

County of Santa Cruz

Santa Cruz, California

Single Audit Report

For the year ended June 30, 2011

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

County of Santa Cruz
Single Audit Report
For the year ended June 30, 2011

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Caporicci & Larson, Inc.
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**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 Honorable Board of Supervisors
of the County of Santa Cruz, California
Santa Cruz, California

We have audited the basic 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 Santa Cruz (County), as of and for the year ended June 30, 2011, and have issued our report thereon dated January 19, 2012. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Honorable Board of Supervisors
of the County of Santa Cruz, California
Santa Cruz, California
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
January 19, 2012



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Board of Supervisors
of the County of Santa Cruz, California
Santa Cruz, California

Compliance

We have audited County of Santa Cruz's (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County'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 Audit Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County'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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

To the Honorable Board of Supervisors
of the County of Santa Cruz, California
Santa Cruz, California
Page 2

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, 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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 5, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the audit committee, management, Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
January 19, 2012, except for the schedule of expenditures
of federal awards, which is as of January 5, 2012

County of Santa Cruz
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011

| Program Name / Federal Grantor | CFDA Number | Agency or Pass Through Number | Program Expenditures |
|---|----------------|-------------------------------------|-------------------------|
| U.S. Department of Agriculture | | | |
| SNAP Cluster | | | |
| Passed through the California Department of Social Services | | | |
| Food Stamp Employment and Training | 10.561 | -- | \$ 63,715 |
| Food Stamp Administration | 10.561 | -- | 3,642,707 |
| ARRA-Supplemental Nutrition Assistance Program (SNAP) | 10.561 | -- | 69,965 |
| DOD-Supplemental Nutrition Assistance Program (SNAP) | 10.561 | -- | <u>202,662</u> |
| Total SNAP Cluster | | | <u>3,979,049</u> |
| Passed through California Department of Education | | | |
| National School Lunch Program | 10.555 | 44-3447-90003419-01 | <u>31,235</u> |
| Total U.S. Department of Agriculture | | | <u>4,010,284</u> |
| U.S. Department of Housing and Urban Development | | | |
| Direct Programs: | | | |
| Supportive Housing Program - Match | 14.235 | CA01SB50801 | 362,673 |
| Passed through California Department of Public Health | | | |
| Housing Opportunities For Persons With AIDS | 14.241 | 07-65539 | 141,945 |
| Passed through California Department of Housing and Community Development | | | |
| Community Development Block Grant | 14.228 | 09-STBG-6422 | 111,428 |
| HOME | 14.239 | 09-HOME-6274 | 379,635 |
| ARRA - Homelessness Prevention & Rapid Re-Housing Program | 14.257 | 09-HPRP-6143 | <u>544,887</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>1,540,568</u> |
| U.S. Department of Justice | | | |
| Direct Programs: | | | |
| Federal Asset Forfeiture Trust Fund | 16.unknown | -- | 235,000 |
| Edward Byrne Memorial Formula Grant - Cannabis Eradication | 16.579 | S7A4107044 | 35,000 |
| Criminal Alien Assistance Program | 16.066 | -- | 273,529 |
| Bullet Proof Vests | 16.607 | 07040631 | 10,357 |
| Southwest Border Prosecution Initiatives | 16.755 | -- | 23,577 |
| Second Chance Act Prisoner Reentry Initiative | 16.812 | 2010-CZ-BX-0106 | 85,483 |
| Juvenile Probation Community Accountability Project | 16.808 | -- | 436,061 |
| Building and Enhancing Researcher-Practitioner/Policymaker Partnerships | 16.808 | -- | <u>130,157</u> |
| Total CFDA #16.808 | | | <u>566,218</u> |

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2011

| Program Name / Federal Grantor | CFDA Number | Agency or Pass Through Number | Program Expenditures |
|--|----------------|-------------------------------------|-------------------------|
| U.S. Department of Justice, continued | | | |
| Passed through California Emergency Management Agency | | | |
| ARRA Evidence-Based Probation Supervision Program | 16.unknown | ZP09010440 | 48,688 |
| Victim Witness Assistance Program | 16.575 | VW10290440 | 92,705 |
| Unserved/Underserved Victim Advocacy and Outreach Program | 16.575 | UV10010440 | 39,933 |
| Total CFDA #16.575 | | | <u>132,638</u> |
| JAG Program Cluster | | | |
| Direct Program: | | | |
| Byrne Memorial Justice Grant (JAG) | 16.738 | 2010-DJ-BX-0724 | 32,168 |
| Passed through California Emergency Management Agency | | | |
| Anti-Drug Enforcement Program | 16.738 | DC10210440 | 198,040 |
| Justice Assistance Grant | 16.738 | DI10010440 | 32,425 |
| ARRA Anti-Drug Recovery Grant | 16.804 | ZA09010440 | 59,725 |
| Justice Assistance Grant | 16.804 | ZO09010440 | 170,077 |
| Justice Assistance Grant | 16.804 | ZM09010440 | 25,245 |
| Total JAG Program Cluster | | | <u>517,680</u> |
| Passed through California Department of Corrections and Rehabilitation | | | |
| Juvenile Accountability Incentive Block Grants | 16.523 | CSA 122-08 | 20,399 |
| Title II Formula Grant: Enhanced DMC-TAP Project | 16.540 | CSA 340-10 | 53,793 |
| Total U.S. Department of Justice | | | <u>2,002,362</u> |
| U.S. Department of Labor | | | |
| WIA Cluster | | | |
| Passed through California Department of Employment Development | | | |
| Title I - A Adult Formula | 17.258 | -- | 1,182,555 |
| ARRA Adult | 17.258 | -- | 107,716 |
| ARRA Adult 15% | 17.258 | -- | 7,924 |
| Title I Youth Formula | 17.259 | -- | 1,365,551 |
| ARRA Youth | 17.259 | -- | 646,813 |
| Title I-D Dislocated Worker Formula | 17.260 | -- | 1,174,040 |
| Title I Rapid Response for RA&PGM - Business Retention Survey | 17.260 | -- | 119,875 |
| ARRA Dislocated Worker | 17.260 | -- | 269,442 |
| ARRA Rapid Response | 17.260 | -- | 242,262 |
| ARRA Additional Assist | 17.260 | -- | 261,018 |
| ARRA On-the-Job Training National Emergency Grants | 17.260 | -- | 71,409 |
| Total WIA Cluster | | | <u>5,448,605</u> |
| Total U.S. Department of Labor | | | <u>5,448,605</u> |

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2011

| Program Name / Federal Grantor | CFDA Number | Agency or Pass Through Number | Program Expenditures |
|--|----------------|-------------------------------------|-------------------------|
| U.S. Department of Transportation | | | |
| Highway Planning and Construction Cluster | | | |
| Passed through California Department of Transportation | | | |
| ARRA - Highway Planning and Construction | 20.205 | ESPL-5936 (081) | 3,235,262 |
| Highway Planning and Construction | 20.205 | ER-4446-(002) | 2,368 |
| Highway Planning and Construction | 20.205 | ER-4446-(003) | 28,778 |
| Highway Planning and Construction | 20.205 | ER-4446-(004) | 13,286 |
| Highway Planning and Construction | 20.205 | ER-4446-(005) | 21,649 |
| Highway Planning and Construction | 20.205 | BPMP-5936-(070) | 14,520 |
| Highway Planning and Construction | 20.205 | HBRR 5936(042) | 758 |
| Highway Planning and Construction | 20.205 | BRLO-5936(061) | 68,211 |
| Total Highway Planning and Construction Cluster | | | <u>3,384,832</u> |
| Highway Safety Cluster | | | |
| Passed through California Office of Traffic Safety/Tulare County Office of Education | | | |
| More Mileage | 20.600 | -- | 7,219 |
| Chapter Expansion Pilot | 20.600 | -- | 2,830 |
| Passed through California Office of Traffic Safety | | | |
| Pedestrian, Bicycle & Child Passenger Safety Comprehensive Program | 20.600 | PS1004 | 61,125 |
| Total Highway Safety Cluster | | | <u>71,174</u> |
| Total U.S. Department of Transportation | | | <u>3,456,006</u> |
| U.S. Office of Juvenile Justice and Delinquency Prevention | | | |
| Passed through California Corrections Standards Authority | | | |
| Disproportionate Minority Confinement | 16.540 | CSA 340-9 | 18,671 |
| Total U.S. Office of Juvenile Justice and Delinquency Prevention | | | <u>18,671</u> |
| U.S. Environmental Protection Agency | | | |
| Passed through State Water Resource Control Board | | | |
| ARRA - Clean Water Loan Grant | 66.458 | 09-848-550 | 8,040,227 |
| Total U.S. Environmental Protection Agency | | | <u>8,040,227</u> |
| U.S. Department of Energy | | | |
| Passed through California Energy Commission | | | |
| ARRA - Energy Efficiency & Conservation Block Grant | 81.128 | CBG-09-003 | 92,044 |
| Total U.S. Department of Energy | | | <u>92,044</u> |

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2011

| Program Name / Federal Grantor | CFDA Number | Agency or Pass Through Number | Program Expenditures |
|--|----------------|-------------------------------------|-------------------------|
| U.S. Department of Education | | | |
| Special Education Cluster | | | |
| Pass through California Department of Education, Santa Cruz County Office of Education | | | |
| Special Education Grant, Individuals with Disabilities Education Act | 84.027 | -- | <u>707,402</u> |
| Total Special Education Cluster | | | <u>707,402</u> |
| Passed through State Department of Alcohol & Drug Programs | | | |
| Safe & Drug Free Schools and Communities State Grants | 84.186 | SDFS 07-06 | 235,660 |
| Passed through Santa Cruz County Office of Education | | | |
| Reduction of Alcohol Abuse Program | 84.184 | Q184A090005 | <u>37,000</u> |
| Total U.S. Department of Education | | | <u>980,062</u> |
| U.S. Election Assistance Commission | | | |
| Passed through California Secretary of State | | | |
| Help America Vote Act | 90.401 | 07G30131 | <u>101,843</u> |
| Total U.S. Election Assistance Commission | | | <u>101,843</u> |
| U.S. Department of Health and Human Services | | | |
| Direct Programs: | | | |
| ARRA-Capital Improvement Program | 93.703 | | 82,224 |
| ARRA-Increased Demand for Services | 93.703 | | <u>84,011</u> |
| Total CFDA #93.703 | | | <u>166,235</u> |
| Health Services for the Homeless | 93.224 | 3-H80CS00048 | 1,262,343 |
| Project Home Base | 93.243 | -- | 101,405 |
| Leaps & Bounds | 93.243 | -- | <u>199,954</u> |
| Total CFDA #93.243 | | | <u>301,359</u> |
| Early Intervention Services | 93.918 | H76HA00153 | 495,835 |
| Passed through California Department of Social Services | | | |
| RCA Assistance | 93.566 | -- | 5,579 |
| Roots & Wings | 93.652 | -- | 447,933 |

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2011

| Program Name / Federal Grantor | CFDA Number | Agency or Pass Through Number | Program Expenditures |
|--|----------------|-------------------------------------|-------------------------|
| U.S. Department of Health and Human Services, continued | | | |
| Foster Care - Title IV-E - Social Services Assistance | 93.658 | -- | 1,456,475 |
| Foster Care - Title IV-E - AB2129 | 93.658 | -- | 2,312 |
| Foster Care - Title IVE & Staff Development Child Welfare Services | 93.658 | -- | 603,571 |
| Foster Care - Family Preservation | 93.658 | -- | 99,449 |
| Foster Care - Foster Family Licensing | 93.658 | -- | 53,516 |
| Foster Care - Options for Recovery | 93.658 | -- | 119,262 |
| Foster Care - Title IV-E - Foster Care - Administration | 93.658 | -- | 228,078 |
| Foster Care - Kinship & Foster Care Emergency Fund | 93.658 | -- | 6,320 |
| Child Welfare Services - Title IVE PROBATION Portion | 93.658 | -- | 1,548,672 |
| Child Welfare Services - Group Home Monthly Visits PROBATION | 93.658 | -- | 18,361 |
| Foster Care Title IV-E - Probation | 93.658 | -- | 1,529,269 |
| Child Welfare Services Outcome Improvement Project | 93.658 | -- | 115,896 |
| Foster Care - EA - FC Emergency Assistance | 93.658 | -- | 176,568 |
| Child Welfare Services Triple P - First Five Portion | 93.658 | -- | 82,226 |
| Total CFDA #93.658 | | | 6,039,975 |
| Assistance | 93.659 | -- | 2,349,416 |
| Social Services | 93.659 | -- | 423,193 |
| Other Public Assistance | 93.659 | -- | 101,787 |
| Total CFDA #93.659 | | | 2,874,396 |
| Social Services Block Grant - Child Welfare Services - Title XX | 93.667 | -- | 159,430 |
| Community Br-CBFRP | 93.590 | -- | 18,114 |
| Promoting Safe and Stable Families - PSSF & Staff Development | 93.556 | -- | 160,807 |
| Promoting Safe and Stable Families - PSSF Case Worker Visits | 93.556 | -- | 17,886 |
| Total CFDA #93.556 | | | 178,693 |
| Child Welfare Services - Title IV-B | 93.645 | -- | 159,503 |
| Independent Living Program | 93.674 | -- | 72,088 |

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2011

| Program Name / Federal Grantor | CFDA Number | Agency or Pass Through Number | Program Expenditures |
|---|----------------|-------------------------------------|-------------------------|
| U.S. Department of Health and Human Services, continued | | | |
| TANF Cluster | | | |
| ARRA - Emergency Contingency Fund (ECF) for TANF | 93.714 | -- | 569,405 |
| ARRA - Foster Care Assistance - Federal Medicaid Assistance | 93.714 | -- | 104,944 |
| ARRA - Adoption Assistance - Federal Medicaid Assistance | 93.714 | -- | 179,466 |
| ARRA - Public Authority Funding | 93.714 | -- | 111,586 |
| Temporary Assistance for Needy Families - Assistance | 93.558 | -- | 12,339,294 |
| Temporary Assistance for Needy Families - CalWorks Program | 93.558 | -- | 8,655,430 |
| Temporary Assistance for Needy Families - Child Care | 93.558 | -- | 3,446,242 |
| Temporary Assistance for Needy Families - EA - ER, ESC, CR | 93.558 | -- | 1,818,943 |
| CALWIN | 93.558 | -- | 496,939 |
| Total TANF Cluster | | | <u>27,722,249</u> |
| Passed through California Department of Child Support Services | | | |
| Child Support Enforcement | 93.563 | -- | 4,741,223 |
| Child Support Enforcement - San Benito County | 93.563 | -- | 1,315,057 |
| Total CFDA #93.563 | | | <u>6,056,280</u> |
| Passed through California Department of Alcohol and Drug Programs | | | |
| Treatment Alliance for Safe Children | 93.087 | 90CU0019/04 | 505,085 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 10-NNA44 | 1,862,889 |
| Medicaid Cluster | | | |
| Passed through California Department of Health Services | | | |
| Child Welfare Services - CWS Title XIX & Staff Development | 93.778 | -- | 2,978,479 |
| Adult Protective Services | 93.778 | -- | 497,645 |
| In Home Support Services - Title XIX & Staff Development | 93.778 | -- | 1,789,685 |
| MEDI CAL 50% & Staff Development | 93.778 | -- | 5,674,498 |
| MEDI CAL SAVE 100% & Staff Development | 93.778 | -- | 20,562 |
| Medical Assistance - Public Authority | 93.778 | -- | 841,719 |
| Passed through California Department of Mental Health Services | | | |
| Medicaid/Medical Administrative Costs | 93.778 | -- | 108,138 |
| Medicaid Assistance Program | 93.778 | -- | 1,592,164 |
| Medical Assistance Program - MediCal Administrative Activities | 93.778 | -- | 517,317 |
| Total Medicaid Cluster | | | <u>14,020,207</u> |

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2011

| Program Name / Federal Grantor | CFDA Number | Agency or Pass Through Number | Program Expenditures |
|--|----------------|-------------------------------------|-------------------------|
| US Department of Health and Human Services (continued) | | | |
| Passed through the California Department of Health Services, continued | | | |
| Adolescent Family Life Planning Grant | 93.994 | 2010-44 | 82,212 |
| Maternal and Child Health Services Block Grant to the State | 93.994 | 2010-44 | 289,311 |
| Total CFDA #93.994 | | | 371,523 |
| Immunization Cluster | | | |
| Immunization Assistance | 93.268 | 10-95404 | 105,014 |
| Total Immunization Cluster | | | 105,014 |
| Preparedness and Response to Bioterrorism | 93.283 | EPO CDC 07-44 | 550,014 |
| SACWIS-CWS | 93.658 | -- | 23,630 |
| Passed through the California Department of Mental Health | | | |
| Projects for Assistance in Transition from Homelessness | 93.150 | 1946001347j5 | 41,800 |
| Peer Run Crisis Respite Services for Seriously Mentally Ill | 93.243 | 1H79SM060152-01 | 322,763 |
| State Children's Insurance Program | 93.767 | -- | 17,280 |
| Block Grant for Community Mental Health Services | 93.958 | -- | 117,599 |
| Passed through the California Department of Public Health | | | |
| ARRA - Davenport | 66.468 | 4400571-0141 | 351,133 |
| Passed through California Secretary of State | | | |
| Voting Access for Individuals with Disabilities | 93.617 | 08G26130 | 129,175 |
| HAVA Polling Place Accessibility Training | 93.617 | 09G26144 | 5,000 |
| Total CFDA #93.617 | | | 134,175 |
| Total U.S. Department of Health and Human Services | | | 64,383,124 |
| U.S. Department of Homeland Security | | | |
| Passed through Governor's Office of Homeland Security | | | |
| State Domestic Preparedness Equipment Support Program | | | |
| Homeland Security Grant Program FY2007 | 97.074 | 2007-0008 | 82,954 |
| Homeland Security Grant Program FY2007 | 97.073 | 2007-0008 | 106,898 |
| Homeland Security Grant Program FY2008 | 97.067 | 2008-0006 | 147,745 |
| Homeland Security Grant Program FY2009 | 97.067 | 2009-0019 | 340,675 |
| Total CFDA #97.067 | | | 488,420 |
| Public Assistance Grants | | | |
| Disaster Grants - Public Assistance | 97.036 | 087-00000 | 1,309,072 |
| Disaster Grants - Public Assistance | 97.036 | 087-91052 | 23,267 |
| Total CFDA #97.036 | | | 1,332,339 |

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2011

| Program Name / Federal Grantor | CDFA Number | Agency or Pass Through Number | Program Expenditures |
|---|----------------|-------------------------------------|-----------------------------|
| Passed through California Emergency Management Agency | | | |
| Public Assistance Grants | | | |
| Emergency Mgmt Performance Grant FY2010 | 97.042 | 20100044 | 98,615 |
| Passed through Bay Area UASI Approval Authority | | | |
| Interoperable Emergency Communications Grant | 97.055 | -- | 128,431 |
| Total U.S. Department of Homeland Security | | | <u>2,237,657</u> |
| <u>Total Expenditures of Federal Awards</u> | | | <u><u>\$ 92,311,453</u></u> |

See accompany notes to the Schedule of Expenditure of Federal Awards

County of Santa Cruz
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2011

1. REPORTING ENTITY

The County of Santa Cruz (County) was established by an act of the State Legislature of California in 1850 and is governed by a five-member elected Board of Supervisors (Board). The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The financial reporting entity consists of: (1) the County, (2) organizations for which the County is financially accountable; and (3) organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The following entities are component units of the County:

Blended Component Units

Santa Cruz Flood Control and Water Conservation District – Zone 7

Santa Cruz County Redevelopment Agency

Santa Cruz County Public Financing Authority

Discretely Presented Component Unit

Santa Cruz County Sanitation District

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

Funds received under the various grant programs have been recorded within the general, special revenue, and enterprise funds of the County. The County utilizes the modified accrual method of accounting for the general fund and special revenue funds. The accrual basis of accounting is used for the enterprise funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the County's basic financial statements.

B. Schedule of Expenditures of Federal Awards

The accompanying schedule presents the activity of all Federal financial assistance programs of the County. Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through the State of California is included in the schedule.

The schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the County.

County of Santa Cruz
Notes to the Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2011

3. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the County provided federal awards to subrecipients as follows:

| Federal CFDA Number | Program Title | Amount Provided to Subrecipients |
|---------------------------|---|-------------------------------------|
| 16.540 | Title II Disporportionate Minority Confinement Project | 49,000 |
| 93.150 | Projects for Assistance in Transition from Homelessness | 41,800 |
| 93.563 | County of San Benito Child Support | 1,315,057 |
| 93.958 | Substance Abuse and Mental Health Services (SAMSHA) | 70,929 |
| 93.959 | Substance Abuse Prevention and Treatment Block Grant | 1,483,449 |
| Total | | \$ 2,960,235 |

4. TOTAL FEDERAL AWARDS EXPENDED BY CFDA NUMBER

When there is more than one program under a single CFDA number that is used by multiple departments, the total is provided below:

| Federal CFDA | Total Federal Expenditures |
|-------------------------------|-------------------------------|
| Medicaid Cluster | |
| 93.778 | |
| Department of Health Services | \$ 11,802,588 |
| Department of Mental Health | 2,217,619 |
| Total | \$ 14,020,207 |
| 93.658 | |
| Department of Health Services | \$ 23,630 |
| Department of Social Services | 6,039,975 |
| Total | \$ 6,063,605 |

5. PASS-THROUGH ENTITIES' IDENTIFYING NUMBERS

When federal awards were received from a pass-through entity, the schedule 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.

County of Santa Cruz
Schedule of Findings and Questioned Costs
For the year ended June 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of the County of Santa Cruz (County).
2. No significant deficiencies or material weaknesses in internal control over financial report were identified or reported.
3. No instances of noncompliance material to the financial statements of the County were disclosed during the audit.
4. No material weaknesses in internal control over compliance of the major federal award programs were identified or reported.
5. The auditors' report on compliance for the major federal award programs for the County expressed an unqualified opinion.
6. Audit findings required to be reported in accordance with section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule below.
7. The programs tested as major programs included:

| CFDA Number | Major Program | Expenditures |
|----------------|---|------------------|
| 10.561 | Food Stamp Employment and Training | \$ 63,715 |
| 10.561 | Food Stamp Administration | 3,642,707 |
| 10.561 | ARRA - Supplemental Nutrition Assistance Program | 69,965 |
| 10.561 | DOD - Supplemental Nutrition Assistance Program | 202,662 |
| | SNAP Cluster Total | <u>3,979,049</u> |
| 14.257 | ARRA - Homelessness Prevention & Rapid Re-Housing Program | 544,887 |
| 16.808 | Juvenile Probation Community Accountability Project | 436,061 |
| 16.808 | Building and Enhancing Researcher - Practitioner / Policymaker Partnerships | 130,157 |
| | CFDA #16.808 Total | <u>566,218</u> |
| 16.738 | Byrne Memorial Justice Grant (JAG) | 32,168 |
| 16.738 | Anti-Drug Enforcement Program | 198,040 |
| 16.738 | Justice Assistance Grant | 32,425 |
| 16.804 | ARRA Anti-Drug Recovery Grant | 59,725 |
| 16.804 | Justice Assistance Grant | 170,077 |
| 16.804 | Justice Assistance Grant | 25,245 |
| | JAG Cluster Total | <u>517,680</u> |

County of Santa Cruz
Single Audit Report
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2011

| CFDA Number | Major Program | Expenditures |
|----------------|--|----------------------|
| 17.258 | Title I - A Adult Formula | \$ 1,182,555 |
| 17.258 | ARRA Adult | 107,716 |
| 17.258 | ARRA Adult 15% | 7,924 |
| 17.259 | Title I Youth Formula | 1,365,551 |
| 17.259 | ARRA Youth | 646,813 |
| 17.260 | Title I-D Dislocated Worker Formula | 1,174,040 |
| 17.260 | Title I Rapid Response | 119,875 |
| 17.260 | ARRA Dislocated Worker | 269,442 |
| 17.260 | ARRA Rapid Response | 242,262 |
| 17.260 | ARRA Additional Assist | 261,018 |
| 17.260 | ARRA On-the-Job Training | 71,409 |
| | WIA Cluster Total | <u>\$ 5,448,605</u> |
| 20.205 | Highway Planning & Construction | 149,570 |
| 20.205 | ARRA - Highway Planning & Construction | 3,235,262 |
| | Highway Planning and Construction Cluster Total | <u>3,384,832</u> |
| 66.458 | ARRA - Clean Water Loan Grant | 8,040,227 |
| 93.558 | Temporary Assistance for Needy Families | 26,756,848 |
| 93.714 | ARRA - Temporary Assistance for Needy Families | 965,401 |
| | TANF Cluster Total | <u>27,722,249</u> |
| 97.067 | Homeland Security Grant Program FY2008 | 147,745 |
| 97.067 | Homeland Security Grant Program FY2009 | 340,675 |
| | CFDA #97.067 Total | <u>488,420</u> |
| | Total Major Program Expenditures | <u>\$ 50,692,167</u> |
| | Total Federal Award Expenditures | <u>\$ 92,311,453</u> |
| | Percent of Total Federal Award Expenditures | <u>54.91%</u> |

8. The threshold for distinguishing Types A and B programs was \$2,769,344.
9. The County was determined to be a low-risk auditee under Section 530 of OMB Circular A-133.

County of Santa Cruz
Single Audit Report
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2011

B. CURRENT YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings or questioned costs were noted on the County's financial statements audit for the year ended June 30, 2011.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No findings or questioned costs were noted on the County's major programs for the year ended June 30, 2011.

County of Santa Cruz
Summary Schedules of Prior Audit Findings and Questioned Costs
For the year ended June 30, 2011

D. SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were noted on the County's major programs for the year ended June 30, 2010.