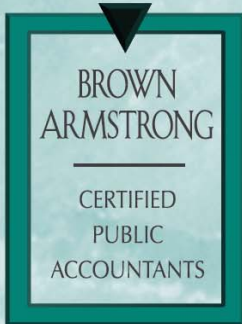


COUNTY OF SANTA CRUZ
SINGLE AUDIT REPORT
FOR THE YEAR ENDED
JUNE 30, 2017

**COUNTY OF SANTA CRUZ
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

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BROWN ARMSTRONG

Certified Public Accountants

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

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

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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Santa Cruz (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 28, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

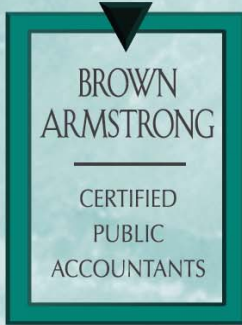
Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 28, 2017



BROWN ARMSTRONG

Certified Public Accountants

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

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

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Report on Compliance for Each Major Federal Program

We have audited the County of Santa Cruz's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2017. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, County Board of Supervisors, others within the County, 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Bakersfield, California
December 28, 2017

**COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through California Department of Food and Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care - Phytophthora Ramorum	10.025	16-0402-SF	\$ -	\$ 35,214
Plant and Animal Disease, Pest Control, and Animal Care - Glassy-Winged Sharpshooter	10.025	16-0427-SF	-	57,946
Plant and Animal Disease, Pest Control, and Animal Care - Enhanced Exotic Pest Survey	10.025	16-0060	-	165,198
Subtotal			-	258,359
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - CalFRESH Employment and Training (CFET)				
	10.561	--	-	84,812
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - CalFRESH Enhanced				
	10.561	--	-	85,456
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - CalFRESH and Staff Development				
	10.561	--	-	7,668,478
Passed through the California Department of Public Health				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Nutrition Education and Obesity Prevention				
	10.561	16-10162	374,063	689,070
Subtotal			374,063	8,527,816
Passed through California Department of Forestry and Fire Protection				
Cooperative Forestry Assistance - Volunteer Fire Assistance Grant (VFA)				
	10.664	7923580950000	-	11,492
Passed through California Department of Education				
National School Lunch Program				
	10.555	44-3447-90003419-01	-	31,038
Total U.S. Department of Agriculture			374,063	8,828,705
U.S. Department of Housing and Urban Development				
Direct Programs				
HUD Supportive Housing Program - Match II	14.235	CA0960L9T081502	-	31,044
HUD Supportive Housing Program - Match III	14.235	CA1074L9T081402	-	12,061
HUD Supportive Housing Program - Match III	14.235	CA1074L9T081503	-	54,902
HUD Supportive Housing Program - Match II	14.235	CA0960L9T081603	-	5,611
Subtotal			-	103,618
Passed through California Department of Housing and Community Development				
Community Development Block Grant				
	14.228	15-CDBG-10561	186,623	212,412
Home Investment Partnerships Program				
	14.239	15-HOME-10632	67,269	805,020
Continuum of Care Program - HUD Supportive Housing Program - Match				
Continuum of Care Program - Supportive Housing Program - Match (Meaningful Answers)	14.267	CA0231L9T081609	-	174,492
Continuum of Care Program - Homeless Action Partnership	14.267	0231L9T081508	-	300,507
Continuum of Care Program - Homeless Action Partnership	14.267	CA1398L9T081500	-	67,357
Continuum of Care Program - Homeless Action Partnership	14.267	CA1311L9T081400	-	4,228
Subtotal			-	546,584
Total U.S. Department of Housing and Urban Development			253,892	1,667,634

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice				
Direct Programs				
State Criminal Alien Assistance Program	16.606	--	-	95,042
Edward Byrne Memorial Justice Assistance Grant Program	16.738	--	-	671,519
Edward Byrne Memorial Justice Assistance Grant Program - JAG Technology Project	16.738		-	16,729
Subtotal			-	783,290
Passed through California Emergency Management Agency				
Crime Victim Assistance - County Victim Services Program	16.575	XC16010440	-	18,779
Crime Victim Assistance - Victim Witness Assistance Program	16.575	VW16350440	-	272,851
Crime Victim Assistance - Victims with Disabilities	16.575	XU15010440	-	36,838
Crime Victim Assistance -Unservd/Underservd Victim Advocacy and Outreach Program	16.575	UV15010440	-	153,001
Subtotal			-	481,469
Passed through Justice Reinvestment Initiative				
Justice Reinvestment Initiative - Technical Assistance and Maximizing Local Reforms	16.827	2015-ZB-BX-0006	-	121,335
Passed through Office for Victims of Crime				
Crime Victim Assistance/Discretionary Grants - Supporting Male Survivors of Violence	16.582	2015-VF-GX-K042	-	270,860
Passed through California Board of State and Community Corrections				
Title II Juvenile Delinquency Prevention and Intervention Grant Program	16.540	PODER	-	191,259
Total U.S. Department of Justice			-	1,848,213
U.S. Department of Labor				
Passed through California Department of Employment Development				
WIA Adult Programs				
Workforce Investment Act (WIA) Adult Programs -				
Title I - A Adult Formula	17.258	--	-	644,283
WIA Youth Activities Programs - Title 1 Youth Formula	17.259	--	861,960	1,205,392
WIA Title I-D Dislocated Worker Formula	17.278	--	-	719,409
WIA Title I Rapid Response for RA&PGM - Business Retention Survey	17.278	--	-	118,616
Subtotal - WIA Cluster			861,960	2,687,700
Total U.S. Department of Labor			861,960	2,687,700

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Passed through California Department of Transportation				
Highway Planning and Construction	20.205	ER-20EO(010)	-	32,579
Highway Planning and Construction	20.205	ER-20EO(011)	-	13,524
Highway Planning and Construction	20.205	ER-20EO(012)	-	9,953
Highway Planning and Construction	20.205	ER-20EO(013)	-	6,124
Highway Planning and Construction	20.205	ER-20EO(014)	-	8,822
Highway Planning and Construction	20.205	ER-20EO(020)	-	4,073
Highway Planning and Construction	20.205	ER-4446-(005)	-	3,507
Highway Planning and Construction	20.205	ER32L0(012) & (049)	-	415,852
Highway Planning and Construction	20.205	ER32L0(009)	-	125,166
Highway Planning and Construction	20.205	ER32L0(002)	-	265,501
Highway Planning and Construction	20.205	ERL0(004)	-	720,840
Highway Planning and Construction	20.205	ER32L0(009)	-	141,383
Highway Planning and Construction	20.205	BPMPPL-5936-(107)	-	4,012
Highway Planning and Construction	20.205	BPMPPL-5936(103)	-	5,206
Highway Planning and Construction	20.205	BPMPPL-5936(113)	-	6,652
Highway Planning and Construction	20.205	BPMPPL-5936(117)	-	15,338
Highway Planning and Construction	20.205	BPMPPL-5936(119)	-	7,501
Highway Planning and Construction	20.205	BRLO-5936(061)	-	3,816
Highway Planning and Construction	20.205	BRLO-5936(086)	-	60,053
Highway Planning and Construction	20.205	BRLO-5936(089)	-	63,380
Highway Planning and Construction	20.205	BRLO-5936(091)	-	64,344
Highway Planning and Construction	20.205	BRLO-5936(092)	-	4,375
Highway Planning and Construction	20.205	BRLO-5936(093)	-	15,519
Highway Planning and Construction	20.205	BRLO-5936(094)	-	14,693
Highway Planning and Construction	20.205	BRLO-5936(095)	-	12,536
Highway Planning and Construction	20.205	BRLO-5936(096)	-	18,437
Highway Planning and Construction	20.205	BRLO-5936(097)	-	297,258
Highway Planning and Construction	20.205	BRLO-5936(111)	-	18,822
Highway Planning and Construction	20.205	BRLO-5936(112)	-	20,629
Highway Planning and Construction	20.205	BRLO-5936(127)	-	35,468
Highway Planning and Construction	20.205	DR-1968-HPMG	-	156,275
Highway Planning and Construction	20.205	HSIPL-5936(099)	-	81
Highway Planning and Construction	20.205	HSIPL-5936(115)	-	8
Highway Planning and Construction	20.205	HSIPL-5936(120)	-	3,930
Highway Planning and Construction	20.205	HSIPL-5936(122)	-	20,028
Highway Planning and Construction	20.205	HSIPL-5936(123)	-	44,044
Highway Planning and Construction	20.205	HSIPL-5936(129)	-	8,466
Highway Planning and Construction	20.205	NHCBPL11-5936 (101)	-	73,396
Highway Planning and Construction	20.205	RPSTPLE-5936(088)	-	558
Highway Planning and Construction	20.205	STRSL-59306 (102)	-	247,520
Subtotal			-	2,969,669
Total U.S. Department of Transportation			-	2,969,669
U.S. National Highway Traffic Safety Administration				
Passed through California Office of Traffic Safety				
State and Community Highway Safety - Santa Cruz County Collaborative	20.600	PS1717	35,229	97,380
National Priority Safety Programs	20.616	OP1712	-	29,121
Subtotal Highway Safety Cluster			-	126,501
National Priority Safety Programs	20.608	AL1730	-	132,198
Total U.S. National Highway Traffic Safety Administration			35,229	258,699

See accompanying notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services				
Passed through the California Department of Public Health				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs - Tuberculosis Control Local Assistance	93.116	NU52PS004656	-	28,656
Direct Programs				
Health Center Program	93.224	H80CS00048	65,138	2,602,645
Substance Abuse and Mental Health Services - STOP Act	93.243	5H79SP019090-03	8,400	12,942
Drug Free Communities	93.276	5H79SP018550-06	14,488	124,103
Affordable Care Act Grants for Capital Development in Health Centers	93.526	C8DS29778	-	82,089
Early Intervention Services	93.918	H76HA00153	-	347,828
Passed through California Department of Social Services				
Guardianship Assistance - KinGap IV-E - Administration	93.090		-	10,225
Temporary Assistance for Needy Families - CalWORKS - Assistance	93.558	--	-	2,957,612
Temporary Assistance for Needy Families - Fraud Incentive - Assistance	93.558	--	-	7,767
Temporary Assistance for Needy Families - CalWORKS Program and Staff Development	93.558	--	-	14,259,723
Temporary Assistance for Needy Families - Commercially Exploited Children - CSEC	93.558	--	-	37,926
Temporary Assistance for Needy Families - EA - ER, ESC, CR	93.558	--	-	1,819,215
Temporary Assistance for Needy Families - CalWIN	93.558	--	-	428,946
Subtotal			-	19,511,189
Refugee and Entrant Assistance - State Administered Programs	93.566		-	3,320
Passed through California Department of Social Services				
Foster Care - Assistance	93.658	--	-	1,631,484
Foster Care - Title IV-E - AB2129	93.658	--	-	48,098
Foster Care - Case Record Review	93.658	--	-	148,746
Foster Care - Title IVE and Staff Development Child Welfare Services	93.658	--	-	809,601
Foster Care - Foster Family Licensing	93.658	--	-	40,830
Foster Care - Title IV-E - Foster Care - Administration	93.658	--	-	111,787
Foster Care - Kinship and Foster Care Emergency Fund	93.658	--	-	5,382
Child Welfare Services - Title IV-E PROBATION Portion - Pass Through	93.658	--	-	2,642
Foster Care - Group Home Monthly Visits	93.658	--	-	21,721
Foster Parent Recruitment Retention and Support	93.658	--	-	45,623
Foster Care Title IV-E - Substance Abuse Disorder	93.658	--	-	16,362
Foster Care - EA - FC Emergency Assistance	93.658	--	-	515,638
Foster Care - Public Agency IV-E Pass-Through (SCCOE)	93.658	--	-	264,223
Foster Care - Probation - FPRRS (Pass through)	93.658	--	-	274
Foster Care - Probation - CSEC (Pass through)	93.658	--	-	50
Foster Care - Probation - CWS - IV-E & GHMV (Pass through)	93.658	--	-	542,788
Foster Care - Probation - CWS - OIP (Pass through)	93.658	--	-	1,502
Foster Care - Resource Family Support	93.658	--	-	96,984
Foster Care - SACWIS-CWS	93.658	--	-	14,352
Foster Care - Child Family Team	93.658	--	-	3,148
Passed through California Department of Health Services				
Foster Care - Child Welfare Services - CWS Title IV-E	93.658	--	-	4,236,303
Foster Care - Family Preservation - DHS Title XIX	93.658	--	-	142,570
Subtotal			-	8,700,108

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
Adoption Assistance - Adoption Incentive	93.659	--	-	66
Adoption Assistance - Assistance	93.659	--	-	3,446,281
Adoption Assistance - Social Services	93.659	--	-	240,204
Adoption Assistance - Other Public Assistance	93.659	--	-	117,106
Subtotal			-	3,803,657
Social Services Block Grant - Child Welfare Services - Title XX	93.667	--	-	157,986
Social Services Block Grant - Title XX-FC	93.667	--	-	52,550
Social Services Block Grant - CalWORKS Single (XX)	93.667		-	811,688
Subtotal			-	1,022,224
Promoting Safe and Stable Families - PSSF and Staff Development	93.556	--	-	158,275
Promoting Safe and Stable Families - PSSF Case Worker Visits	93.556	--	-	15,712
Subtotal			-	173,987
Child Welfare Services - Title IV-B & Staff Development	93.645	--	-	147,796
Chafee Foster Care Independence Program - Independent Living Program & Staff Development	93.674	--	-	64,314
Passed through California Department of Child Support Services				
Child Support Enforcement - Santa Cruz County	93.563	--		4,461,378
Child Support Enforcement - San Benito County	93.563	--	-	1,011,178
Subtotal			-	5,472,556
Passed through California Department of Alcohol and Drug Programs				
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	10-NNA44 V1/12-89221 A01	1,071,644	1,533,744
Community Services Block Grant -Adult Protective Services - Title XIX & Staff Development	93.569	--	-	594,223
Passed through California Department of Social Services				
Medical Assistance Program - Public Authority	93.778		-	861,668
Passed through California Department of Health Services				
Medical Assistance Program - In Home Support Services - Title XIX and Staff Development	93.778	--	-	2,550,661
Medical Assistance Program - MediCal 50% and Staff Development	93.778	--	-	18,764,646
Medical Assistance Program - Medical Outreach	93.778	--	-	34,378
Passed through the California Department of Mental Health				
Medicaid Assistance Program	93.778	--	-	1,823,806
Medical Assistance Program - MediCal Administrative Activities	93.778	--	50,117	763,362
Subtotal			50,117	24,798,521
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1946001347j5	41,089	41,089
Substance Abuse & Mental Health Services Administration (SAMHSA)	93.958	1946001347j5	22,376	253,982

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services (Continued)				
Passed through the California Department of Public Health Immunization Cooperative Agreements - Immunization Assistance	93.268	15-10453	-	112,252
Centers for Disease Control and Prevention - Emergency Preparedness	93.283	EPO CDC 07-44	-	399,908
Affordable Care Act - California Personal Responsibilities	93.092	15-10320	-	121,881
HIV Care Program	93.917	15-11077	59,620	509,866
Maternal and Child Health Services Block Grant to the States - Federal Maternal & Child Health Basic Grant	93.994	2016-44	-	243,385
Total U.S. Department of Health and Human Services			1,332,871	70,716,490
U.S. Department of Homeland Security				
Passed through Governor's Office of Homeland Security Emergency Management Performance Grants - Homeland Security Grant Program FY2016	97.042	2016-0010	-	170,408
Homeland Security Grant Program FY2015	97.067	2015-00078	-	53,232
Passed through Bay Area UASI Approval Authority Homeland Security Grant Program - Urban Area Security Initiative Grant	97.067	2015-00078	-	290,082
Passed through San Diego County Sheriff's Office Homeland Security Grant Program - Stonegarden	97.067	--	-	30,454
Subtotal			-	373,768
Passed through California Emergency Management Agency Public Assistance Grants Hazard Mitigation Grant - Emergency Performance Management	97.039	--	-	64,433
Hazard Mitigation Grant - Department of Homeland Security FEMA	97.039	--	-	188,368
Subtotal			-	252,801
Total U.S. Department of Homeland Security			-	796,977
Total Expenditures of Federal Awards Excluding Loans			\$ 2,858,016	\$ 89,774,087

Federal Loan Balances With a Continuing Compliance Requirement

U.S. Department of Housing and Urban Development Community Development Block Grant	14.228			\$ 237,386
Home Investment Partnerships Program	14.239			1,820,169
U.S. Environmental Protection Agency Passed through California Environmental Protection Agency State Water Resource Control Board	66.458			844,362
Federal Loan Balances With a Continuing Compliance Requirement				2,901,917
Total Expenditures of Federal Awards Including Loans				\$ 92,676,004

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**COUNTY OF SANTA CRUZ
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 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 Public Financing Authority*

Discretely Presented Component Unit

Santa Cruz County Sanitation District

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Consistent with the County's method of filing federal financial reports, the accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

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 basis 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 the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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.

C. Indirect Cost Rate

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

NOTE 3 – SUBRECIPIENTS

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

Name of Program	CFDA No.	Amount
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Nutrition Education and Obesity Prevention	10.561	\$ 374,063
Community Development Block Grant	14.228	186,623
Home Investment Partnerships Program	14.239	67,269
WIA Youth Activities - Santa Cruz County Office of Education	17.259	861,960
State and Community Highway Safety - Santa Cruz County Collaborative	20.600	35,229
Projects for Assistance in Transition from Homelessness (PATH)	93.150	41,089
Health Center Cluster	93.224	65,138
Substance Abuse and Mental Health Services - STOP Act	93.243	8,400
Drug Free Communities	93.276	14,488
Medical Assistance Program	93.778	50,117
HIV Care Program	93.917	59,620
Block Grant for Prevention and Treatment of Substance Abuse	93.959	1,071,644
Block Grant for Community Mental Health Services (SAMHSA)	93.958	22,376
Total		<u>\$ 2,858,016</u>

NOTE 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.

NOTE 5 – LOANS OUTSTANDING

The following programs had federally-funded loans outstanding at June 30, 2017:

CFDA No.	Federal Grantor	County Department Administering Loans	Outstanding Balance at June 30, 2017	Outstanding Balance at June 30, 2016
14.228	Community Development Block Grant (CDBG)	Planning	\$ 237,386	\$ 258,549
14.239	Home Investment Partnerships Program (HOME)	Planning	1,820,169	1,261,050
66.458	State Water Resource Control Board (SWRCB)	Public Works	844,362	1,033,934
			<u>\$ 2,901,917</u>	<u>\$ 2,553,533</u>

**COUNTY OF SANTA CRUZ
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ yes	_x_ no
• Significant deficiencies identified not considered to be material weaknesses?	___ yes	_x_ no
Noncompliance material to financial statements noted?	___ yes	_x_ no

Federal Awards:

Internal control over major programs:		
• Material weakness(es) identified?	___ yes	_x_ no
• Significant deficiencies identified not considered to be material weaknesses?	___ yes	_x_ no
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	___ yes	_x_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
93.563	Child Support Enforcement
93.778	Medi-Cal Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 2,780,280
Auditee qualified as low-risk auditee?	_x_ yes ___ no

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

**COUNTY OF SANTA CRUZ
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

None.