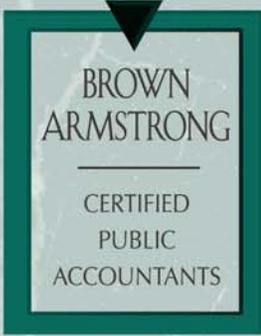


COUNTY OF SAN LUIS OBISPO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2018

**COUNTY OF SAN LUIS OBISPO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

TABLE OF CONTENTS

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	3
Schedule of Expenditures of Federal Awards.....	5
Notes to Schedule of Expenditures of Federal Awards	11
Schedule of Findings and Questioned Costs.....	13
<u>Supplementary Schedule of Grant Expenditures</u>	
Schedule of the Governor’s Office of Emergency Services and the Board of State and Community Corrections Grant Expenditures	17
<u>Aviation Passenger Facility Charge Program</u>	
Independent Auditor’s Report on Schedule of Passenger Facility Charge Revenues and Expenses	18
Independent Auditor’s Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance	20
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Passenger Facility Charge Revenues and Expenses Performed in Accordance with <i>Government Auditing Standards</i>	22
Schedule of Passenger Facility Charge Revenues and Expenses	24
Schedule of Current Year Findings and Questioned Costs – Airport Passenger Facility Charge Program	25
Status of Prior Year Findings and Questioned Costs – Airport Passenger Facility Charge Program	26



BROWN ARMSTRONG

Certified Public Accountants

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

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

BAKERSFIELD OFFICE

(MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 14, 2018. Our report includes a reference to other auditors who audited the financial statements of the First 5 San Luis Obispo County, a discretely presented component unit, as described in our report on the County's financial statements. 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 on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

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*.

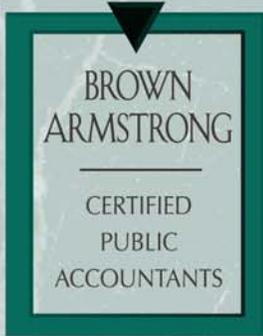
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 14, 2018



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

Report on Compliance for Each Major Federal Program

We have audited the County of San Luis Obispo's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2018. 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.

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 of the Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 14, 2018, 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 is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Bakersfield, California
December 14, 2018

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

**COUNTY OF SAN LUIS OBISPO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	FEDERAL CFDA NUMBER	2017-18 REVENUE RECOGNIZED	2017-18 EXPENDITURES	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF AGRICULTURE					
Direct Programs:					
Water and Waste Disposal Program-Loan	300279,300383	10.760	\$ -	\$ -	\$ -
Water and Waste Disp Prog-Loan Prior Year Adj	300279,300383	10.760	36,564	36,564	-
Subtotal Water and Waste Disposal Program			36,564	36,564	-
USDA Community Food Project	2016-33800-25603	10.225	3,132	3,132	-
Subtotal Direct CFDA 10.225			3,132	3,132	-
Passed through State Department of Health Care Services:					
Women Infant Children Nutrition Program	15-10074	10.557	1,308,806	1,308,806	-
Women Infant Children Nutrition Program - Prior Year Adjustment	15-10074	10.557	(896)	(896)	-
Subtotal Pass-Through CFDA 10.557			1,307,910	1,307,910	-
Passed through State Department of Food and Agriculture:					
ACP Bulk Citrus	16-0740-SA, 17-0473-000-SA, 17-0473-000-SA Amd #1	10.025	9,792	9,792	-
Glassy-Winged Sharpshooter	16-0425-SF	10.025	335,431	335,431	-
Glassy-Winged Sharpshooter (Prior Year)	16-0425-SF	10.025	(11)	(11)	-
Asian Citrus Psyllid Detection	16-0594-SF, 16-0594-SF Amd #1, 17-0428-005-SF	10.025	195,846	195,846	-
European Grape Vine Moth	16-0674-SF, 17-0549-009-SF	10.025	147,212	147,212	-
Khapra Beetle Detection & Admin (Prior Year)	KB-1617-40	10.025	103	103	-
Light Brown Apple Moth Detection	17-0154-018-SF	10.025	6,485	6,485	-
Light Brown Apple Moth Regulatory	17-0154-037-SF	10.025	78,485	78,485	-
Phytophthora Ramorum (SOD)	17-0213-035-SF	10.025	2,971	2,971	-
Pest Detection Trapping	17-0154-037-SF, 17-0140	10.025	189,061	189,061	-
Subtotal Pass-Through CFDA 10.025			965,375	965,375	-
Passed through State Department of Public Health:					
Supplemental Nutrition Assistance Program Education (SNAP-ED)	16-10157	10.561	379,667	379,667	12,596
Supplemental Nutrition Assistance Program Education (SNAP-ED) - Prior Year Adjustment	16-10157	10.561	2,450	2,450	-
CalFresh&CalFresh Employment Training	Not Applicable	10.561	5,131,557	5,131,557	-
CalFresh&CalFresh Employment Train - Prior year adjustment	Not Applicable	10.561	278,782	278,782	-
Subtotal Pass-Through CFDA 10.561			5,792,456	5,792,456	12,596
Total U.S. Department of Agriculture			8,105,437	8,105,437	12,596
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT					
Direct Programs:					
Low Income Housing Assistance Community Development Block Grants					
Community Development Block Grants	B-14_UC-06-0508	14.218	178,867	178,867	178,867
Community Development Block Grants	B-15_UC-06-0508	14.218	248,896	248,896	248,896
Community Development Block Grants	B-16_UC-06-0508	14.218	400,916	400,916	400,916
Community Development Block Grants	B-17_UC-06-0508	14.218	1,147,361	1,147,361	887,975
Subtotal CFDA 14.218			1,976,040	1,976,040	1,716,654
Emergency Solutions Grant Program	E-15-UC-06-0508	14.231	4,384	4,384	4,384
Emergency Solutions Grant Program	E-16-UC-06-0508	14.231	30,370	30,370	30,370
Emergency Solutions Grant Program	E-17-UC-06-0508	14.231	42,860	42,860	37,229
Subtotal CFDA 14.231			77,614	77,614	71,983
Home Partnership Investment Program	M-14-UC-05-0545	14.239	418,872	418,872	418,872
Home Partnership Investment Program	M-16-UC-05-0545	14.239	499,928	499,928	499,928
Home Partnership Investment Program	M-17-UC-05-0545	14.239	264,366	264,366	229,034
Subtotal CFDA 14.239			1,183,166	1,183,166	1,147,834
Continuum of Care Program	2015 Various	14.267	301,420	301,420	278,692
Continuum of Care Program	2016 Various	14.267	550,415	550,415	511,306
Subtotal CFDA 14.267			851,835	851,835	789,998
Total U.S. Department of Housing & Urban Development			4,088,655	4,088,655	3,726,469
U.S. DEPARTMENT OF THE INTERIOR					
Passed through California Bureau of Land Management:					
Taylor Grazing Act	Not Applicable	15.227	18,658	18,658	-
Subtotal Pass-Through CFDA 15.227			18,658	18,658	-
Total U.S. Department of Interior			18,658	18,658	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF SAN LUIS OBISPO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	FEDERAL CFDA NUMBER	2017-18 REVENUE RECOGNIZED	2017-18 EXPENDITURES	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF JUSTICE					
Direct Programs:					
Bureau of Immigration & Customs Enforcement	Not Applicable	16.710	42,000	42,000	-
State Criminal Alien Assistance Program	Not Applicable	16.606	136,893	136,893	-
Federal Asset Forfeiture	Not Applicable	16.000	56,020	56,020	-
DEA Domestic Cannabis Eradication & Suppression	2017-43	16.111	26,000	26,000	-
Justice Assistance Grant	2017-H2496-CA-DJ	16.738	22,670	22,670	-
Passed through California Emergency Management Agency:					
Victim Witness Assistance	VW16350400	16.575	343,700	343,700	-
County Victim Services (XC) Program	XC16010400	16.575	291,072	291,072	269,947
Unservd/Underserved Victim Advocacy and Outreach	XV15010400	16.575	191,337	191,337	-
Unservd/Underserved Victim Advocacy and Outreach	XV15A10400	16.575	194,492	194,492	-
Subtotal Pass-Through CFDA 16.575			1,020,601	1,020,601	269,947
Total U.S. Department of Justice			1,304,184	1,304,184	269,947
U.S. DEPARTMENT OF LABOR					
Passed through California Employment Development Department:					
Workforce Investment Act-Adult	K7102073 & K8106685	17.258	507,904	507,904	294,917
Workforce Investment Act-Youth	K7102073 & K8106685	17.259	437,283	437,283	367,574
Workforce Invest Act-Disloc Work&Rapid Resp	K7102073 & K8106685	17.278	625,337	625,337	328,857
Subtotal Pass-Through Workforce Investment Act Cluster			1,570,524	1,570,524	991,348
Total U.S. Department of Labor			1,570,524	1,570,524	991,348
U.S. DEPARTMENT OF TRANSPORTATION					
Direct Programs:					
Airport Improvement Program-Pr Yr Adj	3-06-0228-041	20.106	(3,904)	(3,904)	-
Airport Improvement Program	3-06-0228-043-2015	20.106	1,926,847	1,926,847	-
Airport Improvement Program-Pr Yr Adj	3-06-0228-043-2015	20.106	(3)	(3)	-
Airport Improvement Program	3-06-0228-044-2015	20.106	21,879	21,879	-
Airport Improvement Program	3-03-0172-008-2017	20.106	266,145	266,145	-
Subtotal Direct CFDA 20.106			2,210,964	2,210,964	-
Small Community Air Service Development	Not Applicable	20.930	622	622	-
Small Community Air Service Development- Pr Yr	Not Applicable	20.930	20,537	20,537	-
Subtotal Direct CFDA 20.930			21,159	21,159	-
Passed through State Department of Transportation:					
Highway Planning and Construction	BPMP-5949(151)	20.205	67,647	67,647	-
Highway Planning and Construction	BHLS-5949(136)	20.205	127,617	127,617	-
Highway Planning and Construction - Prior year adjustment	BHLS-5949(136)	20.205	(813)	(813)	-
Highway Planning and Construction	HSIPL-5949(168)	20.205	23,045	23,045	-
Highway Planning and Construction	HSIPL-5949(167)	20.205	8,294	8,294	-
Highway Planning and Construction	HSIPL-5949(169)	20.205	5,587	5,587	-
Highway Planning and Construction	HSIPL-5949(170)	20.205	15,458	15,458	-
Highway Planning and Construction	CML-5949(171)	20.205	14,828	14,828	-
Highway Planning and Construction	HSIPL-5949(159)	20.205	208,409	208,409	-
Highway Planning and Construction	BRLO-5949(065)	20.205	3,896	3,896	-
Highway Planning and Construction	BRLO-5949(116)	20.205	82,826	82,826	-
Highway Planning and Construction - Prior year adjustment	BRLO-5949(116)	20.205	(74,141)	(74,141)	-
Highway Planning and Construction	BRLO-5949(119), BHLO-5949(164)	20.205	76,040	76,040	-
Highway Planning and Construction - Prior year adjustment	BRLO-5949(119), BHLO-5949(164)	20.205	(1,449)	(1,449)	-
Highway Planning and Construction	BRLO-5949(120)	20.205	188,805	188,805	-
Highway Planning and Construction - Prior year adjustment	BRLO-5949(120)	20.205	(639)	(639)	-
Highway Planning and Construction	BRLO-5949(127)	20.205	1,646,028	1,646,028	-
Highway Planning and Construction - Prior year adjustment	BRLO-5949(127)	20.205	(247)	(247)	-
Highway Planning and Construction	BRLO-5949(152)	20.205	184,980	184,980	-
Highway Planning and Construction	BRLO-5949(156)	20.205	40,732	40,732	-
Highway Planning and Construction	BRLO-5949(157)	20.205	66,478	66,478	-
Highway Planning and Construction	BRLS-5949(129)	20.205	256,875	256,875	-
Highway Planning and Construction	BRLS-5949(131)	20.205	131,888	131,888	-
Highway Planning and Construction - Prior year adjustment	BRLS-5949(131)	20.205	367	367	-
Highway Planning and Construction	BRLS-5949(135)	20.205	126,354	126,354	-
Safe Accctble, Flex, Effic Transp Eq Act(SAFETEA-LU)	HPLU-5949(132)	20.205	2,634	2,634	-
Federal Transportation Improvement Program	RPSTPLE-5949(140)	20.205	92,514	92,514	-
Highway Planning and Construction	BRLS-5949(137)	20.205	74,749	74,749	-
Highway Planning and Construction	CMFERPL16-5949(161)	20.205	151,359	151,359	-
Highway Planning and Construction	RPLCML-5949(074)	20.205	1,869,626	1,869,626	-
Highway Planning and Construction - Prior year adjustment	RPLCML-5949(074)	20.205	(114,210)	(114,210)	-
Highway Planning and Construction	BPMP-5949(162)	20.205	3,257	3,257	-
Highway Planning and Construction	ER-32L0(110)	20.205	25,991	25,991	-
Subtotal Pass-Through CFDA 20.205			5,304,785	5,304,785	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF SAN LUIS OBISPO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	FEDERAL CFDA NUMBER	2017-18 REVENUE RECOGNIZED	2017-18 EXPENDITURES	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF TRANSPORTATION (Continued)					
Passed through State Department of Transportation (Continued):					
Office Of Traffic Safety	PS1723	20.600	27,144	27,144	5,872
Office Of Traffic Safety	AL1728	20.600	55,190	55,190	-
Office Of Traffic Safety - PrYrAdj	PS1723	20.600	(595)	(595)	-
Office Of Traffic Safety	PS18028	20.600	107,601	107,601	4,031
Office Of Traffic Safety - PrYrAdj	PS1723	20.616	17,567	17,567	-
Office Of Traffic Safety	PS1723	20.616	(205)	(205)	-
Office Of Traffic Safety	OP18016	20.616	32,887	32,887	-
Subtotal Pass-Through Highway Safety Cluster			239,589	239,589	9,903
Total U.S. Department of Transportation			7,776,497	7,776,497	9,903
ENVIRONMENTAL PROTECTION AGENCY					
Passed through State Water Resource Control Board:					
State Revolving Fund Loan- Rates and Charges	10-846-550	66.458	5,233,998	5,233,998	-
Total Environmental Protection Agency			5,233,998	5,233,998	-
U.S. DEPARTMENT OF EDUCATION					
Passed through State Department of Education:					
State Vocational Rehabilitation Services	Not Applicable	84.126A	2,167	2,167	-
State Vocational Rehabilitation Services -PY	Not Applicable	84.126A	1,078	1,078	-
Subtotal Pass-Through			3,245	3,245	-
Total U.S. Department of Education			3,245	3,245	-
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Direct Programs:					
Drug Free Community 101 Friday Night Live	5H79SP020904-08	93.276	121,692	121,692	-
Subtotal CFDA 93.276			121,692	121,692	-
SLO Health Integration Partnership (SAMHSA)	1H79SM062377-01	93.243	305,684	305,684	-
Behavioral Health Treatment Court Collaborative	5H79SM061698-02	93.243	348,142	348,142	-
Subtotal CFDA 93.243			653,826	653,826	-
Passed through State Department of Alcohol & Drug Programs:					
Substance Abuse Prev&Trtmt Block Grnt-Discret Funds	14-90098	93.959	1,110,072	1,110,072	-
Substance Abuse Prev&Trtmt Bkck-Friday Night/Club	14-90098	93.959	30,000	30,000	-
Substance Abuse Prev&Trtmt Bkck Grnt-PrevSet-aside	14-90098	93.959	322,424	322,424	-
Substance Abuse Prevention & Treatment Block Grant-Adolescent and Youth Treatment	14-90098	93.959	110,234	110,234	-
Substance Abuse Prev&Trtmt Bkck-Perinatal	14-90098	93.959	72,569	72,569	-
Subtotal CFDA 93.959			1,645,299	1,645,299	-
Passed through State Department of Child Support Services:					
Child Support Enforcement:					
Child Support Admin & EDP	Not Applicable	93.563	2,561,888	2,561,888	-
Passed Through California Family Health Council:					
Title X 2018	Not Applicable	93.217	52,361	52,361	-
Title X 2017	88000-5320-71219-16-17	93.217	100,866	100,866	-
Subtotal CFDA 93.217			153,227	153,227	-
Health Resources Services Administration HPP	Not Applicable	93.074	190,357	190,357	14,678
Health Resources Services Admin-Prior year adj	Not Applicable	93.074	(415)	(415)	-
CDC Base PH Emergency Preparedness	17-10191	93.074	619,756	619,756	-
CDC Base PH Emergency Preparedness-Prior Year Adj	17-10191	93.074	(11,729)	(11,729)	-
Subtotal CFDA 93.074			797,969	797,969	14,678
TB Control Branch/Real Time Allotment	5U52PS900515-31	93.116	15,593	15,593	-
CALBRACE	16-10604	93.070	9,990	9,990	-
Immunization Action Plan	15-10449	93.268	107,283	107,283	-
Maternal Child Health (MCH)	201640	93.994	124,108	124,108	-
Passed through State Department of Health Care Services:					
NACCHO	2017-092905	93.424	14,794	14,794	8,000

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF SAN LUIS OBISPO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	FEDERAL CFDA NUMBER	2017-18 REVENUE RECOGNIZED	2017-18 EXPENDITURES	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)					
Passed through State Department of Health Care Services (Continued):					
Medical Assistance Program:					
Medi-Cal Outreach and Enrollment Grant	Not Applicable	93.778	15,738	15,738	-
Medi-Cal Renewal Assistance Grant	Not Applicable	93.778	267	267	-
Local Dental Pilot Project (LDPP)	16-93575	93.778	36,430	36,430	-
Medi-Cal Admin (MAA)	14-90041	93.778	386,861	386,861	-
Medi-Cal Administration - Prior Year Adjustment	14-90041	93.778	(29,433)	(29,433)	-
First Five Medi-Cal	14-90041	93.778	61,546	61,546	61,546
School Based Medi-Cal Administration	17-94052	93.778	582,966	582,966	582,966
Maternal Child Health - Title XIX	201740	93.778	285,671	285,671	-
Maternal Child Health - Title XIX Prior Year Adj	201740	93.778	(43)	(43)	-
Medi-Cal Admin - Targeted Case Management	40-1318A	93.778	458,875	458,875	-
Medi-Cal Admin - Targeted Case Mgt-Prior Year Adj	40-1318A	93.778	-	-	-
Administration: Medi-Cal-Prior year adjustment	09-86011-A01	93.778	66,597	66,597	-
CA CHILDRENS SERVICES (CCS) Title XIX	Not Applicable	93.778	568,664	568,664	47,680
CA CHILDRENS SERVICES (CCS) Title XIX - PY	Not Applicable	93.778	9,774	9,774	-
Foster Care (HCPCFC)	Not Applicable	93.778	65,224	65,224	-
Foster Care (HCPCFC) PY	Not Applicable	93.778	(8,021)	(8,021)	-
Foster Care (PMMO)	Not Applicable	93.778	25,806	25,806	-
Lead Program	17-10261	93.778	16,355	16,355	-
Lead Program - Prior Year Adj	17-10261	93.778	(170)	(170)	-
Child Hlth & Disability Prevention	Not Applicable	93.778	147,808	147,808	-
IHSS, Public Authority & Medi-Cal	Not Applicable	93.778	8,168,464	8,168,464	-
Medi-Cal Administration	Not Applicable	93.778	77,858	77,858	-
Medi-Cal Administration - Prior Year Adjustment	Not Applicable	93.778	24,462	24,462	-
Subtotal CFDA 93.778			10,961,699	10,961,699	692,192
Targeted Case Management (TCM)	Not Applicable	93.779	71,390	71,390	-
Subtotal			71,390	71,390	-
Mental Health-Substance Abuse (SAMHSA)	Not Applicable	93.958	388,531	388,531	-
Mental Health-Subst Abuse (SAMHSA)-Pr Yr Adj.	Not Applicable	93.958	(274)	(274)	-
Mental Health-Substance Abuse (SAMHSA)	Not Applicable	93.958	249,393	249,393	-
Subtotal CFDA 93.958			637,650	637,650	-
Passed through State Department of Mental Health:					
Mental Health-McKinney Assist in Transition from Homeless	Not Applicable	93.150	41,678	41,678	-
Passed through State Department of Social Services:					
KinGap - Kingship Guardian Assistance Program	Not Applicable	93.090	385,693	385,693	-
KinGap IV-E Admin - Prior Yr Adj.	Not Applicable	93.090	2,152	2,152	-
Subtotal CFDA 93.090			387,845	387,845	-
Promoting Safe and Stable Families	Not Applicable	93.556	154,848	154,848	-
Promoting Safe and Stable Families -Prior Year Adjustment	Not Applicable	93.556	2	2	-
Subtotal CFDA 93.556			154,850	154,850	-
Refugee Cash Assistance	Not Applicable	93.566	(9)	(9)	-
Temporary Assistance for Needy Families:					
Assistance: CALWORKS	Not Applicable	93.558	2,674,752	2,674,752	-
Administration: CalWORKS, SAWS-CalWIN, TANF	Not Applicable	93.558	12,123,539	12,123,539	-
Administration: CalWORKS, SAWS-CalWIN, TANF - Prior Yr Adj.	Not Applicable	93.558	(429,831)	(429,831)	-
Subtotal CFDA 93.558			14,368,460	14,368,460	-
Adoption Incentive		93.603	47,881	47,881	-
Foster Care - Title IV-E:					
Administration: Probation - Title IV E	Not Applicable	93.658	110,865	110,865	-
Administration: Probation-Title IV E-PrYrAdj	Not Applicable	93.658	4,003,619	4,003,619	-
Child Welfare Services - Title IV E	Not Applicable	93.658	(15,343)	(15,343)	-
Child Welfare Services - Title IV E - Prior Year Adjustment	Not Applicable	93.658	2,466,104	2,466,104	-
Subtotal CFDA 93.658			6,565,245	6,565,245	-
Child Welfare Services Title IV-B	Not Applicable	93.645	182,859	182,859	-
Child Welfare Services Title IV-B - Prior Year Adjustment	Not Applicable	93.645	65	65	-
Subtotal CFDA 93.645			182,924	182,924	-
Adoption Assistance - Prior Year Adjustment	Not Applicable	93.659	(8,157)	(8,157)	-
Adoption Assistance	Not Applicable	93.659	700,091	700,091	-
Assistance: Adoption	Not Applicable	93.659	3,940,198	3,940,198	-
Subtotal CFDA 93.659			4,632,132	4,632,132	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF SAN LUIS OBISPO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	FEDERAL CFDA NUMBER	2017-18 REVENUE RECOGNIZED	2017-18 EXPENDITURES	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)					
Passed through State Department of Social Services (Continued):					
Child Welfare Services-Title XX	Not Applicable	93.667	87,852	87,852	-
Child Welfare Services-Title XX - PY	Not Applicable	93.667	87,852	87,852	-
Subtotal CFDA 93.667			175,704	175,704	-
Independent Living Program	Not Applicable	93.674	107,934	107,934	-
Independent Living Program - Prior Year Adjustment	Not Applicable	93.674	482	482	-
Subtotal CFDA 93.674			108,416	108,416	-
CA Childrens Services and TLIIP Title XXI	Not Applicable	93.767	217,971	217,971	-
CA Childrens Services and TLIIP Title XXI - PY	Not Applicable	93.767	763	763	-
Subtotal CFDA 93.767			218,734	218,734	-
Child Health & Disability Prevention - PY			2	2	-
Total U.S. Department of Health & Human Services			44,760,270	44,760,270	714,870
DEPARTMENT OF HOMELAND SECURITY					
Direct Programs					
Public Assistance - Disaster Grants - Prior Year	FEMA-4305-DR-CA	97.036	10,057	10,057	-
Public Assistance - Disaster Grants - Prior Year	FEMA-4308-DR-CA	97.036	11,220	11,220	-
Public Assistance - Disaster Grants - Prior Year	FEMA-4301-DR-CA	97.036	12,497	12,497	-
Public Assistance - Disaster Grants - Prior Year	FEMA-4301-DR-CA	97.036	1,060	1,060	-
Public Assistance - Disaster Grants - Prior Year	FEMA-4305-DR-CA	97.036	199	199	-
Public Assistance - Disaster Grants	FEMA-4308-DR-CA	97.036	23,556	23,556	-
Subtotal CFDA 97.036			58,589	58,589	-
Stafford Act - Prior Year	FEMA-5146-FM-CA	97.046	1,360	1,360	-
Stafford Act - PY	Not applicable	97.046	148,957	148,957	-
Stafford Act - PY	FEMA-5146-FM-CA	97.046	10,674	10,674	-
Stafford Act - Prior Year Adjustment	FEMA-5146-FM-CA	97.046	4,028	4,028	-
Subtotal CFDA 97.046			165,019	165,019	-
Passed through California Emergency Management Agency:					
Disaster Grants - Public Assistance - Prior Year Adjustment	FEMA-4301, 05 08-DR-CA	97.036	10,051	10,051	-
Disaster Grants - Public Assistance - Prior Year Adjustment	FEMA-4301-DR-CA	97.036	188,628	188,628	-
Disaster Grants - Public Assistance	FEMA-4301-DR-CA	97.036	8,743	8,743	-
Disaster Grants - Public Assistance - Prior Year Adjustment	FEMA-4301-DR-CA	97.036	25,819	25,819	-
Disaster Grants - Public Assistance - Prior Year Adjustment	FEMA-4305-DR-CA	97.036	71,434	71,434	-
Disaster Grants - Public Assistance	FEMA-4305-DR-CA	97.036	39,758	39,758	-
Disaster Grants - Public Assistance	FEMA-4305-DR-CA	97.036	41,432	41,432	-
Disaster Grants - Public Assistance	FEMA-4305-DR-CA	97.036	33,735	33,735	-
Disaster Grants - Public Assistance	FEMA-4305-DR-CA	97.036	25,221	25,221	-
Disaster Grants - Public Assistance - Prior Year Adjustment	FEMA-4308-DR-CA	97.036	219,967	219,967	-
Disaster Grants - Public Assistance	FEMA-4308-DR-CA	97.036	33,236	33,236	-
Disaster Grants - Public Assistance	FEMA-4308-DR-CA	97.036	89,581	89,581	-
Disaster Grants - Public Assistance	FEMA-4308-DR-CA	97.036	53,893	53,893	-
Subtotal CFDA 97.036			841,497	841,497	-
Emergency Management Performance Grants:					
Emergency Management Performance 2016	2017-0007	97.042	152,046	152,046	-
Subtotal CFDA 97.042			152,046	152,046	-
2015 Stonegarden Grant - PY	Stonegarden Grant 2015-1078	97.067	76	76	-
2015 Stonegarden Grant	Stonegarden Grant 2015-1078	97.067	28,933	28,933	-
2016 Stonegarden Grant - PY	Stonegarden Grant 2016-0102	97.067	1,249	1,249	-
2016 Stonegarden Grant	Stonegarden Grant 2016-0102	97.067	128,430	128,430	-
2017 Stonegarden Grant	Stonegarden Grant 2017-0083	97.067	14,177	14,177	-
2017 Homeland Security	2017-0083	97.067	86,700	86,700	-
Homeland Security	2017-0083	97.067	4,006	4,006	-
Homeland Security	2016-0102	97.067	3,449	3,449	-
Homeland Security	2017-0083	97.067	1,083	1,083	-
Homeland Security	2015-0078	97.067	489	489	-
2015 Homeland Security	2015-0049	97.067	54,590	54,590	-
2016 Homeland Security	2016-0102	97.067	117,745	117,745	-
State Homeland Security Grant 2016	079-00000 2016-002	97.067	103,450	103,450	-
State Homeland Security Grant 2015	079-00000 2015-0078	97.067	38,540	38,540	-
Subtotal CFDA 97.067			582,917	582,917	-
Total Department of Homeland Security			1,800,068	1,800,068	-
TOTAL FEDERAL FINANCIAL AWARDS EXCLUDING LOANS CARRIED FORWARD FROM PRIOR YEAR			\$ 74,661,537	\$ 74,661,537	\$ 5,725,133

(Continued)

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF SAN LUIS OBISPO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFICATION NUMBER	FEDERAL CFDA NUMBER	2017-18 REVENUE RECOGNIZED	2017-18 EXPENDITURES	AMOUNT PASSED THROUGH TO SUBRECIPIENTS
<u>Federal Loan Balances With a Continuing Compliance Requirement</u>					
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT					
Direct Programs:					
Community Development Block Grants - 3rd Party Loans		14.218		\$ 2,441,874	
Home Partnership Investment Program - 3rd Party Loans		14.239		18,901,293	
FEDERAL LOAN BALANCES CARRIED FORWARD FROM PRIOR YEAR				<u>21,343,167</u>	
TOTAL FEDERAL FINANCIAL AWARDS INCLUDING LOANS CARRIED FORWARD FROM PRIOR YEAR				<u>\$ 96,004,704</u>	

See accompanying notes to schedule of expenditures of federal awards and independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.

**COUNTY OF SAN LUIS OBISPO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal awards programs of the County of San Luis Obispo (County). The County'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 SEFA is presented using the modified accrual basis of accounting for program expenditures accounted for in governmental funds and the accrual basis of accounting for expenditures accounted for in proprietary funds, as described in Note 1 of the County's basic financial statements.

NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying SEFA 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 SEFA, the County provided federal awards to subrecipients as follows:

CFDA Number	Program Title	Amount
10.561	Supplemental Nutrition Assistance	\$ 12,596
14.218	Community Development Block Grant/Entitlement Grants	1,716,654
14.231	Emergency Solutions Grant Program	71,983
14.239	Home Investment Partnerships Program	1,147,834
14.267	Continuum of Care	789,998
16.575	County Victim Services	269,947
17.258	Workforce Investment Act-Adult	294,917
17.259	Workforce Investment Act-Youth	367,574
17.278	Workforce Investment Act-Dislocated Worker/Rapid Response	328,857
20.600	Office of Traffic Safety	9,903
93.767/93.768	California Children's Services (Title XXI and Title XIX)	47,680
93.778	Activities (CBOMAA and SMAA)	644,512
93.424	National Association of Country and City Health Officials	8,000
93.074	HRSA HPP	14,678
	Total	<u>\$ 5,725,133</u>

NOTE 5 – LOANS WITH CONTINUING COMPLIANCE REQUIREMENT

Outstanding federally-funded program loans with a continuing compliance requirement had the following balances during the year:

CFDA Number	Program Title	Amount Outstanding			
		June 30, 2017	New Loans	Loan Payments	June 30, 2018
14.218	Community Development Block Grant/Entitlement Grants	\$ 2,441,874	\$ -	\$ -	\$ 2,441,874
14.239	Home Investment Partnerships Program	18,917,043	-	(15,750)	18,901,293

NOTE 6 – OTHER LOANS

Outstanding federally-funded program loans without continuing compliance requirements had the following balances during the year:

CFDA Number	Program Title	Amount Outstanding June 30, 2018
10.760, 10.781	Water and Waste Program Cluster	\$ 76,746,000
66.458	State Revolving Fund	35,071,581 *
10.760	Water and Waste Program Cluster	1,501,000

* This amount includes federal and state funds.

NOTE 7 – PASS-THROUGH ENTITIES’ IDENTIFYING NUMBERS

When federal awards are received from a pass-through entity, the SEFA 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 SEFA totals 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 SEFA, but instead is provided below:

CFDA Number	Total Federal Expenditures
17.258	\$ 507,904
17.259	437,283
17.278	625,337
20.106	2,210,964
20.600	189,341
20.616	50,248

NOTE 9 – INDIRECT COST RATE

The County has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

**COUNTY OF SAN LUIS OBISPO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

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

Internal control over major federal programs:

- Material weakness identified? ___ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? ___ Yes X None reported

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ Yes X No

Identification of major programs:

<u>CFDA #(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	Home Investment Partnership Program
66.458	Capitalization Grants for Clean Water State Revolving Funds
93.658	Foster Care Title IV-E
93.778	Medical Assistance Program

The threshold for distinguishing type A and B programs was \$2,858,114.

Auditee qualified as low-risk auditee? X Yes ___ No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings identified in fiscal year ending June 30, 2018, that require reporting in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV – STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

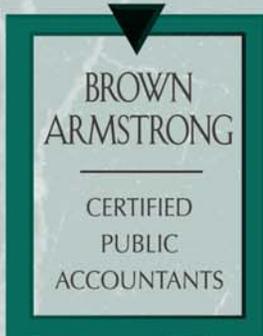
None noted.

**SUPPLEMENTARY SCHEDULE
OF GRANT EXPENDITURES**

**COUNTY OF SAN LUIS OBISPO
SCHEDULE OF THE GOVERNOR'S OFFICE OF EMERGENCY SERVICES
AND THE BOARD OF STATE AND COMMUNITY CORRECTIONS GRANT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018**

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2017	For the Year Ended June 30, 2018	Cumulative As of June 30, 2018	Federal Share	State Share	County Share
Victim Witness Assistance - VW16350400						
Personnel Services	\$ -	\$ 364,752	\$ 364,752	\$ 303,820	\$ 60,932	\$ -
Operating Expenses	-	41,845	41,845	25,732	-	1,965
Equipment	-	-	-	14,148	-	-
Totals	\$ -	\$ 406,597	\$ 406,597	\$ 343,700	\$ 60,932	\$ 1,965
Unserviced/Underserved Victim Advocacy and Outreach - XV15010400						
Personnel Services	\$ -	\$ 196,920	\$ 196,920	\$ 162,554	\$ -	\$ 34,366
Operating Expenses	-	36,420	36,420	28,783	-	7,637
Totals	\$ -	\$ 233,340	\$ 233,340	\$ 191,337	\$ -	\$ 42,003
Unserviced/Underserved CVWD - XV15A10400						
Personnel Services	\$ -	\$ 185,044	\$ 185,044	\$ 153,669	\$ -	\$ 31,375
Operating Expenses	-	48,394	48,394	40,823	-	7,571
Totals	\$ -	\$ 233,438	\$ 233,438	\$ 194,492	\$ -	\$ 38,946
County Victim Services (XC) - XC16010400						
Personnel Services	\$ -	\$ 36,424	\$ 36,424	\$ 19,262	\$ -	\$ 17,162
Operating Expenses	-	271,810	271,810	271,810	-	-
Totals	\$ -	\$ 308,234	\$ 308,234	\$ 291,072	\$ -	\$ 17,162
2015 Stonegarden Grant 2015-1078						
Personnel Services	\$ 150,557	\$ 12,971	\$ 163,528	\$ -	\$ -	\$ -
Operating Expenses	6,759	5,239	11,998	-	-	-
Equipment	73,490	12,031	85,521	-	-	-
Totals	\$ 230,806	\$ 30,241	\$ 261,047	\$ -	\$ -	\$ -
2016 Stonegarden Grant 2016-0102						
Personnel Services	\$ 43,270	\$ 120,981	\$ 164,251	\$ -	\$ -	\$ -
Operating Expenses	-	6,200	6,200	-	-	-
Totals	\$ 43,270	\$ 127,181	\$ 170,451	\$ -	\$ -	\$ -
2017 Stonegarden Grant 2017-0083						
Personnel Services	\$ -	\$ 13,035	\$ 13,035	\$ -	\$ -	\$ -
Operating Expenses	-	1,142	1,142	-	-	-
Totals	\$ -	\$ 14,177	\$ 14,177	\$ -	\$ -	\$ -

AVIATION PASSENGER FACILITY CHARGE PROGRAM



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF PASSENGER FACILITY CHARGE REVENUES AND EXPENSES

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

Report on Schedule for Each Quarterly Period

We have audited the accompanying Schedule of Passenger Facility Charge Revenues and Expenses (Schedule) of the County of San Luis Obispo (County), for the annual period and each quarterly period from July 1, 2017 to June 30, 2018.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on this financial schedule based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the passenger facility charges received, held, and used by the County for the annual period and each quarterly period from July 1, 2017 to June 30, 2018, as defined by the Federal Aviation Administration of the United States of America Department of Transportation.

BAKERSFIELD OFFICE

(MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

Other Reporting Required by *Government Auditing Standards*

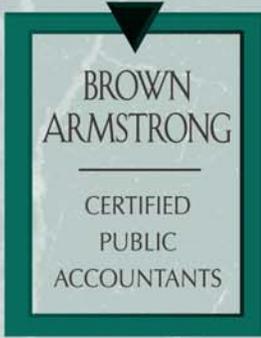
In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of the County's internal control over financial reporting relating to the Schedule and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance relating to the Schedule.

This report is intended solely for the information and use of the Board of Supervisors and the County of San Luis Obispo and is not intended to be, and should not be, used by anyone other than those specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California
December 14, 2018



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

Compliance

We have audited the compliance of the County of San Luis Obispo (County) with the compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies (Guide), issued by the Federal Aviation Administration, for its Passenger Facility Charge Program for the annual period and each quarterly period from July 1, 2017 to June 30, 2018. Compliance with the requirements of laws and regulations applicable to its Passenger Facility Charge Program is the responsibility of the County's management. Our responsibility is to express an opinion on the County'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 the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its Passenger Facility Charge Program for the annual period and each quarterly period from July 1, 2017 to June 30, 2018.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the Passenger Facility Charge Program. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on the Passenger Facility Charge 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 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 the Passenger Facility Charge Program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of the Passenger Facility Charge Program will not be prevented, or detected and corrected on a timely basis.

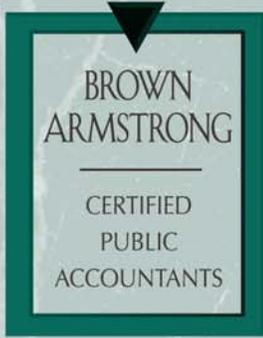
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

This report is intended solely for the information of management, the Board of Supervisors, the U.S. Federal Aviation Administration, and the airline parties operating at the Airport and it is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 14, 2018



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF PASSENGER FACILITY CHARGE REVENUES AND EXPENSES PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, 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 Schedule of Passenger Facility Charge Revenues and Expenses (Schedule) of the County of San Luis Obispo (County), for the annual period and each quarterly period from July 1, 2017 to June 30, 2018, and have issued our report thereon dated December 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule, we considered the County's internal control over financial reporting (internal control) relating to the Schedule to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control relating to the Schedule. Accordingly, we do not express an opinion on the effectiveness of the County's internal control relating to the Schedule.

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 schedule 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schedule is free from material misstatement, we performed tests of the County's 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 schedule 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*.

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 14, 2018

**COUNTY OF SAN LUIS OBISPO
SCHEDULE OF PASSENGER FACILITY CHARGE
REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

Approved Federal Application Number/ Project Description	Approved Project Allocation	Prior Period Adjustment	Current Year			Project to Date			Unliquidated Balance PFC Trust
			Receipts or Revenues Recognized	Interest Earned	Expenditures	Receipts or Revenues Recognized	Interest Earned	Expenditures	
1997-04-I and 2000-06-U									
Revenues	\$ -	\$ 2,464,620	\$ -	\$ -	\$ -	\$ 6,370,839	\$ 449,991	\$ -	\$ 6,820,830
Expenditures:									
Approved Application #4/6: \$6,820,830									
Terminal Development and Construction	6,820,830	-	-	-	469,297	-	-	6,820,830	(6,820,830)
Total 4/6: 1997-04-I and 2000-06-U	6,820,830	2,464,620	-	-	469,297	6,370,839	449,991	6,820,830	-
2007-08-C									
Revenues	-	(1,494,087)	845,501	3,514	-	1,692,375	16,115	-	1,708,490
Expenditures:									
Approved Application #8: \$2,028,190	2,028,190	-	-	-	-	-	-	1,328,771	(1,328,771)
Total 8: 1997-04-I and 2000-06-U	2,028,190	(1,494,087)	845,501	3,514	-	1,692,375	16,115	1,328,771	379,719
Total Passenger Facility Charges	\$ 8,849,020	\$ 970,533	\$ 845,501	\$ 3,514	\$ 469,297	\$ 8,063,214	\$ 466,106	\$ 8,149,601	\$ 379,719

**COUNTY OF SAN LUIS OBISPO
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS –
AIRPORT PASSENGER FACILITY CHARGE PROGRAM**

There were no findings identified in the year ending June 30, 2018, that require reporting in accordance with *Government Auditing Standards* related to the Airport Passenger Facility Charge Program.

**COUNTY OF SAN LUIS OBISPO
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
PASSENGER FACILITY CHARGE PROGRAM**

None noted.