

County of Santa Cruz

Santa Cruz, California

Single Audit Report

For the year ended June 30, 2012

County of Santa Cruz
Single Audit Report
For the year ended June 30, 2012

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the County is responsible for establishing and maintaining effective 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 previously.

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.

A handwritten signature in black ink that reads "Marcum LLP". The signature is written in a cursive, flowing style.

Marcum LLP
Irvine, California
December 21, 2012

**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 the County's major federal programs for the year ended June 30, 2012. 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. 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 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, 2012.

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
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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, 2012 and have issued our report thereon dated December 21, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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.



Marcum LLP
Irvine, California
March 15, 2013, except for the schedule of expenditures
of federal awards, which is as of December 21, 2012

County of Santa Cruz
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2012

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:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:			
CalFRESH Employment and Training	10.561	--	\$ 49,675
CalFRESH & Staff Development	10.561	--	4,483,564
Total SNAP Cluster			<u>4,533,239</u>
Passed through the California Department of Education			
National School Lunch Program	10.555	44-3447-90003419-01	33,009
Total U.S. Department of Agriculture			<u>4,566,248</u>
U.S. Department of Defense			
Direct Programs:			
Research and Technology Development	12.910	--	12,942
Total U.S. Department of Defense			<u>12,942</u>
U.S. Department of Housing and Urban Development			
Direct Programs:			
Supportive Housing Program	14.235	CA01SB50801	353,994
Passed through the California Department of Public Health			
Housing Opportunities For Persons With AIDS	14.241	07-65539	140,322
Passed through the California Department of Housing and Community Development:			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.228	11-DRI-7557	28,585
Community Development Block Grants/Entitlement Grants	14.228	09-STBG-6422	617,831
Community Development Block Grants/Entitlement Grants	14.228	10-STBG-6737	105,963
Total CFDA #14.228 Cluster			<u>752,379</u>
Home Investment Partnerships Program	14.239	09-HOME-6274	300,230
ARRA - Homelessness Prevention & Rapid Re-Housing Program	14.257	09-HPRP-6143	501,688
Total U.S. Department of Housing and Urban Development			<u>2,048,613</u>

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2012

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
U.S. Department of Justice			
Direct Programs:			
Federal Asset Forfeiture Trust Fund	16.unknown	--	79,305
Criminal Alien Assistance Program	16.066	--	179,056
Edward Byrne Memorial Formula Grant - Cannabis Eradication	16.579	S7A4107044	60,000
Bullet Proof Vests Partnership Program	16.607	07040631	1,597
Southwest Border Prosecution Initiatives	16.755	--	4,773
Second Chance Act Prisoner Reentry Initiative	16.812	2010-CZ-BX-0106	627,736
Recovery Act Bryne Memorial Competitive Grant Program	16.808	2009-SC-B9-0049	257,836
Recovery Act Bryne Memorial Competitive Grant Program	16.808	2009-IJ-CX-0208	41,615
Total CFDA #16.808			299,451
Passed through the California Emergency Management Agency			
Crime Victim Assistance	16.575	VW11300440	92,705
Crime Victim Assistance	16.575	UV11020440	98,265
Total CFDA #16.575			190,970
JAG Program Cluster			
Direct Program:			
Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2367	25,758
Passed through the California Emergency Management Agency			
Byrne Memorial Justice Assistance Grant Program	16.738	DC11220440	17,408
Byrne Memorial Justice Assistance Grant Program	16.738	DI10010440	130,049
Recovery Act - Byrne Memorial Justice Assistance Grants/Units of Local Gov.	16.804	ZA09010440	191,587
Recovery Act - Byrne Memorial Justice Assistance Grants/Units of Local Gov.	16.804	ZP09010440	113,268
Total JAG Program Cluster			478,070
Passed through the California Department of Corrections and Rehabilitation			
Juvenile Accountability Block Grants	16.523	CSA 122-11	27,707
Juvenile Accountability Block Grants	16.523	CSA 210-11	56,171
Total CFDA #16.523			83,878
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	CSA 340-10	63,300
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	CSA 340-11	50,274
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	CSA 375-11	217,373
Total CFDA #16.540			330,947
Total U.S. Department of Justice			2,335,783

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2012

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
U.S. Department of Labor			
WIA Cluster			
Passed through the California Department of Employment Development			
WIA Adult Program - Title I - A Adult Formula	17.258	--	660,975
WIA Adult Program - ARRA Adult 15%	17.258	--	8,504
WIA Youth Activities	17.259	--	975,067
WIA Dislocated Workers - Title I-D Dislocated Worker Formula	17.278	--	712,129
WIA Dislocated Workers - Title I Rapid Response for RA&PGM - Business Retention	17.278	--	182,052
WIA Dislocated Workers - ARRA Additional Assist	17.278	--	842,732
Total WIA Cluster			3,381,459
Workforce Investment Act National Emergency Grants	17.277	--	91,259
Workforce Investment Act National Emergency Grants - Tsunami	17.277	--	1,398,100
Total CFDA #17.277			1,489,359
Total U.S. Department of Labor			\$ 4,870,818
U.S. Department of Transportation			
Highway Planning and Construction Cluster			
Passed through the California Department of Transportation			
Highway Planning and Construction - ARRA	20.205	ESPL-5936 (081)	8,469
Highway Planning and Construction	20.205	ER-4446-(002)	2,296
Highway Planning and Construction	20.205	ER-4446-(003)	107,311
Highway Planning and Construction	20.205	ER-4446-(004)	735
Highway Planning and Construction	20.205	ER-4446-(005)	46,289
Highway Planning and Construction	20.205	BPMP-5936-(070)	1,464
Highway Planning and Construction	20.205	BPMP-5936-(103)	7,730
Highway Planning and Construction	20.205	BPMP-5936-(104)	1,014
Highway Planning and Construction	20.205	BPMP-5936-(105)	1,352
Highway Planning and Construction	20.205	BPMP-5936-(106)	1,577
Highway Planning and Construction	20.205	BPMP-5936-(107)	338
Highway Planning and Construction	20.205	BRLO-5936(061)	60,190
Highway Planning and Construction	20.205	BRLO-5936(086)	248,894
Highway Planning and Construction	20.205	BRLO-5936(089)	152,307
Highway Planning and Construction	20.205	BRLO-5936(091)	110,330
Highway Planning and Construction	20.205	BRLO-5936(092)	7,226
Highway Planning and Construction	20.205	BRLO-5936(094)	20,457
Highway Planning and Construction	20.205	BRLO-5936(096)	27,727
Highway Planning and Construction	20.205	HSIPL-5936(098)	2,136
Highway Planning and Construction	20.205	HSIPL-5936(099)	1,050
Total Highway Planning and Construction Cluster			808,892
Total U.S. Department of Transportation			808,892

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2012

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
U.S. Environmental Protection Agency			
Passed through the State Water Resource Control Board			
Capitalization Grants for Clean Water State Revolving Funds - ARRA	66.458	08-318-550	48,514
Passed through the California Department of Public Health			
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	66.468	4400571-0141	195,500
Total U.S. Environmental Protection Agency			244,014
U.S. Department of Energy			
Passed through the California Energy Commission			
Energy Efficiency & Conservation Block Grant - ARRA	81.128	CBG-09-003	654,328
Total U.S. Department of Energy			654,328
U.S. Department of Education			
Special Education Cluster			
Pass through California Department of Education, Santa Cruz County Office of Education			
Special Education - Grants to States (IDEA, Part B)	84.027	--	800,700
Total Special Education Cluster			800,700
Passed through Santa Cruz County Office of Education			
Safe and Drug Free Schools and Communities - National Programs	84.184	Q184A090005	37,000
Total U.S. Department of Education			837,700
U.S. Election Assistance Commission			
Passed through California Secretary of State			
Help America Vote Act Requirements	90.401	07G30131	116,085
US Election Assistance Commission Research Grants	90.403	EAC110150F	17,887
Total U.S. Election Assistance Commission			133,972
U.S. Department of Health and Human Services			
Direct Programs:			
ARRA - Grants to Health Center Programs	93.703	C81CS13753RP	314,483
Consolidated Health Centers	93.224	3-H80CS00048	1,505,269
Substance Abuse and Mental Health Services - Projects of Regional Significance	93.243	--	342,273
Substance Abuse and Mental Health Services - Projects of Regional Significance	93.243	--	374,781
Total CFDA #93.243			717,054
Drug Free Communities Support Program Grants	93.276	--	91,792
Early Intervention Services with Respect to HIV Disease	93.918	H76HA00153	495,835

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2012

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
U.S. Department of Health and Human Services, continued			
Passed through California Department of Social Services			
Refugee and Entrant Assistance - State Administered Programs	93.566	--	1,339
Adoption Opportunities	93.652	--	382,743
Foster Care - Title IV-E - Social Services Assistance	93.658	--	1,723,683
Foster Care - Title IV-E - AB2129	93.658	--	2,026
Foster Care - Title IV-E - Staff Development Child Welfare Services	93.658	--	690,954
Foster Care - Title IV-E - Family Preservation	93.658	--	113,234
Foster Care - Title IV-E - Foster Family Licensing	93.658	--	67,913
Foster Care - Title IV-E - Options for Recovery	93.658	--	99,708
Foster Care - Title IV-E - Foster Care - Administration	93.658	--	164,503
Foster Care - Title IV-E - Kinship & Foster Care Emergency Fund	93.658	--	4,697
Foster Care - Title IV-E - Probation Portion - Pass Through	93.658	--	1,428,045
Foster Care - Title IV-E - Group Home Monthly Visits - Pass Through	93.658	--	25,882
Foster Care - Title IV-E - Probation	93.658	--	1,372,112
Foster Care - Title IV-E - Outcome Improvement Project	93.658	--	75,267
Foster Care - Title IV-E - EA - FC Emergency Assistance	93.658	--	407,283
Foster Care - Title IV-E - SACWIS-CWS	93.658	--	26,212
Total CFDA #93.658			6,201,519
Adoption Assistance - Assistance	93.659	--	2,549,312
Adoption Assistance - Social Services	93.659	--	413,118
Adoption Assistance - Other Public Assistance	93.659	--	94,300
Total CFDA #93.659			3,056,730
Social Services Block Grant - Child Welfare Services - Title XX	93.667	--	157,986
CBCAP-Community Based Child Abuse Prevention	93.590	--	17,611
Promoting Safe and Stable Families - PSSF & Staff Development	93.556	--	138,154
Promoting Safe and Stable Families - PSSF Case Worker Visits	93.556	--	15,544
Total CFDA #93.556			153,698
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	161,948
Chafee Foster Care Independence Program	93.674	--	70,672

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2012

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
U.S. Department of Health and Human Services, continued			
Passed through the California Department of Social Services, continued			
TANF Cluster			
ARRA - Emergency Contingency Fund for TANF State Program	93.714	--	711
Temporary Assistance for Needy Families State Programs - Assistance	93.558	--	5,123,600
Temporary Assistance for Needy Families State Programs - Program and Staff Development	93.558	--	8,140,557
Temporary Assistance for Needy Families State Programs - Child Care	93.558	--	3,001,624
Temporary Assistance for Needy Families State Programs - EA - ER, ESC, CR	93.558	--	1,819,233
Temporary Assistance for Needy Families State Programs - CALWIN	93.558	--	494,804
Total TANF Cluster			<u>18,580,529</u>
Passed through the California Department of Child Support Services			
Child Support Enforcement	93.563	--	4,504,055
Child Support Enforcement - San Benito County	93.563	--	1,265,562
Total CFDA #93.563			<u>5,769,617</u>
Passed through the California Department of Alcohol and Drug Programs			
Enhance the Safety of Children Affected by Substance Abuse	93.087	90CU0019/04	531,289
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	10-NNA44	1,825,694
Medicaid Cluster			
Passed through the California Department of Health Services			
Medical Assistance Program - CWS Title XIX & Staff Development	93.778	--	3,102,289
Medical Assistance Program - Adult Protective Services	93.778	--	440,748
Medical Assistance Program - In Home Support Services - Title XIX & Staff Development	93.778	--	1,719,816
Medical Assistance Program - MEDI CAL 50% & Staff Development	93.778	--	5,613,716
Medical Assistance Program - Public Authority	93.778	--	859,241
Passed through the California Department of Mental Health Services			
Medical Assistance Program - Medicaid/Medical Administrative Costs	93.778	--	110,639
Medicaid Assistance Program	93.778	--	1,602,241
Medical Assistance Program - MediCal Administrative Activities	93.778	--	569,796
Total Medicaid Cluster			<u>14,018,486</u>

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2012

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			
Maternal and Child Health Services Block Grant - Adolescent Family Life Planning	93.994	2010-44	82,212
Maternal and Child Health Services Block Grant to States	93.994	2010-44	273,052
Total CFDA #93.994			355,264
Immunization Cluster			
Immunization Grants	93.268	10-95404	96,858
Total Immunization Cluster			96,858
Preparedness and Response to Bioterrorism	93.283	EPO CDC 07-44	492,618
Passed through the California Department of Mental Health			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1946001347j5	41,800
Peer Run Crisis Respite Services for Seriously Mentally Ill	93.150	1H79SM060152-01	728,691
Children's Health Insurance Program	93.767	--	16,586
Block Grant for Community Mental Health Services (SAMHSA)	93.958	1946001347j5	116,070
Passed through the California Secretary of State			
HAVA Polling Place Accessibility Training	93.617	11G26141	24,209
Total U.S. Department of Health and Human Services			55,926,390
U.S. Department of Homeland Security			
Direct Programs:			
Staffing for Adequate Fire and Emergency Response	97.083	--	26,164
Passed through the Governor's Office of Homeland Security			
State Domestic Preparedness Equipment Support Program			
Homeland Security Grant Program FY2008	97.067	2008-0006	252,083
Homeland Security Grant Program FY2009	97.067	2009-0019	162,680
Total CFDA #97.067			414,763
Homeland Security Grant Program FY2007	97.073	2007-0008	5,103
Homeland Security Grant Program FY2010	97.073	2010-0085	256,860
Homeland Security Grant Program FY2011	97.073	2011-0077	80,080
Total CFDA #97.073			342,043

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2012

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
U.S. Department of Homeland Security, continued			
Passed through the California Emergency Management Agency			
Public Assistance Grants			
Disaster Grants - Public Assistance	97.036	087-00000	98,701
Emergency Mgmt Performance Grant FY2011	97.042	--	99,969
Passed through the California Emergency Management Agency			
Interoperable Emergency Communications Grant	97.055	--	59,499
Total U.S. Department of Homeland Security			1,041,139
<u>Total Expenditures of Federal Awards</u>			\$73,480,839

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, 2012

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*.

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 from 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, 2012

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	Juvenile Justice and Delinquency Prevention - Allocation to States	46,375
93.150	Projects for Assistance in Transition from Homelessness (PATH)	41,800
93.563	Child Support Enforcement - San Benito County	1,265,562
93.958	Block Grant for Community Mental Health Services (SAMHSA)	69,400
93.959	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	1,481,975
Total		<u>\$ 2,905,112</u>

4. 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, 2012

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unqualified Opinion*

Internal control over financial reporting:

Material weakness (es) identified? _____ Yes X No

Significant deficiency (ies) identified not considered to be material weaknesses? _____ Yes X None Reported

Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards Programs

Internal control over major awards programs:

Material weakness (es) identified? _____ Yes X No

Significant deficiency (ies) identified not considered to be material weaknesses? _____ Yes X None Reported

Type of auditor's report issued on compliance for major award programs: *Unqualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? _____ Yes X No

Identification of major federal programs:

CFDA Number	Major Program	Expenditures
14.257	ARRA - Homelessness Prevention & Rapid Re-Housing Program	\$ 501,688
16.738	Byrne Memorial Justice Assistance Grant Program	25,758
16.738	Byrne Memorial Justice Assistance Grant Program	17,408
16.738	Byrne Memorial Justice Assistance Grant Program	130,049
16.804	Recovery Act - Byrne Memorial Justice Assistance Grants/Units of Local Gov.	191,587
16.804	Recovery Act - Byrne Memorial Justice Assistance Grants/Units of Local Gov.	113,268
	JAG Cluster Total	<u>478,070</u>
17.258	WIA Adult Program - Title I - A Adult Formula	660,975
17.258	WIA Adult Program - ARRA Adult 15%	8,504
17.259	WIA Youth Activities	975,067
17.278	WIA Dislocated Workers - ARRA Additional Assist	842,732
17.278	WIA Dislocated Workers - Title I-D Dislocated Worker Formula	712,129
17.278	WIA Dislocated Workers - Title I Rapid Response for RA&PGM - Business Retention	182,052
	WIA Cluster Total	<u>\$ 3,381,459</u>

County of Santa Cruz
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2012

CFDA Number	Major Program	Expenditures
20.205	Highway Planning and Construction - ARRA	8,469
20.205	Highway Planning & Construction	800,423
	Highway Planning and Construction Cluster Total	<u>808,892</u>
81.128	Energy Efficiency & Conservation Block Grant - ARRA	654,328
93.558	Temporary Assistance for Needy Families State Programs	18,579,818
93.714	ARRA - Emergency Contingency Fund for TANF State Program	711
	TANF Cluster Total	<u>18,580,529</u>
93.703	ARRA - Grants to Health Center Programs	314,483
	Total Major Program Expenditures	<u>\$ 24,719,449</u>
	Total Federal Award Expenditures	<u><u>\$ 73,480,839</u></u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 2,204,425

Auditee qualifies as low-risk auditee?

X Yes No

County of Santa Cruz
Single Audit Report
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2012

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, 2012.

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, 2012.

County of Santa Cruz
Summary Schedules of Prior Audit Findings and Questioned Costs
For the year ended June 30, 2012

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, 2011.