

County of Santa Cruz

Santa Cruz, California

Single Audit Report

For the year ended June 30, 2013

County of Santa Cruz
Single Audit Report
For the year ended June 30, 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component 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, 2013, 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 18, 2013.

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 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Marcum LLP
Irvine, California
December 18, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the 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, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

Auditors' 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 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 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 for the year ended June 30, 2013.

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 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 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component 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, 2013, 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 18, 2013, 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 OMB Circular A-133 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 financial statements as a whole.

Marcum LLP

Marcum LLP

Irvine, California

March 31, 2014, except for the schedule of expenditures
of federal awards, which is as of December 18, 2013

County of Santa Cruz
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2013

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	--	\$ 17,016
CalFRESH Enhanced	10.561	--	55,382
CalFRESH & Staff Development	10.561	--	5,109,259
Total SNAP Cluster			<u>5,181,657</u>
Passed through the California Department of Education			
National School Lunch Program	10.555	44-3447-90003419-01	35,737
Total U.S. Department of Agriculture			<u>5,217,394</u>
U.S. Department of Defense			
Direct Programs:			
Research and Technology Development	12.910	--	12,058
Total U.S. Department of Defense			<u>12,058</u>
U.S. Department of Housing and Urban Development			
Direct Programs:			
Supportive Housing Program	14.235	CA01SB50801	374,011
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	57,359
Community Development Block Grants/Entitlement Grants	14.228	09-STBG-6422	6,171
Community Development Block Grants/Entitlement Grants	14.228	10-STBG-6737	628,623
Community Development Block Grants/Entitlement Grants	14.228	12-STBG-8411	37,660
Total CFDA #14.228 Cluster			<u>729,813</u>
Home Investment Partnerships Program	14.239	11-HOME-7891	81,906
Total U.S. Department of Housing and Urban Development			<u>1,185,730</u>

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2013

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
U.S. Department of Justice			
Direct Programs:			
Criminal Alien Assistance Program	16.066	--	\$ 118,685
Edward Byrne Memorial Formula Grant - Cannabis Eradication	16.579	S7A4107044	75,000
Bullet Proof Vests Partnership Program	16.607	07040631	711
Recovery Act Bryne Memorial Competitive Grant Program	16.808	2009-IJ-CX-0208	37,443
Passed through the California Emergency Management Agency			
Crime Victim Assistance	16.575	VW12310440	81,302
Crime Victim Assistance	16.575	UV12030440	49,919
Total CFDA #16.575			<u>131,221</u>
JAG Program Cluster			
Passed through the California Emergency Management Agency			
Byrne Memorial Justice Assistance Grant Program	16.738	DC11220440	188,307
Recovery Act - Byrne Memorial Justice Assistance Grants/Units of Local Gov.	16.804	ZA09010440	72,219
Recovery Act - Byrne Memorial Justice Assistance Grants/Units of Local Gov.	16.804	ZP09010440	166,946
Total JAG Program Cluster			<u>427,472</u>
Aftercare Treatment Services Program	16.593	AF11010440	138,758
Passed through the California Department of Corrections and Rehabilitation			
Juvenile Accountability Block Grants	16.523	CSA 122-11	21,785
Juvenile Accountability Block Grants	16.523	CSA 210-11	171,169
Total CFDA #16.523			<u>192,954</u>
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	CSA 340-12	49,726
Total U.S. Department of Justice			<u>1,171,970</u>
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	--	988,863
WIA Youth Activities	17.259	--	1,090,271
WIA Dislocated Workers - Title I-D Dislocated Worker Formula	17.278	--	1,225,567
WIA Dislocated Workers - Title I Rapid Response for RA&PGM	17.278	--	272,050
ARRA WIA Dislocated Workers	17.260	--	16,425
Total WIA Cluster			<u>3,593,176</u>
Total U.S. Department of Labor			<u>3,593,176</u>

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2013

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
U.S. Department of Transportation			
Highway Planning and Construction Cluster			
Passed through the California Department of Transportation			
Highway Planning and Construction	20.205	ER-20EO(003)	\$ 59,587
Highway Planning and Construction	20.205	ER-20EO(009)	33,592
Highway Planning and Construction	20.205	ER-20EO(010)	437
Highway Planning and Construction	20.205	ER-20EO(011)	34,055
Highway Planning and Construction	20.205	ER-20EO(012)	39,511
Highway Planning and Construction	20.205	ER-20EO(013)	12,912
Highway Planning and Construction	20.205	ER-20EO(014)	427
Highway Planning and Construction	20.205	ER-4446-(002)	3,261
Highway Planning and Construction	20.205	ER-4446-(003)	1,620
Highway Planning and Construction	20.205	ER-4446-(005)	353,004
Highway Planning and Construction	20.205	BPMPPL-5936-(070)	664
Highway Planning and Construction	20.205	BPMPPL-5936-(104)	29,921
Highway Planning and Construction	20.205	BPMPPL-5936-(105)	21,834
Highway Planning and Construction	20.205	BPMPPL-5936-(106)	33,309
Highway Planning and Construction	20.205	BPMPPL-5936-(107)	7,585
Highway Planning and Construction	20.205	BRLO-5936(061)	13,922
Highway Planning and Construction	20.205	BRLO-5936(086)	67,803
Highway Planning and Construction	20.205	BRLO-5936(089)	213,622
Highway Planning and Construction	20.205	BRLO-5936(091)	38,680
Highway Planning and Construction	20.205	BRLO-5936(092)	32,242
Highway Planning and Construction	20.205	BRLO-5936(093)	58,353
Highway Planning and Construction	20.205	BRLO-5936(094)	73,817
Highway Planning and Construction	20.205	BRLO-5936(095)	74,423
Highway Planning and Construction	20.205	BRLO-5936(096)	63,826
Highway Planning and Construction	20.205	BRLO-5936(097)	78,484
Highway Planning and Construction	20.205	BRLO-5936(103)	22,132
Highway Planning and Construction	20.205	HSIPL-5936(074)	450,000
Highway Planning and Construction	20.205	HSIPL-5936(080)	751
Highway Planning and Construction	20.205	HSIPL-5936(098)	18,964
Highway Planning and Construction	20.205	HSIPL-5936(099)	3,649
Highway Planning and Construction	20.205	RPSTPLE-5936(088)	740,929
Highway Planning and Construction	20.205	RPSTPLE-5936(088)	228,262
Highway Planning and Construction	20.205	STPLZ-5936(083)	29,811
Total Highway Planning and Construction Cluster			2,841,389
Total U.S. Department of Transportation			2,841,389

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2013

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
National Highway Traffic Safety Administration			
Passed through the State Office of Traffic Safety State and Community Highway Safety	20.600	OP1304	\$ 99,100
Total National Highway Traffic Safety Administration			<u>99,100</u>
U.S. Election Assistance Commission			
Passed through California Secretary of State Help America Vote Act Requirements	90.401	07G30131	45,262
Total U.S. Election Assistance Commission			<u>45,262</u>
U.S. Department of Health and Human Services			
Direct Programs:			
Enhance the Safety of Children Affected by Parental Methamphetamine Abuse	93.087	--	230,985
Consolidated Health Centers	93.224	3-H80CS00048	1,465,069
Drug Free Communities Support Program Grants	93.276	--	122,915
Administration for Children and Families	93.562	C8ACS23781	32,517
Early Intervention Services with Respect to HIV Disease	93.918	H76HA00153	530,835
Substance Abuse and Mental Health Services - Projects of Regional Significance	93.243	T1021248-02	373,580
Substance Abuse and Mental Health Services - Projects of Regional Significance	93.243	--	417,335
Substance Abuse and Mental Health Services - Projects of Regional Significance	93.243	--	36,694
Total CFDA #93.243			<u>827,609</u>
Passed through California Department of Social Services			
Guardianship Assistance	93.090	--	2,184
Refugee and Entrant Assistance - State Administered Programs	93.525	--	41,646
CBCAP-Community Based Child Abuse Prevention	93.590	--	17,611
Stephanie Tubbs Jones Child Welfare Services Program	93.645	--	149,974
Adoption Opportunities	93.652	--	439,941
Social Services Block Grant - Child Welfare Services - Title XX	93.667	--	157,986
Chafee Foster Care Independence Program	93.674	--	70,177
Children's Health Insurance Program - CALHEERS - Title XXI	93.767	--	329
Promoting Safe and Stable Families - PSSF & Staff Development	93.556	--	103,826
Promoting Safe and Stable Families - PSSF Case Worker Visits	93.556	--	52,949
Total CFDA #93.556			<u>156,775</u>

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2013

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
U.S. Department of Health and Human Services, continued			
TANF Cluster			
Passed through California Department of Social Services, continued			
Temporary Assistance for Needy Families State Programs - Assistance	93.558	--	\$ 3,685,819
Temporary Assistance for Needy Families State Programs - Program and Staff Dev.	93.558	--	8,383,280
Temporary Assistance for Needy Families State Programs - Child Care	93.558	--	3,088,376
Temporary Assistance for Needy Families State Programs - EA - ER, ESC, CR	93.558	--	1,819,247
Temporary Assistance for Needy Families State Programs - CALWIN	93.558	--	609,366
Total TANF Cluster			<u>17,586,088</u>
Passed through California Department of Social Services			
Foster Care - Title IV-E - Social Services Assistance	93.658	--	1,982,916
Foster Care - Title IV-E - AB2129	93.658	--	442
Foster Care - Title IV-E - Staff Development Child Welfare Services	93.658	--	429,065
Foster Care - Title IV-E - Foster Family Licensing	93.658	--	69,801
Foster Care - Title IV-E - Options for Recovery	93.658	--	125,945
Foster Care - Title IV-E - Foster Care - Administration	93.658	--	128,340
Foster Care - Title IV-E - Kinship & Foster Care Emergency Fund	93.658	--	4,468
Foster Care - Title IV-E - Group Home Monthly Visits	93.658	--	29,716
Foster Care - Title IV-E - Probation	93.658	--	1,425,806
Foster Care - Title IV-E - Outcome Improvement Project	93.658	--	49,254
Foster Care - Title IV-E - EA - FC Emergency Assistance	93.658	--	384,623
Foster Care - Title IV-E - Pass-Through (SCCOE)	93.658	--	58,720
Passed through California Department of Health Services			
Foster Care - Title IV-E - Family Preservation	93.658	--	75,389
Foster Care - Title IV-E - Child Welfare Services	93.658	--	3,300,370
Foster Care - Title IV-E - SACWIS-CWS	93.658	--	43,048
Total CFDA #93.658			<u>8,107,903</u>
Passed through California Department of Social Services			
Adoption Assistance - Assistance	93.659	--	2,602,281
Adoption Assistance - Social Services	93.659	--	345,715
Adoption Assistance - Other Public Assistance	93.659	--	78,296
Total CFDA #93.659			<u>3,026,292</u>
Passed through the California Department of Child Support Services			
Child Support Enforcement	93.563	--	4,474,075
Child Support Enforcement - San Benito County	93.563	--	1,337,392
Total CFDA #93.563			<u>5,811,467</u>

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2013

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 Alcohol and Drug Programs Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	10-NNA44	\$ 1,751,443
Passed through the California Department of Health Services Community Services Block Grant - Adult Protective Services	93.569	--	525,189
Medical Assistance Program Cluster			
Passed through the California Department of Social Services Medical Assistance Program - CALHEERS - Title XIX	93.778	--	7,770
Passed through the California Department of Health Services			
Medical Assistance Program - CWS Title XIX & Staff Development	93.778	--	1,834,739
Medical Assistance Program - MEDI CAL 50% & Staff Development	93.778	--	5,908,326
Medical Assistance Program - Public Authority	93.778	--	914,882
Medical Assistance Program - Medicaid/Medical Administrative Costs	93.778	--	109,150
Medicaid Assistance Program	93.778	--	1,744,188
Medical Assistance Program - MediCal Administrative Activities	93.778	--	694,209
Total Medical Assistance Program Cluster			<u>11,213,264</u>
Passed through the California Department of Health Services			
Maternal and Child Health Services Block Grant to States	93.994	2010-44	272,799
Immunization Grants	93.268	10-95404	102,389
Preparedness and Response to Bioterrorism	93.283	EPO CDC 07-44	344,232
Passed through the California Department of Mental Health			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1946001347j5	41,432
Peer Run Crisis Respite Services for Seriously Mentally Ill	93.150	1H79SM060152-01	558,473
Children's Health Insurance Program	93.767	--	13,255
Block Grant for Community Mental Health Services (SAMHSA)	93.958	1946001347j5	128,131
Total U.S. Department of Health and Human Services			<u>53,728,910</u>

County of Santa Cruz
Schedule of Expenditures of Federal Awards, Continued
For the year ended June 30, 2013

Program Name / Federal Grantor	CFDA Number	Agency or Pass Through Number	Program Expenditures
U.S. Department of Homeland Security			
Direct Programs:			
Staffing for Adequate Fire and Emergency Response	97.083	--	46,414
Passed through the Governor's Office of Homeland Security			
State Domestic Preparedness Equipment Support Program Homeland Security Grant Program FY2009	97.067	2009-0019	123,550
Homeland Security Grant Program FY2010	97.073	2010-0085	283,315
Homeland Security Grant Program FY2011	97.073	2011-0077	181,634
Total CFDA #97.073			<u>464,949</u>
Emergency Management Performance Grant - Homeland Security Grant FY2012	97.042	2012-0027	144,306
Public Assistance Grants			
Passed through the Governor's Office of Homeland Security			
Disaster Grants - Public Assistance (2005/2006 Winter Storms)	97.036	087-00000	71,871
Disaster Grants - Public Assistance (2006 Spring Storms)	97.036	087-00000	423,113
Total CFDA #97.036			<u>494,984</u>
Passed through the California Emergency Management Agency			
Interoperable Emergency Communications Grant	97.055	--	67,529
Total U.S. Department of Homeland Security			<u>1,341,732</u>
<u>Total Expenditures of Federal Awards</u>			<u>\$69,236,721</u>

See accompany notes to the Schedule of Expenditure of Federal Awards

County of Santa Cruz
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2013

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

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, 2013

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	\$ 49,726
17.259	WIA Youth Activities - Santa Cruz County Office of Education	848,756
93.150	Projects for Assistance in Transition from Homelessness (PATH)	41,432
93.563	Child Support Enforcement - San Benito County	1,337,392
93.958	Block Grant for Community Mental Health Services (SAMHSA)	22,786
93.959	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	1,428,140
Total		\$ 3,728,232

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, 2013

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
16.738	Byrne Memorial Justice Assistance Grant Program	\$ 188,307
16.804	Recovery Act - Byrne Memorial Justice Assistance Grants/Units of Local Gov.	72,219
16.804	Recovery Act - Byrne Memorial Justice Assistance Grants/Units of Local Gov.	166,946
	JAG Cluster Total	<u>427,472</u>
17.258	WIA Adult Program - Title I - A Adult Formula	988,863
17.259	WIA Youth Activities	1,090,271
17.278	WIA Dislocated Workers - Title I-D Dislocated Worker Formula	1,225,567
17.278	WIA Dislocated Workers - Title I Rapid Response for RA&PGM - Business Retention	272,050
17.260	ARRA WIA Dislocated Workers	16,425
	WIA Cluster Total	<u>3,593,176</u>
93.563	Child Support Enforcement	4,474,075
93.563	Child Support Enforcement - San Benito County	1,337,392
	CFDA #93.563 Total	<u>5,811,467</u>

County of Santa Cruz
Summary Schedules of Prior Audit Findings and Questioned Costs
For the year ended June 30, 2013

A. SUMMARY OF AUDITOR'S RESULTS, CONTINUED

CFDA Number	Major Program	Expenditures
93.658	Foster Care - Title IV-E - Social Services Assistance	\$ 1,982,916
93.658	Foster Care - Title IV-E - AB2129	442
93.658	Foster Care - Title IV-E - Staff Development Child Welfare Services	429,065
93.658	Foster Care - Title IV-E - Foster Family Licensing	69,801
93.658	Foster Care - Title IV-E - Options for Recovery	125,945
93.658	Foster Care - Title IV-E - Foster Care - Administration	128,340
93.658	Foster Care - Title IV-E - Kinship & Foster Care Emergency Fund	4,468
93.658	Foster Care - Title IV-E - Group Home Monthly Visits	29,716
93.658	Foster Care - Title IV-E - Probation	1,425,806
93.658	Foster Care - Title IV-E - Outcome Improvement Project	49,254
93.658	Foster Care - Title IV-E - EA - FC Emergency Assistance	384,623
93.658	Foster Care - Title IV-E - Pass-Through (SCCOE)	58,720
93.658	Foster Care - Title IV-E - Family Preservation	75,389
93.658	Foster Care - Title IV-E - Child Welfare Services	3,300,370
93.658	Foster Care - Title IV-E - SACWIS-CWS	43,048
	CFDA #93.659 Total	<u>8,107,903</u>
93.659	Adoption Assistance - Assistance	2,602,281
93.659	Adoption Assistance - Social Services	345,715
93.659	Adoption Assistance - Other Public Assistance	78,296
	CFDA #93.659 Total	<u>3,026,292</u>
93.778	Medical Assistance Program - CALHEERS - Title XIX	7,770
93.778	Medical Assistance Program - CWS Title XIX & Staff Development	1,834,739
93.778	Medical Assistance Program - MEDI CAL 50% & Staff Development	5,908,326
93.778	Medical Assistance Program - Public Authority	914,882
93.778	Medical Assistance Program - Medicaid/Medical Administrative Costs	109,150
93.778	Medicaid Assistance Program	1,744,188
93.778	Medical Assistance Program - MediCal Administrative Activities	694,209
	CFDA #93.778 Total	<u>11,213,264</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	\$ 1,751,443
97.036	Disaster Grants - Public Assistance (2005/2006 Winter Storms)	71,871
97.036	Disaster Grants - Public Assistance (2006 Spring Storms)	423,113
	CFDA #97.036 Total	<u>494,984</u>
	Total Major Program Expenditures	<u><u>\$ 34,426,001</u></u>
	Total Federal Award Expenditures	<u><u>\$ 69,236,721</u></u>

County of Santa Cruz
Single Audit Report
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2013

A. SUMMARY OF AUDITOR'S RESULTS, CONTINUED

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 2,077,102

Auditee qualifies as low-risk auditee? X Yes No

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, 2013.

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, 2013.

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, 2012.