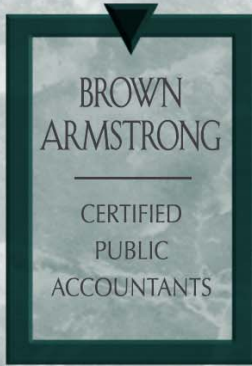


COUNTY OF SANTA CRUZ
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2014

**COUNTY OF SANTA CRUZ
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

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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, 2014, 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 29, 2014.

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.

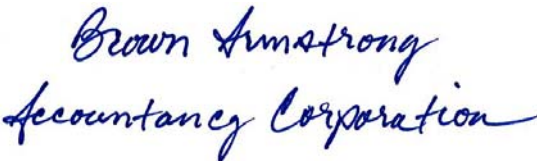
Compliance and Other Matters

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*.

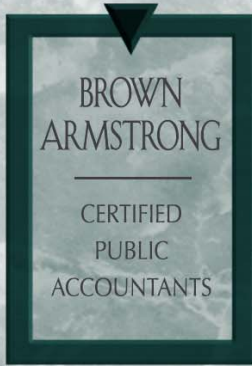
Purpose of this Report

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

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Bakersfield, California
December 29, 2014



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 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) 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 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, 2014.

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 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 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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 29, 2014, 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 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 29, 2014

**COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014**

| Federal Grantor/Program Title | Federal CFDA No. | Contract or Program Number | Total Federal Expenditures |
|---|---------------------|-------------------------------|-------------------------------|
| U.S. Department of Agriculture | | | |
| Passed through California Department of Food and Agriculture | | | |
| Phytophthora Ramorum | 10.025 | 13-0318-SF | \$ 33,643 |
| Glassy-Winged Sharpshooter | 10.025 | 12-0132-SF | 52,231 |
| Enhanced Exotic Pest Survey | 10.025 | 13-0069 | <u>56,816</u> |
| Subtotal | | | <u>142,690</u> |
| LBAM TASC | 10.604 | 13-0549-SF | <u>8,270</u> |
| CalFRESH Employment and Training (CFET) | 10.561 | -- | 43,025 |
| CalFRESH Enhanced | 10.561 | -- | 11,149 |
| CalFRESH and Staff Development | 10.561 | -- | <u>5,409,909</u> |
| Subtotal | | | <u>5,464,083</u> |
| Passed through California Department of Education | | | |
| National School Lunch Program | 10.555 | 44-3447-90003419-01 | <u>32,208</u> |
| Total U.S. Department of Agriculture | | | <u>5,647,251</u> |
| U.S. Department of Housing and Urban Development | | | |
| Direct Programs | | | |
| Supportive Housing Program - Match III | 14.235 | CA1074B9T081100 | 29,543 |
| Supportive Housing Program - Match II (Housing for Hospital) | 14.235 | CA0960B9T081000 | <u>32,623</u> |
| Subtotal | | | <u>62,166</u> |
| Supportive Housing Program - Match (Meaningful Answers) | 14.267 | CA0231L9T081205 | <u>390,432</u> |
| Passed through California Department of Housing and Community Development | | | |
| Community Development Block Grant - Disaster Recovery Initiative | 14.228 | 11-DRI-7557 | 30,095 |
| Community Development Block Grant | 14.228 | 10-STBG-6737 | 609,190 |
| Community Development Block Grant | 14.228 | 12-STBG-8411 | <u>738,275</u> |
| Subtotal - Community Development Block Grant Cluster | | | <u>1,377,560</u> |
| Home Investment Partnerships Program | 14.239 | 11-HOME-7891 | <u>26,790</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>1,856,948</u> |
| U.S. Department of Justice | | | |
| Direct Programs | | | |
| Criminal Alien Assistance Program | 16.066 | -- | <u>161,609</u> |
| Federal Asset Forfeiture | 16.111 | -- | <u>4,441</u> |
| Recovery Act Edward Byrne Memorial Competitive Grant Program | 16.808 | 2009-IJ-CX-0208 | <u>1,059</u> |
| Passed through California Emergency Management Agency | | | |
| Victim Witness Assistance Program | 16.575 | VW13320440 | 81,302 |
| Unserved/Underserved Victim Advocacy and Outreach Program | 16.575 | UV12030440 | 15,646 |
| Unserved/Underserved Victim Advocacy and Outreach Program | 16.575 | UV13040440 | <u>115,833</u> |
| Subtotal | | | <u>212,781</u> |
| Aftercare Treatment Services Program | 16.593 | AF11010440 | <u>61,080</u> |

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014

| Federal Grantor/Program Title | Federal CFDA No. | Contract or Program Number | Total Federal Expenditures |
|---|------------------|----------------------------|----------------------------|
| U.S. Department of Justice (Continued) | | | |
| Passed through California Board of State and Community Corrections Juvenile Accountability Block Grants Evidenced-Based Probation Programs | 16.523 | CSA 210-11 | 56,391 |
| Edward Byrne Memorial Justice Assistance Grant 2012-2013 | 16.738 | BSCC 613-12 | 73,980 |
| Edward Byrne Memorial Justice Assistance Grant 2013-2014 | 16.738 | BSCC 613-13 | 146,943 |
| Subtotal - Edward Byrne Memorial Justice Assistance Grant Cluster | | | 220,923 |
| Total U.S. Department of Justice | | | 718,284 |
| U.S. Department of Labor | | | |
| Passed through California Department of Employment Development WIA Adult Programs - Title I - A Adult Formula | 17.258 | -- | 585,475 |
| WIA Youth Activities Programs | 17.259 | -- | 982,353 |
| WIA Title I-D Dislocated Worker Formula | 17.278 | -- | 825,850 |
| WIA Title I Rapid Response for RA&PGM - Business Retention Survey | 17.278 | -- | 227,701 |
| Subtotal - WIA Cluster | | | 2,621,379 |
| Total U.S. Department of Labor | | | 2,621,379 |
| U.S. Department of Transportation | | | |
| Passed through California Department of Transportation Highway Planning and Construction | 20.205 | ER-20EO(003) | 24,485 |
| Highway Planning and Construction | 20.205 | ER-20EO(010) | 10,345 |
| Highway Planning and Construction | 20.205 | ER-20EO(011) | 13,275 |
| Highway Planning and Construction | 20.205 | ER-20EO(012) | 4,155 |
| Highway Planning and Construction | 20.205 | ER-20EO(013) | 26,559 |
| Highway Planning and Construction | 20.205 | ER-20EO(014) | 18,137 |
| Highway Planning and Construction | 20.205 | ER-20EO(020) | 63,838 |
| Highway Planning and Construction | 20.205 | ER-4446-(002) | 2,484 |
| Highway Planning and Construction | 20.205 | ER-4446-(003) | 2,008 |
| Highway Planning and Construction | 20.205 | ER-4446-(005) | 402,501 |
| Highway Planning and Construction | 20.205 | BPMPPL-5936(103) | 11,139 |
| Highway Planning and Construction | 20.205 | BPMPPL-5936(104) | 387,002 |
| Highway Planning and Construction | 20.205 | BPMPPL-5936(105) | 106,946 |
| Highway Planning and Construction | 20.205 | BPMPPL-5936(106) | 297,100 |
| Highway Planning and Construction | 20.205 | BPMPPL-5936(107) | 3,131 |
| Highway Planning and Construction | 20.205 | BPMPPL-5936(113) | 10,207 |
| Highway Planning and Construction | 20.205 | BRLO-5936(061) | 3,758 |
| Highway Planning and Construction | 20.205 | BRLO-5936(086) | 41,714 |
| Highway Planning and Construction | 20.205 | BRLO-5936(089) | 176,891 |
| Highway Planning and Construction | 20.205 | BRLO-5936(091) | 10,391 |
| Highway Planning and Construction | 20.205 | BRLO-5936(092) | 3,444 |
| Highway Planning and Construction | 20.205 | BRLO-5936(093) | 142,462 |
| Highway Planning and Construction | 20.205 | BRLO-5936(094) | 9,265 |
| Highway Planning and Construction | 20.205 | BRLO-5936(095) | 42,925 |
| Highway Planning and Construction | 20.205 | BRLO-5936(096) | 12,058 |
| Highway Planning and Construction | 20.205 | BRLO-5936(097) | 63,290 |
| Highway Planning and Construction | 20.205 | BRLO-5936(111) | 5,143 |
| Highway Planning and Construction | 20.205 | BRLO-5936(112) | 86,453 |
| Highway Planning and Construction | 20.205 | HSIPL-5936(074) | 2,978 |
| Highway Planning and Construction | 20.205 | HSIPL-5936(080) | 86,780 |
| Highway Planning and Construction | 20.205 | HSIPL-5936(098) | 27,293 |
| Highway Planning and Construction | 20.205 | HSIPL-5936(099) | 9,233 |
| Highway Planning and Construction | 20.205 | HSIPL-5936(100) | 4,996 |
| Highway Planning and Construction | 20.205 | HSIPL-5936(111) | 16,568 |
| Highway Planning and Construction | 20.205 | RPSTPL-5936(033) | 221,922 |
| Highway Planning and Construction | 20.205 | RPSTPLE-5936(088) | 109,426 |
| Highway Planning and Construction | 20.205 | RPSTPLE-5936(088) | 14,673 |
| Highway Planning and Construction | 20.205 | SCCRTC CO51 | 155,725 |
| Highway Planning and Construction | 20.205 | STPLZ-5936(083) | 64,491 |
| Subtotal - Highway Planning and Construction Cluster | | | 2,695,191 |
| Total U.S. Department of Transportation | | | 2,695,191 |

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014

| Federal Grantor/Program Title | Federal CFDA No. | Contract or Program Number | Total Federal Expenditures |
|--|---------------------|-------------------------------|-------------------------------|
| U.S. National Highway Traffic Safety Administration | | | |
| Passed through California Office of Traffic Safety State and Community Highway Safety | 20.600 | OP1406 | <u>57,861</u> |
| National Priority Safety Programs | 20.616 | OP1406 | <u>78,588</u> |
| Total U.S. National Highway Traffic Safety Administration | | | <u>136,449</u> |
| U.S. Election Assistance Commission | | | |
| Passed through California Secretary of State Help America Vote Act | 90.401 | 07G30131 | <u>43,926</u> |
| Total U.S. Election Assistance Commission | | | <u>43,926</u> |
| U.S. Department of Health and Human Services | | | |
| Direct Programs | | | |
| Consolidated Health Centers - Health Services for the Homeless | 93.224 | H80CS00048 | <u>1,553,150</u> |
| Substance Abuse and Mental Health Services - Project Home Base | 93.243 | T1021248-02 | 350,000 |
| Substance Abuse and Mental Health Services - Leaps and Bounds | 93.243 | -- | 380,343 |
| Substance Abuse and Mental Health Services - STOP Act | 93.243 | 5H79SP019090-02 | <u>45,592</u> |
| Subtotal | | | <u>775,935</u> |
| Drug Free Communities | 93.276 | 5H79SP018550-03 | <u>118,211</u> |
| Affordable Care Act Grants for Capital Development in Health Centers | 93.526 | C8ACS23781 | <u>532,084</u> |
| Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease | 93.918 | H76HA00153 | <u>471,044</u> |
| Passed through California Department of Social Services | | | |
| Guardian Assistance | 93.090 | | <u>40,249</u> |
| State Planning and Establishment Grants for the Affordable Care Act Exchanges | 93.525 | | <u>237,761</u> |
| Temporary Assistance for Needy Families - CalWORKS - Assistance | 93.558 | -- | 3,265,232 |
| Temporary Assistance for Needy Families - Fraud Incentive - Assistance | 93.558 | -- | 7,209 |
| Temporary Assistance for Needy Families - CalWorks Program and Staff Development | 93.558 | -- | 13,249,800 |
| Temporary Assistance for Needy Families - EA - ER, ESC, CR | 93.558 | -- | 1,773,518 |
| Temporary Assistance for Needy Families - CALWIN | 93.558 | -- | <u>787,567</u> |
| Subtotal - Temporary Assistance for Needy Families Cluster | | | <u>19,083,326</u> |
| Children's Health Insurance Program - CALHEERS Interface - Title XXI | 93.767 | | <u>1,885</u> |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | | <u>6,693</u> |
| Adoption Opportunities - Roots and Wings | 93.652 | | <u>106,247</u> |

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014**

| Federal Grantor/Program Title | Federal CFDA No. | Contract or Program Number | Total Federal Expenditures |
|--|---------------------|-------------------------------|-------------------------------|
| U.S. Department of Health and Human Services (Continued) | | | |
| Passed through California Department of Social Services | | | |
| Foster Care - Assistance | 93.658 | -- | 1,827,609 |
| Foster Care - Title IV-E - AB2129 | 93.658 | -- | 69,262 |
| Foster Care - Title IVE and Staff Development Child Welfare Services | 93.658 | -- | 537,484 |
| Foster Care - Foster Family Licensing | 93.658 | -- | 74,914 |
| Foster Care - Options for Recovery | 93.658 | -- | 81,051 |
| Foster Care - Title IV-E - Foster Care - Administration | 93.658 | -- | 231,067 |
| Foster Care - Kinship and Foster Care Emergency Fund | 93.658 | -- | 5,880 |
| Foster Care - Child Welfare Services - Group Home Monthly Visits PROBATION Portion-Pass Through | 93.658 | -- | 29,851 |
| Foster Care Title IV-E - Probation | 93.658 | -- | 682,212 |
| Foster Care - Child Welfare Services Outcome Improvement Project | 93.658 | -- | 87,500 |
| Foster Care - EA - FC Emergency Assistance | 93.658 | -- | 508,690 |
| Foster Care - Public Agency IV-E Pass-Through (SCCOE) | 93.658 | -- | 89,268 |
| Passed through California Department of Health Services | | | |
| Foster Care - Family Preservation - Title XIX | 93.658 | -- | 112,606 |
| Foster Care - Child Welfare Services - CWS Title IV-E SACWIS-CWS | 93.658 | -- | 3,402,778 |
| | | | <u>12,582</u> |
| Subtotal | | | <u>7,752,754</u> |
| Adoption Assistance - Assistance | 93.659 | -- | 2,876,362 |
| Adoption Assistance - Social Services | 93.659 | -- | 344,196 |
| Adoption Assistance - Other Public Assistance | 93.659 | -- | 144,036 |
| Subtotal | | | <u>3,364,594</u> |
| Social Services Block Grant - Child Welfare Services - Title XX | 93.667 | -- | 157,986 |
| Social Services Block Grant - Title XX-FC | 93.667 | -- | 145,986 |
| Subtotal | | | <u>303,972</u> |
| Community-Based Child Abuse Prevention Grants | 93.590 | -- | 18,089 |
| Promoting Safe and Stable Families - PSSF and Staff Development | 93.556 | -- | 148,255 |
| Promoting Safe and Stable Families - PSSF Case Worker Visits | 93.556 | -- | 5,498 |
| Subtotal | | | <u>153,753</u> |
| Stephanie Tubbs Jones Child Welfare Services - Title IV-B | 93.645 | -- | 142,825 |
| Chafee Foster Care - Independent Living Program | 93.674 | -- | 67,503 |
| Passed through California Department of Child Support Services | | | |
| Child Support Enforcement - Santa Cruz County | 93.563 | -- | 4,268,171 |
| Child Support Enforcement - San Benito County | 93.563 | -- | 1,148,977 |
| Subtotal | | | <u>5,417,148</u> |
| Passed through California Department of Alcohol and Drug Programs | | | |
| Block Grants for Prevention and Treatment of Substance Abuse (SAPT) | 93.959 | 10-NNA44 | 1,784,974 |
| Passed through California Department of Health Services | | | |
| Adult Protective Services | 93.569 | -- | 623,113 |

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014**

| Federal Grantor/Program Title | Federal CFDA No. | Contract or Program Number | Total Federal Expenditures |
|---|------------------|----------------------------|----------------------------|
| U.S. Department of Health and Human Services (Continued) | | | |
| Passed through California Department of Social Services Medical Assistance - CALHEERS Interface - Title XIX | 93.778 | | 44,078 |
| Passed through California Department of Health Services In Home Support Services - Title XIX and Staff Development | 93.778 | -- | 2,045,683 |
| MEDI CAL 50% and Staff Development | 93.778 | -- | 15,051,736 |
| Medical Assistance - Public Authority | 93.778 | -- | 731,767 |
| Passed through the California Department of Mental Health Medicaid/Medical Administrative Costs | 93.778 | -- | 91,007 |
| Medicaid Assistance Program | 93.778 | -- | 1,474,293 |
| Medical Assistance Program - MediCal Administrative Activities | 93.778 | -- | 667,240 |
| Subtotal - Medicaid Cluster | | | <u>20,105,804</u> |
| Passed through California Department of Health Services Maternal and Child Health Services Block Grant to the State | 93.994 | 2010-44 | 199,603 |
| Tuberculosis Control Local Assistance | 93.116 | 5U52PS900515 | 27,285 |
| Immunization Assistance | 93.268 | 13-20451 | 99,317 |
| Preparedness and Response to Bioterrorism | 93.283 | EPO CDC 07-44 | 432,020 |
| Passed through the California Department of Mental Health Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | 1946001347j5 | 40,023 |
| Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | 1H79SM060152-01 | 327,182 |
| Subtotal | | | <u>367,205</u> |
| State Children's Insurance Program | 93.767 | -- | 6,890 |
| Block Grant for Community Mental Health Services (SAMHSA) | 93.958 | 1946001347j5 | 121,953 |
| Passed through California Secretary of State HAVA Polling Place Accessibility Training | 93.617 | 13G26128 | 26,515 |
| Total U.S. Department of Health and Human Services | | | <u>63,941,902</u> |
| U.S. Department of Homeland Security | | | |
| Direct Programs | | | |
| Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | -- | 67,074 |
| Passed through Governor's Office of Homeland Security | | | |
| Homeland Security Grant Program FY2010 | 97.073 | 2010-0085 | 82,129 |
| Homeland Security Grant Program FY2011 | 97.073 | 2011-0077 | 163,345 |
| Homeland Security Grant Program FY2012 | 97.073 | 2012-SS-00123 | 111,442 |
| Subtotal | | | <u>356,916</u> |
| Public Assistance Grants | | | |
| Disaster Grants - Public Assistance (2006 Spring Storms) | 97.036 | 087-00000 | 37,537 |
| Disaster Grants - Public Assistance (2005/2006 Winter Storms) | 97.036 | 087-00000 | 15,144 |
| Subtotal | | | <u>52,681</u> |

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014**

| Federal Grantor/Program Title | Federal CFDA No. | Contract or Program Number | Total Federal Expenditures |
|--|---------------------|-------------------------------|-------------------------------|
| U.S. Department of Homeland Security (Continued) | | | |
| Passed through California Emergency Management Agency Emergency Mgmt Performance Grant FY2013 | 97.042 | 2013-0047 | <u>109,181</u> |
| Passed through Bay Area UASI Approval Authority | | | |
| Interoperable Emergency Communications Grant 2011 | 97.055 | -- | 130,684 |
| Interoperable Emergency Communications Grant 2012 | 97.055 | -- | <u>289,942</u> |
| Subtotal | | | <u>420,626</u> |
| Total U.S. Department of Homeland Security | | | <u>1,006,478</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 78,667,808</u> |

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF SANTA CRUZ
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

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 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.

NOTE 3 – SUBRECIPIENTS

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

| <u>Name of Program</u> | <u>CFDA No.</u> | <u>Amount</u> |
|---|-----------------|---------------------|
| Juvenile Justice and Delinquency Prevention - Allocation to States | 16.540 | \$ - |
| WIA Youth Activities - Santa Cruz County Office of Education | 17.259 | 822,663 |
| Projects for Assistance in Transition from Homelessness (PATH) | 93.150 | 40,023 |
| Child Support Enforcement - San Benito County | 93.563 | 1,148,977 |
| Block Grant for Community Mental Health Services (SAMHSA) | 93.958 | 22,376 |
| Block Grants for Prevention and Treatment of Substance Abuse (SAPT) | 93.959 | <u>1,216,882</u> |
| Total | | <u>\$ 3,250,921</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, 2014:

| <u>CFDA No.</u> | <u>Federal Grantor</u> | <u>County Department Administering Loans</u> | <u>Outstanding Balance at June 30, 2014</u> | <u>Outstanding Balance at June 30, 2013</u> |
|-----------------|------------------------|--|---|---|
| 14.228 | CDBG | Planning | \$ 295,189 | \$ 308,016 |
| 14.239 | HOME | Planning | <u>648,000</u> | <u>776,135</u> |
| | | | <u>\$ 943,189</u> | <u>\$ 1,084,151</u> |

**COUNTY OF SANTA CRUZ
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

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 OMB Circular A-133, Section .510(a)? | ___ 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 Program |
| 10.561 | Supplemental Nutrition Assistance Program |
| 93.778 | Medical Assistance Program |

| | |
|---|---------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ 2,360,034 |
| 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, 2014**

None.