23,395	-	None
U.S. Repatriation	93.579	3,323	-	None
Stephanie Tubbs Jones Child Welfare Services Program	93.645	348,283	-	None
Foster Care - Title IV-E	93.658	11,132,820	-	None
Foster Care - Title IV-E	93.658	1,450,089	-	2024.00.01
Subtotal of Foster Care - Title IV-E		<u>12,582,909</u>	<u>-</u>	
Adoption Assistance	93.659	2,652,660	-	None
Social Services Block Grant	93.667	934,331	-	None
Chafee Foster Care Independence Program	93.674	158,591	-	None
Medical Assistance Program	93.778	1,022,258	-	None
Medical Assistance Program	93.778	8,936,377	1,330,176	None
Passed Through State of California, Department of Child Support Services:				
Child Support Enforcement	93.563	7,172,726	-	None
Passed Through State of California, Department of Education:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	496,985	-	CAPP-5055
Passed Through State of California, Alcohol and Drug Programs:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4,153,303	4,128,734	None
Passed Through State of California, Secretary of State:				
Help America Vote Act Requirements Payments	90.401	21,854	-	13G30343
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	93.618	22,112	-	15G26107
Passed Through City and County of San Francisco:				
HIV Emergency Relief Project Grants	93.914	1,200,866	218,002	H89HA00006
HIV Prevention Activities - Health Department Based	93.940	233,960	-	5U62PS003638-04
HIV Prevention Activities - Health Department Based	93.940	116,012	-	5U62PS003638-05
Subtotal of HIV Prevention Activities - Health Department Based		<u>349,972</u>	<u>-</u>	
Subtotal of Pass-Through Programs		<u>78,069,555</u>	<u>8,526,071</u>	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>79,897,513</u>	<u>8,526,071</u>	
OFFICE OF THE EXECUTIVE PRESIDENT				
Direct Program:				
High Intensity Drug Trafficking Areas Program	95.001	3,475,589	-	--
TOTAL OFFICE OF THE EXECUTIVE PRESIDENT		<u>3,475,589</u>	<u>-</u>	
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through City and County of San Francisco:				
Homeland Security Grant Program	97.067	3,082,915	-	2014-SS-00093
Homeland Security Grant Program	97.067	1,441,343	-	2015-00078
Passed Through City of San Diego:				
Homeland Security Grant Program	97.067	73,560	-	2014-UASI
Passed Through State of California, Emergency Management Agency:				
Emergency Management Performance Grants	97.042	254,762	-	2015-0049
Homeland Security Grant Program	97.067	50,000	-	2015-1078
Homeland Security Grant Program	97.067	755,882	-	2015-00078
Homeland Security Grant Program	97.067	2,315,815	-	2014-00093
Subtotal of Pass-Through Programs		<u>7,974,277</u>	<u>-</u>	
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		<u>7,974,277</u>	<u>-</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 113,631,779</u>	<u>\$ 12,721,160</u>	

See notes to the schedule of expenditures of federal awards

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COUNTY OF SAN MATEO

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

1. GENERAL

The schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the County of San Mateo (County). All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other agencies are included in this Schedule, except for assistance related to Medical Assistance (Medi-Cal) and Medicare Hospital Insurance (Medicare) (Note 5) and the Housing Authority of the County of San Mateo (Housing Authority) (Note 6).

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds as described in Note 2.B of the County's basic financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County did not elect to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedule agree or can be reconciled with amounts reported in the related federal financial assistance reports.

4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures agree or can be reconciled with the amounts reported in the County's basic financial statements.

5. MEDI-CAL AND MEDICARE

Direct Medi-Cal and Medicare expenditures are excluded from the Schedule. These expenditures represent fees for services and are not included in the Schedule or in determining major programs. The County assists the State of California in determining eligibility and provides Medi-Cal and Medicare services through County-owned facilities. However, administrative costs related to Medi-Cal and Medicare are included in the Schedule under the Medical Assistance Program (Federal CFDA number 93.778).

COUNTY OF SAN MATEO

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

6. HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO

Housing Authority federal expenditures are excluded from the Schedule and are separately audited by other auditors. Federal expenditures for the Housing Authority programs are taken from the separately issued single audit report for the year ended June 30, 2016. The federal programs of the Housing Authority are as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Moving To Work Demonstration Program:		
Low Rent Operating Subsidy	14.881	\$ 16,034
Capital Fund	14.881	273,796
Housing Choice Vouchers	14.881	60,434,624
Other Programs:		
Shelter Plus Care	14.238	52,962
Continuum of Care	14.267	3,955,302
Moderate Rehabilitation	14.856	256,105
Housing Choice Vouchers	14.871	2,459,669
ROSS-FSS Coordinator	14.896	240,636
Total		<u>\$ 67,689,128</u>

COUNTY OF SAN MATEO

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

7. CALIFORNIA DEPARTMENT OF AGING (CDA) SINGLE AUDIT REPORTING REQUIREMENTS

The terms and conditions of agency contracts with CDA require agencies to display state-funded expenditures discretely along with the related federal expenditures. For state grants not involving federal funding, the amounts are to be displayed separately. The following schedule is presented to comply with these requirements.

Federal Grantor Pass-through Grantor Program Title	CFDA No.	Grant/ Contract Number	Expenditures	
			State	Federal
U.S. Department of Health and Human Services				
<i>Passed through California Department of Aging</i>				
Special Programs for Aging-Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, & Exploitation	93.041	AP-1516-08	\$ -	\$ 7,730
Special Programs for Aging-Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	AP-1516-08	-	43,144
Special Programs for Aging-Title III, Part D Disease Prevention and Health Promotion Services	93.043	AP-1516-08	-	41,485
Special Programs for Aging-Title III, Part B Grants for Supportive Services and Senior Centers	93.044	AP-1516-08	27,763	792,812
Special Programs for Aging-Title III, Part C Nutrition Services (*)	93.045	AP-1516-08	132,461	1,222,795
National Family Caregiver Support	93.052	AP-1516-08	-	317,275
Nutrition Services Incentive Program (*)	93.053	AP-1516-08	-	193,357
State Health Insurance Assistance Program	93.324	HI-1516-08	178,556	125,870
Medical Assistance Program (Medicaid; Title XIX)	93.778	MS-1516-13	105,790	105,790
Total Expenditures of CDA and Federal Awards			444,570	\$ 2,850,258
State Awards-California Department of Aging:				
Ombudsman State Health Facilities Citation Penalties Account		AP-1516-08	30,192	
Ombudsman Skilled Nursing Facility Quality & Accountability Fund		AP-1516-08	52,750	
Ombudsman Public Health & Licensing and Certification Fund		AP-1516-08	11,105	
Total Expenditures of CDA Awards			\$ 538,617	

* Federal and State award amounts include a portion subcontracted to the San Mateo Medical Center, a major fund of the County of San Mateo. These amounts are shown below:

Federal Grantor Pass-through Grantor Program Title	CFDA No.	Grant/ Contract Number	Expenditures	
			State	Federal
Special Programs for Aging-Title III, Part C Nutrition Services	93.045	AP-1516-08	\$ 32,396	\$ 142,456
Nutrition Services Incentive Program	93.053	AP-1516-08	-	35,483
Total Expenditures of CDA and Federal Awards			\$ 32,396	\$ 177,939

COUNTY OF SAN MATEO

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

8. PROGRAM TOTALS

The following table summarizes programs funded by various sources whose totals are not shown on the Schedule.

CFDA no. / Program Title / Federal Grantor or Pass-Through Grantor	Pass Through Identifying Number	Federal Expenditures
(1) CFDA no. 16.738 - Edward Byrne Memorial Justice Assistance Grant Program		
U.S. Department of Justice	None	\$ 1,660
State of California, Board of State and Community Corrections	BSCC 638-14	249,315
State of California, Board of State and Community Corrections	BSCC-638-15	434,112
State of California, Board of State and Community Corrections	2015-48	34,174
State of California, Board of State and Community Corrections	2016-46	25,735
	Program Total	<u>\$ 744,996</u>
(2) CFDA no. 20.516 - Jobs Access and Reverse Commute Program		
U.S. Department of Transportation	None	\$ 7,769
San Mateo County Transit District	None	36,742
	Program Total	<u>\$ 44,511</u>
(3) CFDA no. 93.184 - Disabilities Prevention		
State of California, Department of Health Care Services	San Mateo (41)	\$ 886,918
State of California, Department of Public Health	San Mateo	118,785
	Program Total	<u>\$ 1,005,703</u>
(4) CFDA no. 93.778 - Medical Assistance Program		
State of California, Department of Aging	MS-1516-13	\$ 105,790
State of California, Department of Health Care Services	None	1,862,131
State of California, Department of Health Care Services	14-10068	84,745
State of California, Department of Social Services	None	1,022,258
State of California, Department of Social Services	None	8,936,377
Health Plan of San Mateo	None	199,607
	Program Total	<u>\$ 12,210,908</u>
(5) CFDA no. 93.917 - HIV Care Formula Grants		
State of California, Department of Public Health	13-20072	\$ 262,171
State of California, Department of Public Health	15-11026	83,560
	Program Total	<u>\$ 345,731</u>
(6) CFDA no. 93.994 - Maternal and Child Health Services Block Grant to the States		
State of California, Department of Health Care Services	201541 San Mateo	\$ 793,652
State of California, Department of Public Health	13-20157	97,006
	Program Total	<u>\$ 890,658</u>
(7) CFDA no. 97.067 - Homeland Security Grant Program		
City and County of San Francisco	2014-SS-00093	\$ 3,082,915
City and County of San Francisco	2015-00078	1,441,343
City of San Diego	2014-UASI	73,560
State of California, Emergency Management Agency	2015-1078	50,000
State of California, Emergency Management Agency	2015-00078	755,882
State of California, Emergency Management Agency	2014-00093	2,315,815
	Program Total	<u>\$ 7,719,515</u>

COUNTY OF SAN MATEO

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

**9. SCHEDULES OF STATE OF CALIFORNIA EMERGENCY MANAGEMENT AGENCY
GRANT EXPENDITURES**

The following schedule represents expenditures for U.S. Department of Justice grants passed through the State of California Emergency Management Agency (CalEMA) as well as CalEMA funded grant expenditures for the year ended June 30, 2016. This information is included in the County's single audit report at the request of CalEMA.

Program Title and Expenditure Category	Grant Number Grant Period	Budget	Cumulative through June 30, 2015	Actual 7/1/15-6/30/16		Cumulative through June 30, 2016
				Non-match*	Match	
Victim Witness Assistance Program						
Personnel Services	VW 15340410	\$ 567,260	\$ -	\$ 361,713	\$ 205,547	\$ 567,260
Operating Expenses	7/1/15-6/30/16	-	-	-	-	-
Equipment	CFDA no. 16.575	-	-	-	-	-
Total		<u>\$ 567,260</u>	<u>\$ -</u>	<u>\$ 361,713</u>	<u>\$ 205,547</u>	<u>\$ 567,260</u>
Underserved Victim Advocacy and Outreach Program						
Personnel Services	UV14050410	\$ 240,291	\$ 134,856	\$ 84,348	\$ 21,087	\$ 240,291
Operating Expenses	10/1/14-3/31/16	-	-	-	-	-
Equipment	CFDA no. 16.575	-	-	-	-	-
Total		<u>\$ 240,291</u>	<u>\$ 134,856</u>	<u>\$ 84,348</u>	<u>\$ 21,087</u>	<u>\$ 240,291</u>
Underserved Victim Advocacy and Outreach Program						
Personnel Services	XV15010410	\$ 350,000	\$ -	\$ 59,688	\$ 14,922	\$ 74,610
Operating Expenses	4/1/16-3/31/18	-	-	-	-	-
Equipment	CFDA no. 16.575	-	-	-	-	-
Total		<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 59,688</u>	<u>\$ 14,922</u>	<u>\$ 74,610</u>

* Actual non-match expenditures are reported as federal expenditures in the Schedule under the designated CFDA numbers.

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COUNTY OF SAN MATEO
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>Program Title</u>	<u>CFDA Number</u>
Community Development Block Grant/Entitlement Grants	14.218
Home Investment Partnerships Program	14.239
Temporary Assistance for Needy Families	93.558
Block Grants for Prevention and Treatment of Substance Abuse	93.959

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

Auditee qualified as low-risk auditee? Yes

COUNTY OF SAN MATEO
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section II – Financial Statement Findings

2016-001 Internal Controls Over Financial Reporting

Significant Deficiency

The County's financial records should be maintained in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The following significant errors in the County's accounts and balances were noted during the course of our audit and subsequently corrected in the financial statements:

- Overstatement of the County's net pension liability (NPL) and related pension expense of \$50.1 million. The County mistakenly recorded the actuarially determined differences between projected and actual earnings on investments as an addition to the NPL rather than as a reduction to pension expense. The County did not perform a final comparison of the ending balances calculated against the actuary's report and thus did not identify the error, which impacted the year-end results reported by the various County entities and component units since the NPL was apportioned among the County units.
- Misclassification of depreciable and non-depreciable capital assets as of June 30, 2016 in the amount of \$171.8 million. The County received a Certificate of Substantial Completion related to the Maple Street Correctional Center in March 2016. While the facility has completion activities pending as of June 30, 2016, the facility was officially put into use. Even though the facility was placed in service, it was still maintained as construction in process rather than being transferred into depreciable fixed assets.
- In fiscal year 2016, the County's Joint Powers Financing Authority (Authority) refunded one of its outstanding bonds, the 2008 Lease Revenue Bonds, and the San Mateo County Flood Control District issued debt to redeem the Authority's outstanding certificates of participation. These were non-routine transactions of the Authority and resulted in the following errors to the financial statements:
 - Overstatement of interest expense of \$17.2 million.
 - Understatement of deferred outflows of resources – unamortized loss on refunding of debt of \$10.7 million related to the refunding of the 2008 Lease Revenue Bond.
 - Overstatement of lease interest revenues of \$6.5 million.

Management has the responsibility to ensure each year's financial statements are presented fairly in accordance with GAAP. With recent changes in personnel, we recommend that the County provide additional financial reporting training to its new personnel.

Management Response:

To be included in a separately issued document as per 2 CFR §200.511 (c).

COUNTY OF SAN MATEO
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section II – Financial Statement Findings

CURRENT YEAR RECOMMENDATIONS (Continued)

2016-002 Terminated Employees with User Access

Significant Deficiency

The Medical Center has a fiduciary responsibility as a steward of public funds. In order to fulfill this responsibility, the Medical Center should implement internal controls that serve as the first line of defense in safeguarding assets. Industry best practices suggest that agencies, departments and business units perform ongoing risk assessments over internal controls, including information technology (IT) general controls. This includes evaluations of system access controls to ensure that only authorized individuals have the ability to access the Medical Center's network applications.

During our evaluation of the Medical Center's IT systems and related user access controls, we reviewed a sample of thirty-five employees who were terminated during the period from July 1, 2015 through March 31, 2016. We noted that nine out of these thirty-five sampled employees continued to have access to the Medical Center's Invision system as of the beginning of June 2016 when testing was performed.

The Medical Center's unofficial policy regarding user ID and access management states the following:

- 1) The Medical Center's workforce member's hiring manager will submit an online User Access Request form notifying Health IT, the County's Information Services Department (ISD), and the application contracted vendor of a workforce member's separation and the need to terminate his or her user accounts.
- 2) In addition, Human Resources will email to Health IT, ISD, and the application contracted vendor a list of new, separated, and transferred workforce members at the end of each County pay period. The report will be reviewed by the application system administrator or informatics, who will deactivate the accounts for separating workforce members or submit a request to the application contracted vendor (if appropriate) to deactivate the accounts.

Health IT relies on communications from department managers and Human Resources to identify terminated employees and remove their access. Currently, the Medical Center does not practice a formal policy to make certain that the procedures outlined above are consistently followed. Thus, Health IT does not consistently receive the necessary information to properly exit all terminated employees from the Invision system.

We recommend that the Medical Center implement an official policy for removing terminated employees from the Invision system in a timely manner and that monitoring controls be implemented as well to perform periodic checks of existing users to ensure that policies are being followed. We further recommend that Health IT take steps to examine the list of current existing users with Invision system access and remove those who have been terminated in the past.

Management Response:

To be included in a separately issued document as per 2 CFR §200.511 (c).

COUNTY OF SAN MATEO
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section III – Federal Awards Findings and Questioned Costs

No current year findings are reported.

COUNTY OF SAN MATEO
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2016

Prior Year Findings and Questioned Costs

No prior year findings were reported.

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SUPPLEMENTARY INFORMATION

COUNTY OF SAN MATEO

State of California Department of Community Services and Development
Community Services Block Grant (CSBG) – CFDA No. 93.569

Contract No. 15F-2040
Schedule of Revenues and Expenditures
For the Period January 1, 2015 to December 31, 2015

REVENUES	Fiscal Year 2014/15	Fiscal Year 2015/16	Total Audited Costs	Total Reported Expenses	Total Budget
Grant Revenue*	\$ 178,798	\$ 246,467	\$ 425,265	\$ -	\$ 425,265
EXPENDITURES					
Administrative Costs					
Salaries and Wages	\$ 11,209	\$ 3,291	\$ 14,500	\$ 14,500	\$ 14,500
Program Costs					
Sub-Contractors	167,589	243,176	410,765	410,765	410,765
Total Expenditures**	\$ 178,798	\$ 246,467	\$ 425,265	\$ 425,265	\$ 425,265

* Revenue represents advances/reimbursements of federal funds for the years ended June 30, 2015 and December 31, 2015.

** Expenditures are reported in the Schedule of Expenditures of Federal Awards under the designated CFDA and pass-through entity numbers.

COUNTY OF SAN MATEO

State of California Department of Community Services and Development
Community Services Block Grant (CSBG) – CFDA No. 93.569

Contract No. 16F-5040
Schedule of Revenues and Expenditures
For the Period January 1, 2016 to June 30, 2016

REVENUES	Fiscal Year 2015/16	Total Audited Costs	Total Reported Expenses	Total Budget
Grant Revenue*	\$ 174,996	\$ 174,996	\$ -	\$ 451,265
EXPENDITURES				
Administrative Costs				
Salaries and Wages	\$ 10,229	\$ 10,229	\$ 10,229	\$ 14,500
Program Costs				
Sub-Contractors	164,767	164,767	164,767	436,765
Total Expenditures**	\$ 174,996	\$ 174,996	\$ 174,996	\$ 451,265

* Revenue represents advances/reimbursements of federal funds for the year ended June 30, 2016.

** Expenditures are reported in the Schedule of Expenditures of Federal Awards under the designated CFDA and pass-through entity numbers.