

County of Santa Cruz

Santa Cruz, California

Single Audit Report

For the year ended June 30, 2010

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, 2010

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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, 2010, and have issued our report thereon dated January 27, 2011. 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A 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 the 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 the County's 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
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 result 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
Irvine, California
January 27, 2011



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 the compliance of the County of Santa Cruz (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2010. The County's major federal programs are identified in the summary of audit 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 generally accepted auditing standards 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, 2010.

Internal Control over Compliance

The 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
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, 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, 2010, and have issued our report thereon dated January 27, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as 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.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.

A Subsidiary of Marcum LLP

Certified Public Accountants

Irvine, California

March 30, 2011, except for the Schedule of Expenditures of Federal Awards, which is as of January 27, 2011.

County of Santa Cruz
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

Program Name / Federal Grantor	CDFA Number	Agency or Pass Through Number	Program Expenditures
Department of Agriculture			
<i>Pass-Through Programs:</i>			
California Department of Social Services			
SNAP Cluster			
Food Stamp Employment and Training	10.561		\$ 66,622
Food Stamp Administration	10.561		2,717,075
FSET- Cal Success- Cabrillo College	10.561	Cabrillo College	270,849
ARRA - Supplemental Nutrition	10.561		70,948
Subtotal SNAP Cluster			3,125,494
Subtotal California Department of Social Services			3,125,494
Total Department of Agriculture			3,125,494
Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Supportive Housing Program - Match	14.235	CA01SB50801	335,327
Subtotal Direct Programs			335,327
<i>Pass-Through Programs:</i>			
California Department of Health Services			
Community Development Block Grant	14.228	09-STBG-6422	25,199
HOME	14.239	09-HOME-6274	124,000
Housing Opportunities for Persons with AIDS	14.241	07-65539	137,948
ARRA - Homelessness Prevent and Rapid Re-Housing Program	14.257	09-HPRP-6143	151,328
Subtotal California Department of Health Services			438,475
Total Department of Housing and Urban Development			773,802
Department of Justice			
<i>Direct Programs:</i>			
Edward Byrne Memorial Formula grant	16.579	S7A4107044	30,000
Federal Asset Forfeiture Trust Funds	16.unknown		128,774
Southwest Boarder Prosecution Initiatives	16.755		121,655
Criminal Alien Assistance Program	16.066		329,519
Bullet Proof Vests	16.607		1,114
Subtotal Direct Programs			611,062
<i>Pass-Through Programs:</i>			
Governor's Office of Emergency Services			
Victim Witness Assistance Program	16.575	9280440	92,705
Edward Byrne Memorial Justice Assistance Grant	16.738	9200440	175,472
ARRA Victim Assistance Formula Grant	16.801	VS09010440	18,159
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	ZA09010440	14,092
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	ZO09010440	212,584
Subtotal Governor's Office of Emergency Services			513,012

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
California Department of Corrections and Rehabilitation			
Disproportionate Minority Confinement Support Project	16.540	CSA 340-09	12,275
Title II Formula Grant: Enhanced DMC-TAP Project	16.540	CSA 340-08	179,532
Title II Formula Grant: GirlZpace: Meeting the Needs of Juvenile Female Offenders	16.540	CSA 346-08	448,516
Subtotal CFDA 16.540			640,323
Total Department of Justice			1,764,397
Department of Labor			
<i>Pass-Through Programs:</i>			
WIA Cluster			
California Department of Employment Development			
WIA Adult Programs			
Title I - A Adult Formula	17.258		926,393
ARRA Adult	17.258		435,597
Subtotal CFDA 17.258			1,361,990
WIA Youth Activities Programs			
Title I - Youth Formula	17.259		1,417,694
ARRA Youth	17.259		862,381
Subtotal CFDA 17.259			2,280,075
New Start CDRC	17.260		15,857
Title I Dislocated Worker - Formula Insufficiency	17.260		1,003,715
Dislocated Worker - State Stimulus	17.260		107,901
Title I Rapid Response for RA&PGM	17.260		200,605
ARRA Dislocated Worker	17.260		931,050
ARRA Rapid Response	17.260		8,903
Governor's Cal-GRIP Initiative	17.260		109,546
Subtotal CFDA 17.260			2,377,577
Subtotal WIA Cluster			6,019,642
Total Department of Labor			6,019,642
Department of Transportation			
<i>Pass-Through Programs:</i>			
California Department of Transportation			
ARRA Highway Planning and Construction	20.205	ESPL-5936 (076)	655,436
ARRA Highway Planning and Construction	20.205	ESPL-5936 (076)	842,439
ARRA Highway Planning and Construction	20.205	ESPL-5936 (076)	859,381
Highway Planning and Construction	20.205	ER-4446-(002)	189,465
Highway Planning and Construction	20.205	ER-4446-(003)	70,245
Highway Planning and Construction	20.205	ER-4446-(004)	477,448
Highway Planning and Construction	20.205	ER-4446-(005)	42,739
Highway Planning and Construction	20.205	BPMP 5936(070)	154
Highway Planning and Construction	20.205	HBRR 5936(042)	11,562
Highway Planning and Construction	20.205	BRLO-5936(061)	700
Subtotal CFDA 20.205			3,149,569
Pedestrian, Bicycle & Child Passenger	20.600	PS1004	199,376
State and Community Highway Safety	20.600	364022-0996	22,181
State and Community Highway Safety	20.600	364022-0996	25,170
Subtotal CFDA 20.600			246,727
Total Department of Transportation			3,396,296

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

Program Name / Federal Grantor	CDFA Number	Agency or Pass Through Number	Program Expenditures
Environmental Protection Agency			
<i>Direct Programs:</i>			
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716	X8-96998701	38,387
Subtotal Direct Programs			<u>38,387</u>
<i>Pass-Through Programs:</i>			
California State Water Resources Control Board			
ARRA Clean Water Loan Grant	66.458	08-333-550	193,480
ARRA Clean Water Loan Grant	66.458	08-356-550	131,302
ARRA Clean Water Loan Grant	66.458	08-318-550	485,136
ARRA Clean Water Loan Grant	66.458	08-356-550	1,279,799
Subtotal California State Water Resources Control Board			<u>2,089,717</u>
California Department of Public Health			
ARRA Clean Water Loan Grant	66.458	N/A	410,066
Subtotal California Department of Public Health			<u>410,066</u>
Subtotal CFDA 66.458			<u>2,499,783</u>
Total Environmental Protection Agency			<u>2,538,170</u>
Department of Education			
<i>Pass-Through Programs:</i>			
California Department of Education, Santa Cruz County Office of Education			
Special Education Grant, Individuals with Disabilities Education Act	84.027	N/A	578,673
Reduction of Alcohol Abuse Program	84.184	Q184A09000S	32,800
Subtotal California Department of Education, Santa Cruz County			<u>611,473</u>
California Department of Alcohol and Drug Programs			
Safe & Drug-Free Schools and Communities State Grants	84.186	SDFS 07-06	176,433
Subtotal California Department of Alcohol and Drug Programs			<u>176,433</u>
Total Department of Education			<u>787,906</u>
Election Assistance Commission			
<i>Pass-Through Programs:</i>			
California Secretary of State Help America Vote Act	90.401	05GR301044	131,910
Total Election Assistance Commission			<u>131,910</u>
Department of Health & Human Services			
<i>Direct Programs:</i>			
Health Services for the Homeless	93.224	3-H80CS00048	1,262,343
ARRA Capital Improvement Program	93.703	C81CS137S3	32,417
ARRA Increase Services for Health Centers	93.703	H8BCS12062	132,567
Subtotal CFDA 93.703			<u>164,984</u>
Early Intervention Services	93.918	H76HA00153	483,542
Subtotal Direct Programs			<u>1,910,869</u>

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

Program Name / Federal Grantor	CDFA Number	Agency or Pass Through Number	Program Expenditures
<i>Pass-Through Programs:</i>			
California Secretary of State			
Voting Access for Individual with Disabilities	93.617		21,838
Subtotal California Secretary of State			21,838
California Department of Social Services			
AIA	93.551		140,862
Promoting Safe and Stable Families	93.556		7,056
Promoting Safe and Stable Families	93.556		160,403
Subtotal CFDA 93.556			167,459
TANF Cluster			
Temporary Assistance for Needy Families - Assistance	93.558		12,659,096
Temporary Assistance for Needy Families - CalWorks Program and Staff Development	93.558		8,414,293
Temporary Assistance for Needy Families - Childcare	93.558		4,042,377
Temporary Assistance for Needy Families - EA - ER, ESC, CR	93.558		1,801,713
Temporary Assistance for Needy Families - CalWIN	93.558		451,511
Subtotal CFDA 93.558			27,368,990
ARRA Public Authority Funding	93.714		124,227
ARRA IHSS Federal Medicaid	93.714		128,997
ARRA Foster Care Assistance	93.714		155,704
ARRA Adoption Assistance	93.714		254,884
ARRA Emergency Contingency	93.714		1,243,497
Subtotal CFDA 93.714			1,907,309
Subtotal TANF Cluster			29,276,299
Foster Care - Title IV-E			
AB2129	93.658		4,975
HIV Infant Program	93.658		109,021
Foster Family Licensing	93.658		50,663
Foster Care- Emergency Assistance	93.658		126,202
Foster Care - Administration	93.658		215,077
Foster Care Assistance	93.658		1,353,229
Kinship & Foster Care Emergency Fund	93.658		6,902
Child Welfare Services Title IV-E and Staff Development	93.658		558,004
Child Welfare Services Title IV-E Probation	93.658		1,473,743
Child Welfare Services Outcome Improvement Project	93.658		164,802
Subtotal CFDA 93.658			4,062,618
Adoption Assistance			
Assistance	93.659		2,225,076
Social Services	93.659		381,400
Other Public Assistance	93.659		82,353
Subtotal CFDA 93.659			2,688,829
Social Services Block Grant			
Child Welfare Services - Title XX	93.667		156,870
Subtotal CFDA 93.667			156,870

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

Program Name / Federal Grantor	CDFA Number	Agency or Pass Through Number	Program Expenditures
RCA Assistance	93.566		2,415
Community Based Child Abuse Prevention	93.590		29,232
Child Welfare Services - Title IV-B	93.645		161,949
Roots & Wings	93.652		328,757
Public Authority	93.778		740,765
Independent Living Program	93.674		76,200
Subtotal California Department of Social Services			37,832,255
California Department of Child Support Services			
Child Support Enforcement	93.563		1,032,360
Child Support Enforcement	93.563		4,776,617
Subtotal California Department of Child Support Services			5,808,977
California Department of Alcohol and Drug Programs			
Treatment Alliance for Safe Children	93.087	90C40019/03	527,444
State Children's Insurance Program	93.767	N/A	37,471
Block Grants for Prevention and Treatment of Substance Abuse	93.959	09-NNA44	1,836,557
Subtotal California Department of Alcohol and Drug Programs			2,401,472
California Department of Health Services			
Adult Protective Services	93.569		395,616
Foster Care - Title IV-E			
Group Home Monthly Visits	93.658		11,454
Child Welfare Services	93.658		24,209
Family Preservation	93.658		86,756
Child Welfare Services Title XIX and Staff Development	93.658		3,876,482
Subtotal CFDA 93.658			3,998,901
Medi-Cal Administrative Activities	93.778	N/A	57,105
In Home Support Services Title XIX	93.778		1,743,735
Medi-Cal 50%	93.778		6,490,451
Medi-Cal Save 100%	93.778		41,258
Medical Assistance- Administrative Services	93.778		1,591,970
Medical Assistance Program- MediCal Admin	93.778		530,589
Subtotal CFDA 93.778			10,455,108
California Department of Health Services			
Preparedness and Response to Bioterrorism	93.283	EPO CDC 07-44	990,942
Adolescent Family Life Planning Grant	93.994	2007-44	82,213
Maternal and Child Health Services Block Grant to the States	93.994	2007-44	293,418
Subtotal CFDA 93.994			375,631
Subtotal California Department of Health Services			16,216,198

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

Program Name / Federal Grantor	CDFA Number	Agency or Pass Through Number	Program Expenditures
California Department of Mental Health			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1946001347J5	39,300
Substance Abuse and Mental Health Services Administration	93.958	1946001347J5	22,376
Substance Abuse and Mental Health Services Administration	93.958	1946001347J5	51,196
Substance Abuse and Mental Health Services Administration	93.958	1946001347J5	44,872
Subtotal CFDA 93.958			118,444
Subtotal California Department of Mental Health			157,744
California Department of Public Housing			
ARRA Immunization Assistance	93.712	09-11300	252,729
Subtotal California Department of Public Housing			252,729
Total Department of Health & Human Services			64,602,082
Department of Homeland Security			
<i>Pass-Through Programs:</i>			
California Emergency Management Agency			
Disaster Grants - Public Assistance			
FEMA- CSA	97.036	087-00000	2,879
FEMA- CSA	97.036	087-00000	261,760
FEMA- General County	97.036	087-91052	794,889
FEMA- General County	97.036	087-91052	1,009,992
Subtotal CFDA 97.036			2,069,520
Total Department of Homeland Security			2,069,520
Total Federal Financial Assistance			\$ 85,209,219

County of Santa Cruz
Note to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2010

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 (the 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 Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2010

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 GirlZpace	\$ 169,167
16.540	Title II Disporportionate Minority Confinement Project	103,095
93.150	Projects for Assistance in Transition from Homelessness	39,300
93.563	County of San Benito Child Support	1,032,360
93.778	MediCal Administrative Activities	3,200
93.958	Substance Abuse and Mental Health Services (SAMSHA)	68,291
93.959	Substance Abuse Prevention and Treatment Block Grant	1,466,132
	Total	\$ 2,881,545

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
93.778	
Department of Health Services	\$ 8,332,549
Department of Mental Health	2,122,559
Department of Social Services	740,765
Total	\$ 11,195,873
93.658	
Department of Health Services	\$ 3,998,901
Department of Social Services	4,062,618
	\$ 8,061,519

5. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

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, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the basic financial statements of the County of Santa Cruz (County).
2. No significant deficiencies or material weaknesses in internal control over financial reporting were identified or reported.
3. No instances of noncompliance material to the basic 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 Stamps	\$ 3,054,546
10.561	ARRA - Supplemental Nutrition	70,948
	SNAP Cluster Total	<u>3,125,494</u>
17.258	WIA Adult	926,393
17.258	ARRA - WIA- Adult	435,597
17.259	WIA Youth	1,417,694
17.259	ARRA - WIA- Youth	862,381
17.260	WIA - Dislocated Workers	1,437,624
17.260	ARRA - WIA- Dislocated Worker	939,953
	WIA Cluster Total	<u>6,019,642</u>
20.205	Highway Planning & Construction	792,313
20.205	ARRA - Highway Planning & Construction	2,357,256
	Highway Planning and Construction Total	<u>3,149,569</u>
66.458	ARRA - Clean Water Loan Grant	2,499,783
93.558	Temporary Assistance for Needy Families	27,368,990
93.714	ARRA - Temporary Assistance for Needy Families	1,907,309
	TANF Cluster Total	<u>29,276,299</u>
93.563	Child Support Enforcement	5,808,977
93.658	Foster Care (Multiple Departments)	8,061,519
93.659	Adoption Assistance	2,688,829
93.778	Medical Assistance Program (Multiple Departments)	11,195,873
	Total Major Program Expenditures	<u>\$ 71,825,985</u>
	Total Federal Award Expenditures	<u>\$ 85,209,219</u>
	Percent of Total Federal Award Expenditures	<u>84.29%</u>

County of Santa Cruz
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS, Continued

8. The threshold for distinguishing Types A and B programs was \$2,556,277.
9. The County was determined to be a high-risk auditee under Section 530 of OMB Circular A-133.

B. CURRENT YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT

No financial statement findings were noted for the year ended June 30, 2010.

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, 2010.

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, 2009.