

COUNTY OF SAN LUIS OBISPO
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2012

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COUNTY OF SAN LUIS OBISPO

Single Audit Report
For the Year Ended June 30, 2012

Table of Contents

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3-4
Schedule of Expenditures of Federal Awards.....	5-11
Notes to Schedule of Expenditures of Federal Awards	12-14
Schedule of Findings and Questioned Costs.....	15-17
Summary Schedule of Prior Audit Findings	19-22
Supplementary Schedule of Grant Expenditures.....	23-24
<u>Aviation Passenger Facilities Charges</u>	
Independent Auditor's Report on Schedule of Passenger Facility Charges, Revenues, and Expenses	25
Report on Compliance with Requirements Applicable to the Passenger Facility Charges Program on Internal Control Over Compliance.....	27-28
Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Passenger Facility Charges, Revenues, and Expenses Performed in Accordance with <i>Government Auditing Standards</i>	29-30
Schedule of Passenger Facility Charges (PFC), Revenues, and Expenses.....	31

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**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**

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo (County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards 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. Our report was modified to include a reference to other auditors. Other auditors audited the financial statements of the San Luis Obispo County Pension Trust Fund and the First 5 San Luis Obispo County, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

Board of Supervisors
County of San Luis Obispo

This report is intended solely for the information of management, the Board of Supervisors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
December 28, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

Compliance

We have audited the compliance of the County of San Luis Obispo (County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County of San Luis Obispo complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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 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.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. We did not audit the financial statements of the San Luis Obispo County Pension Trust Fund and the First 5 San Luis Obispo County, a discretely presented component unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included in the Pension Trust Fund and the discretely presented component unit is based on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Supplementary Schedules of Grant Expenditures have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
December 28, 2012

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

**Schedule of Federal Financial Assistance
For the Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	2011-2012 Revenue Recognized	2011-2012 Expenditures
U. S. DEPARTMENT OF AGRICULTURE				
Direct Programs:				
Federal Forest Reserve	10.665	--	\$ 6,676	\$ 6,676
Water and Waste Disposal Program-Grant	10.760	--	63,876	63,876
ARRA - Water and Waste Disposal Program	10.781	--	6,687,130	6,687,130
Subtotal Direct			6,757,682	6,757,682
Passed through State Department of Social Services:				
Food Stamp Administration	10.561	--	3,399,226	3,400,120
Food Stamp Administration-Prior year adjustment	10.561	--	99,631	99,631
Subtotal Pass-Through			3,498,857	3,499,751
Passed through State Department of Health Care Services:				
Women Infant Children Nutrition Program	10.557	11-10453	934,293	919,293
Women Infant Children Nutrition Program	10.557	08-85431	409,953	409,953
Women Infant Children Nutrition Program -Prior year adjustment	10.557	08-85431	(40,064)	(40,064)
Subtotal Pass-Through			1,304,182	1,289,182
Passed through California Fire Safe Council:				
Cooperative Forestry Assistance	10.664	7FG-10091	52,963	52,963
Subtotal Pass-Through			52,963	52,963
Passed through State Dept of Food and Agriculture				
Pest Detection Trapping	10.025	10-8520-1399CA 10-8520-0934GI	182,962	182,962
Pest Detection Trapping - Prior Year Adjustment	10.025	10-8520-1399CA 10-8520-0934GI	223	223
Sudden Oak Death	10.025	11-0336-SF	19,060	19,060
Glassy-Winged Sharpshooter	10.025	10-0349	423,231	423,231
Glassy-Winged Sharpshooter - Prior year adjustment	10.025	10-0349	200	200
Asian Citrus Psyllid Detection	10.025	10-0074-SF, 11-0537-SF	133,321	133,321
Asian Citrus Psyllid Detection - Prior Year Adjustment	10.025	10-0074-SF, 11-0537-SF	9,681	9,681
European Grape Vine Moth	10.025	11-0255-SF, 11-0553-SF	152,344	152,344
Light Brown Apple Moth Regulatory	10.025	11-0371-SF, 11-0427-SF, 11-0564	74,005	74,005
Light Brown Apple Moth Regulatory - Prior Year Adjustment	10.025	11-0371-SF, 11-0427-SF, 11-0564	2,157	2,157
Light Brown Apple Moth Detection	10.025	11-0277-SP, 11-0419-SF, 11-0510-SF	17,096	17,096
Light Brown Apple Moth Detection - Prior Year Adjustment	10.025	11-0277-SP, 11-0419-SF, 11-0510-SF	2,104	2,104
Subtotal Pass-Through			1,016,384	1,016,384
Passed through State Department of Public Health:				
Supplemental Nutrition Assistance Program Education (SNAP-ED)	10.561	--	123,978	123,978
Subtotal Pass-Through			123,978	123,978
Total Dept. of Agriculture			\$ 12,754,046	\$ 12,739,940
U.S. DEPARTMENT OF DEFENSE				
Direct programs:				
Community Economic Adjustment Planning Assistance for Joint Land Use Studies	12.610	HQ00051110021	87,416	87,416
Total Department of Defense			\$ 87,416	\$ 87,416
U. S. DEPT OF HOUSING & URBAN DEVELOPMENT				
Direct programs:				
Community Devel. Block Grants	14.218	B-06-UC-06-0508	287,005	287,005
Community Devel. Block Grants	14.218	B-07-UC-06-0508	102,660	102,660
Community Devel. Block Grants	14.218	B-09-UC-06-0508	697,519	697,519
Community Devel. Block Grants	14.218	B-10-UC-06-0508	543,846	543,846
Community Devel. Block Grants	14.218	B-11-UC-06-0508	872,982	872,982
Community Devel. Block Grants - 3rd Party Loans	14.218	--	--	2,493,886
Emergency Solutions Grant Program	14.231	E-11-UC-06-0508	91,683	91,683
Supportive Housing Program	14.235	CA0737-41BD141002-3	707,390	707,385
Supportive Housing Program	14.235	CA0737-41B9D14801-2	206,458	206,458
Home Partnership Investment Program	14.239	M-09-UC-06-0545	45,346	45,346
Home Partnership Investment Program	14.239	M-10-UC-06-0545	35,000	35,000
Home Partnership Investment Program	14.239	M-11-UC-06-0545	125,322	125,322
Home Partnership Investment Program-3rd Party Loans	14.239	--	--	14,289,892

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Federal Financial Assistance
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	2011-2012 Revenue Recognized	2011-2012 Expenditures
U. S. DEPT OF HOUSING & URBAN DEVELOPMENT (continued)				
Direct programs (continued):				
ARRA - Community Development Block Grants	14.253	B-09-UY-06-0508	\$ 82,217	\$ 82,217
ARRA - Community Development Block Grants	14.253	B-09-UY-06-0508	4,755	4,755
ARRA - Homelessness Prevention & Rapid Rehousing (HPRP)	14.257	S-09-UY-06-0508	224,037	224,037
Subtotal Direct			<u>4,026,220</u>	<u>20,809,993</u>
Passed through State Department of Public Health				
Housing Opportunities for Persons With Aids-Development	14.241	10-10143	160,893	160,893
Subtotal Pass-Through			<u>160,893</u>	<u>160,893</u>
Total Dept. of Housing & Urban Development			\$ 4,187,113	\$ 20,970,886
U. S. DEPT OF THE INTERIOR				
Direct program:				
Payments In-Lieu of Taxes	15.226	--	1,069,926	1,069,926
Coastal Impact Assistance Program	15.668	F12AF-70129,70175-6,70278,70233	97,181	97,181
Subtotal Direct			<u>1,167,107</u>	<u>1,167,107</u>
Passed through Department of Fish & Game				
Cooperative Endangered Species Conservation Fund	15.615	P1182017, P1182018	50,082	104,031
Subtotal Pass-Through Fish & Game			<u>50,082</u>	<u>104,031</u>
Passed through California Bureau of Land Management				
Taylor Grazing Act	15.227	--	5,999	89
Subtotal Pass-Through Bureau of Land Management			<u>5,999</u>	<u>89</u>
Passed through California State Department of Parks & Recs				
Outdoor Recreation Acquisition - Los Osos Playground	15.916	06-01704	11,998	11,998
Subtotal Pass-Through			<u>11,998</u>	<u>11,998</u>
Total Dept. of Interior			\$ 1,235,186	\$ 1,283,225
U. S. DEPT OF JUSTICE				
Direct programs:				
Bureau of Immigration & Customs Enforcement-Prior year adjustment	16.710	--	10,588	10,588
SS Awards	16.710	--	53,760	53,760
Byrne Memorial-DNA Forensic Lab	16.580	2008-DD-BX-0306	48,814	48,814
State Criminal Alien Assistance Program	16.606	--	379,490	379,490
Southwest Border Prosecution Initiative	16.607	--	3,336	3,336
Southwest Border Prosecution Initiative-Prior Year adjustment	16.607	--	19,165	19,165
Justice Assistance Grant	16.738	2010-DJ-BX-1240	1,104	1,104
Justice Assistance Grant	16.738	2011-DJ-BX-2288	19,600	19,600
Coverdell Forensic Science Improvement Grant	16.742	2011-91301-CA-CD	140,474	139,169
Federal Asset Forfeiture	16.000	--	281,974	281,974
ARRA - BJA Recovery Act	16.804	2009-SB-B9-2615	10,010	10,010
Subtotal Direct			<u>968,315</u>	<u>967,010</u>
Passed through California Emergency Management Agency:				
Gang Task Force	16.579	DC11 22 0400	156,244	156,244
Victim Witness Assistance	16.575	VW11300400	87,120	87,120
Victim (Elder) Advocacy Outreach	16.582	UV100200400	122,696	125,000
Victim Witness Elder Abuse - Prior Year Adjustment	16.582	UV100200400	(90,797)	(90,797)
ARRA - Project Safe Neighborhoods	16.609	US10010400	3,615	3,615
ARRA - Justice Assistance Grant - Evidence Based Practices Supervision	16.803	ZP09010400	238,765	226,915
ARRA - Justice Assistance Grant - Comprehensive Drug Court Initiative	16.803	DI10010400	138,082	138,082
ARRA - Justice Assistance Grant - Offender Treatment Program	16.803	ZO09010400	43,361	43,361
Subtotal Pass-through			<u>699,086</u>	<u>689,540</u>
Passed through State Dept of Corrections & Rehabilitation:				
Juvenile Accountability Block Grant	16.523	CSA 166-11	23,936	23,936
Training -Prior Yr Adj	16.523	CSA 166-09 AMYVPT	1	1
Subtotal Pass-through			<u>23,937</u>	<u>23,937</u>
Total Dept. of Justice			\$ 1,691,338	\$ 1,680,487

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Federal Financial Assistance
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	2011-2012 Revenue Recognized	2011-2012 Expenditures
U. S. DEPARTMENT OF LABOR				
Passed through California Employment Development Department:				
ARRA - Workforce Investment Act-Disability Prg Navigator-ARRA	17.207	K078487	\$ 174	\$ 174
Prior Year Adjustment	17.207	K078487	2,115	2,115
Workforce Investment Act-Adult	17.258	K178693, K282503	798,380	798,380
Workforce Investment Act-Youth	17.259	K178693, K282503	1,071,957	1,071,957
Workforce Investment Act-National Emergency Grants	17.277		50,147	50,147
Workforce Investment Act-Dislocated Worker & Rapid Response	17.278	K178693, K282503	869,139	869,139
Subtotal Pass-through			<u>2,791,912</u>	<u>2,791,912</u>
Total Dept. of Labor			\$ 2,791,912	\$ 2,791,912
U. S. DEPARTMENT OF TRANSPORTATION				
Direct program:				
Airport Improvement Program	20.106	3-06-0228-39	223,343	223,343
Airport Improvement Program	20.106	3-06-0228-38	1,470	1,470
Airport Improvement Program - Prior Year Adjustment	20.106	3-06-0228-23	132,379	132,379
Subtotal Direct			<u>357,192</u>	<u>357,192</u>
Passed through State Department of Transportation:				
Public Ways and Facilities	20.205	BHLS-5949(062)	832,619	832,619
Public Ways and Facilities	20.205	BHLS-5949(063)	518,170	518,170
Public Ways and Facilities	20.205	BRLO-5949(019)	1,471,566	1,471,566
Public Ways and Facilities	20.205	BRLO-5949(009)	1,186,247	1,186,247
Public Ways and Facilities - Prior Year Adjustment	20.205	BRLO-5949(009)	(751)	(751)
Public Ways and Facilities	20.205	BRLO-5949(065)	228,397	228,397
Public Ways and Facilities	20.205	BRLO-5949(116)	94,476	94,476
Public Ways and Facilities	20.205	BRLO-5949(119)	82,430	82,430
Public Ways and Facilities	20.205	BRLO-5949(120)	7,491	7,491
Public Ways and Facilities	20.205	BRLO-5949(127)	45,680	45,680
Public Ways and Facilities	20.205	BRLS-5949(129)	250	250
Public Ways and Facilities	20.205	BRLS-5949(131)	4,410	4,410
Public Ways and Facilities	20.205	BRLS-5949(135)	6,267	6,267
Public Ways and Facilities	20.205	HP21L-5949(126)	97,086	97,086
Public Ways and Facilities -Prior year adjustment	20.205	HP21L-5949(126)	17,742	17,742
Public Ways and Facilities	20.205	Q101(189)	6,089,907	6,089,907
Public Ways and Facilities	20.205	BP MPL 5949 (113)	173,502	173,502
Public Ways and Facilities	20.205	BP MPL 5949 (124)	52,345	52,345
Public Ways and Facilities	20.205	BP MPL 5949 (130)	15,344	15,344
National Scenic Byways	20.205	CASB-5949(105)	7,194	7,194
Subtotal Pass-through			<u>10,930,370</u>	<u>10,930,371</u>
Total Dept. of Transportation			\$ 11,287,562	\$ 11,287,563
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed through California State Library:				
Library Services & Technology Act	45.310	40-7792	40,173	40,173
Library Services & Technology Act	45.310	40-7942	24,362	24,362
Subtotal Pass-Through			<u>64,535</u>	<u>64,535</u>
Total Institute of Museum and Library Services			\$ 64,535	\$ 64,535
ENVIRONMENTAL PROTECTION AGENCY				
Passed through California Department of Public Health:				
EPA Beach Water Monitoring	66.472	11-10773	25,000	25,000
Subtotal Pass-Through			<u>25,000</u>	<u>25,000</u>
Total Enviromental Protection Agency			\$ 25,000	\$ 25,000
U.S. DEPT OF ENERGY				
Direct programs:				
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000903	180,535	221,245
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000903	838,601	838,601
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000903	18,894	18,894
ARRA - Energy Efficiency and Conservation Block Grant Program - Prior Year Adjustment	81.128	DE-EE0000903	(90,797)	(90,797)
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000903	45,161	45,161
Subtotal Direct			<u>992,394</u>	<u>1,033,104</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Federal Financial Assistance
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	2011-2012 Revenue Recognized	2011-2012 Expenditures
U.S. DEPT OF ENERGY (continued)				
Passed through California Employment Development Department:				
ARRA - Clean Energy Grant	81.041	KO77128	\$ 12,916	\$ 12,916
Subtotal Pass-Through			<u>12,916</u>	<u>12,916</u>
Total U.S. Dept of Energy			\$ 1,005,310	\$ 1,046,020
U. S. DEPT OF EDUCATION				
Passed through State Department of Alcohol and Drug Programs:				
Safe and Drug-Free Schools and Communities - State Grants:				
Drug Free School Program-Strengthening Families - Prior Year Adjustment	84.186	SDF 07-03	(107)	(107)
Subtotal Pass-Through			<u>(107)</u>	<u>(107)</u>
Total Dept. of Education			\$ (107)	\$ (107)
U. S. DEPT OF HEALTH & HUMAN SERVICES				
Direct Programs:				
Safe and Drug Free Communities-Sober Truth on Preventing Underage Drinking	93.276	2008-DC-BX-0028	45,563	45,563
Frug Free Communities Support Program - Drug Free Campus Cal Poly	93.276	H9SP15668A	140,047	140,047
Adult Treatment Drug Court	93.243	1H79TI021865-01	324,140	324,140
Adult Treatment Drug Court Collaborative	93.243	1H79TI023740-01	152,511	152,511
Treatment for Children Affected by Methamphetamine	93.243	1H79TI023367-01	383,122	383,122
Health Resources Services Administration	93.887	09-163	194,588	192,265
Health Resources Services Administration - Prior Year Adjustment	93.887	09-163	34	34
Subtotal Direct			<u>1,240,005</u>	<u>1,237,682</u>
Passed through Sate Department of Alcohol and Drug Programs:				
Substance Abuse Prevention & Treatment Block Grant-Discretionary Funds	93.959		988,428	988,428
Substance Abuse Prevention & Treatment Block Grant-Prevention Set-aside Funds	93.959		310,846	310,846
Substance Abuse Prevention & Treatment Block Grant-Friday Night Live and Club Live	93.959		30,000	30,000
Substance Abuse Prevention & Treatment Block Grant-HIV Set-aside Funds	93.959		45,513	45,513
Substance Abuse Prevention & Treatment Block Grant-Adolescent and Youth Treatment	93.959		176,774	176,774
Substance Abuse Prevention & Treatment Block Grant-Perinatal Set-aside Funds	93.959		72,193	72,193
Subtotal Pass-through			<u>1,623,754</u>	<u>1,623,754</u>
Passed through State Department of Child Support Services:				
Child Support Enforcement:				
Child Support Administration	93.563		3,010,883	3,010,883
Incentive Program	93.563		122,639	122,639
Subtotal Pass-through			<u>3,133,522</u>	<u>3,133,522</u>
Passed through State Dept of Public Health:				
CDC Base PH Emergency Preparedness	93.069	EPO-11-40	403,502	403,502
CDC Base PH Emergency Preparedness	93.069	EPO-10-40	198,459	198,459
CDC Base PH Emergency Preparedness - Prior Year Adjustment	93.069	EPO-10-40	110,338	110,338
CDC Disease Control	93.069	EPO-10-40	7,432	7,432
CDC Disease Control - Prior Year Adjustment	93.069	EPO-10-40	4,250	4,250
Subtotal CFDA 93.069			<u>723,981</u>	<u>723,981</u>
Lead Poisoning	93.197	08-85087 A02	50,985	41,143
Lead Poisoning-Prior year adjustment	93.197	08-85087 A02	(5,888)	(5,888)
Subtotal CFDA 93.197			<u>45,097</u>	<u>35,255</u>
Immunization Action Plan	93.268	11-10599	93,438	93,438
Immunization Information System - Prior Year Adjustment	93.268		1	1
Child Hlth & Disability Prevention	93.268	SLO 40	403,568	285,110
Child Hlth & Disability Prevention-Prior year adjustment	93.268	SLO 40	2,733	2,733
Subtotal CFDA 93.268			<u>499,740</u>	<u>381,282</u>
Health Resources Services Administration HPP	93.889	EPO 11-40	193,811	193,811
Health Resources Services Administration HPP - Prior Year Adjustment	93.889	EPO 11-40	132	132
Hospital Preparation Program	93.889	EPO 11-40	5,786	5,786
Health Resources Services Administration HPP	93.889	EPO 09-40	136,803	-
Health Resources Services Administration HPP - Prior Year Adjustment	93.889	EPO 09-40	(133,196)	(133,196)
Subtotal CFDA 93.889			<u>203,336</u>	<u>66,533</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

**Schedule of Federal Financial Assistance
For the Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	2011-2012 Revenue Recognized	2011-2012 Expenditures
U. S. DEPT OF HEALTH & HUMAN SERVICES (continued)				
Passed through State Dept of Public Health (continued):				
AIDS Case Management	93.917	07-65079		
HIV Care-Single Allocation Model / Ryan White Care	93.917	10-95288	\$ 101,708	\$ 101,708
HIV Care-Single Allocation Model / Ryan White Care - Prior year adjustment	93.917	10-95288	(1)	(1)
Subtotal CFDA 93.917			<u>101,707</u>	<u>101,707</u>
Children Services	93.994	SLOCO/MTP	1,259,363	667,462
Children Services-Prior year adjustment	93.994	SLOCO/MTP	83,828	83,828
Maternal & Child Health Services	93.994	2011-40	385,467	283,455
Maternal & Child Health Services-Prior year adjustment	93.994	2011-40	(2)	(2)
Subtotal CFDA 93.994			<u>1,728,656</u>	<u>1,034,743</u>
Subtotal Pass-through State Dept of Public Health			<u>3,302,517</u>	<u>2,343,501</u>
Centers for Disease Control and Prevention:				
CDC Pher H1N1	93.521	EPO 09-40	47,468	47,468
Subtotal			<u>47,468</u>	<u>47,468</u>
Medical Assistance Program:				
Medi-Cal Administration	93.778	09-86011	852,532	852,532
Medi-Cal Administration	93.778	09-86011	412,108	412,108
Medi-Cal Administration -Targeted Case Management	93.778	40-0409	678,330	678,330
Medi-Cal Administration -Targeted Case Management - Prior year adjustment	93.778	40-0409	3,626	3,626
ARRA - Medi-Cal Administration -Targeted Case Management -Prior year adjustment	93.778	40-0409	530	530
Administration: Medi-Cal	93.778	09-86011 A01	51,552	51,552
Administration: Medi-Cal	93.778		122,054	122,054
Administration: Medi-Cal-Prior year adjustment	93.778		33,256	33,256
Administration: Medi-Cal	93.778		4,687,342	4,687,342
Administration: Medi-Cal - IHSS	93.778		705,076	705,076
ARRA - Administration: Medi-Cal-Public Authority for IHSS - Prior Year Adjustment	93.778		55,022	55,022
Medi-Cal Admin-Prior year adjustment	93.779		194,951	194,951
Subtotal			<u>7,796,379</u>	<u>7,796,379</u>
Mental Health-Substance Abuse (SAMHSA)	93.958		432,579	432,579
Mental Health-Substance Abuse (SAMHSA)-Prior Year Adjustment	93.958		94,592	94,592
Subtotal			<u>527,171</u>	<u>527,171</u>
Subtotal Pass-through State Dept of Health Care Services			<u>8,371,018</u>	<u>8,371,018</u>
Passed through the State Department of Mental Health:				
Mental Health-McKinney Homeless	93.150		51,512	51,512
Subtotal Pass-through Dept of Mental Health			<u>51,512</u>	<u>51,512</u>
Passed through the State Department of Social Services:				
Promoting Safe and Stable Families	93.556		138,318	138,318
Subtotal CFDA 93.556			<u>138,318</u>	<u>138,318</u>
Temporary Assistance for Needy Families:				
Administration: CALWORKS	93.558		9,362,652	9,317,655
Administration: CALWORKS-Prior year adjustment	93.558		4,490	4,490
Assistance: CALWORKS & Kinship Guardian	93.558		5,500,772	5,500,772
Subtotal CFDA 93.558			<u>14,867,914</u>	<u>14,822,917</u>
Foster Care - Title IV-E				
Administration: Probation - Title IV E	93.658		990,426	996,711
Administration: Probation - Title IV E- Prior year adjustment	93.658		101,761	101,761
Child Welfare Services - Title IV E	93.658		3,705,252	3,705,253
Child Welfare Services - Title IV E - Prior Year Adjustment	93.658		830	830
Assistance: Foster Care	93.658		2,377,428	2,377,954
Assistance: Foster Care-Prior year adjustment	93.658		565,019	565,019
ARRA - Assistance: Foster Care-ARRA-Prior Year adjustment	93.658		(557)	(557)
Subtotal CFDA 93.658			<u>7,740,159</u>	<u>7,746,971</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

**Schedule of Federal Financial Assistance
For the Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	2011-2012 Revenue Recognized	2011-2012 Expenditures
U. S. DEPT OF HEALTH & HUMAN SERVICES (continued)				
Passed through the State Department of Mental Health (continued):				
Adoption Incentives	93.603		\$ 3,920	\$ 3,920
Child Welfare Services Title IV-B	93.645		580,065	201,183
Child Welfare Services Title IV-B - Prior Year Adjustment	93.645		6,266	6,266
Refugee Cash Assistance	93.566		634	634
Administration: Adoption	93.659		745,368	745,368
Administration: Adoption - Prior Year Adjustment	93.659		(832)	(832)
Assistance: Adoption	93.659		2,805,802	2,805,009
Assistance: Adoption - Prior Year Adjustment	93.659		(6)	(6)
ARRA - Assistance: Adoption-Prior year adjustment	93.659		(171)	(171)
Independent Living Program	93.674		126,337	126,337
Independent Living Program-Prior year adjustment	93.674		439	439
Child Welfare Services-Title XX	93.667		175,704	263,556
Child Welfare Services-Title XX-Prior year adjustment	93.667		120,637	120,637
Subtotal			<u>4,564,163</u>	<u>4,272,340</u>
Subtotal Pass-through State Department of Social Services			<u>27,310,554</u>	<u>26,980,546</u>
Subtotal Pass-through programs			<u>43,792,877</u>	<u>42,503,853</u>
Total Dept. of Health & Human Services			<u>\$ 45,032,882</u>	<u>\$ 43,741,535</u>
DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
Transportation Security Administration, Law Enforcement Personnel	97.090	HSTS0208HSLR257	142,896	142,896
Transportation Security Administration, Law Enforcement Personnel -				
Disaster Grants - Storm Reimbursement 2010 - Prior Year Adjustment	97.036		13,649	13,649
Disaster Grants - Storm Reimbursement 2010 - Prior Year Adjustment	97.036		1,609	1,609
Disaster Grants - Storm Reimbursement 2010 - Prior Year Adjustment	97.036		20,091	20,091
FEMA - Prior Year Adjustment	97.036		1,207	1,207
Subtotal Direct			<u>179,452</u>	<u>179,452</u>
Passed throught California Dept of Boating & Waterways				
Boating Safety Financial Assistance	97.036	10-108-803	665	665
Subtotal passed through CA Dept of Boating & Waterways			<u>665</u>	<u>665</u>
Passed throught California Emergency Management Agency:				
Disaster Grants - Public Assistance - Prior Year Adjustment	97.036	FEMA-1952-DR	1,487	1,487
Disaster Grants - Public Assistance - Prior Year Adjustment	97.036	FEMA-1505-DR-CA	(148,610)	(148,610)
Disaster Grants - Public Assistance - Prior Year Adjustment	97.036		6,887	6,887
Subtotal CFDA 97.036			<u>(140,236)</u>	<u>(140,236)</u>
Emergency Management Performance Grants:				
Emergency Management Program Grant	97.042	079-00000	15,000	15,000
Emergency Management Program Grant	97.042	079-00000	15,000	15,000
Emergency Management Program Grant	97.042	079-00000	7,500	7,500
Emergency Management Performance 2011	97.042	2011-0048	47,063	47,063
Subtotal CFDA 97.042			<u>84,563</u>	<u>84,563</u>
Homeland Security Grant Program	97.073	2008-0006	14,231	14,231
Homeland Security Grant Program	97.073	2009-0019	86,813	81,977
Homeland Security Grant Program - Prior year adjustment	97.073	2009-0019	3,021	3,021
Homeland Security Grant Program-Prior year adjustment	97.073	SLOCO	(368)	(368)
Subtotal CFDA 97.073			<u>103,697</u>	<u>98,861</u>
Public Safety Interoperable Communications	97.055	FY07 UASI	-	-
Homeland Security	97.067	2009-0019	1,653	1,653
Homeland Security - Prior Year Adjustment	97.067	2009-0019	(3,000)	(3,000)
Homeland Security	97.067	2009-0019	8,212	2,520
Homeland Security - Prior Year Adjustment	97.067	2009-0019	(5,692)	(5,692)
Homeland Security	97.067	2009-0019	19,689	19,689
Homeland Security	97.067	2009-0019	24,550	24,550
Homeland Security	97.067	2009-0019	20,000	20,000
Homeland Security	97.067	2009-0019	17,249	17,249
Homeland Security - Prior Year Adjustment	97.067	2009-0019	28,057	28,057

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

Schedule of Federal Financial Assistance
For the Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	2011-2012 Revenue Recognized	2011-2012 Expenditures
DEPARTMENT OF HOMELAND SECURITY (continued)				
Passed through California Emergency Management Agency (continued):				
Homeland Security	97.067	2009-0019	\$ -	\$ 4,985
Homeland Security	97.067	2010-0085	5,403	5,403
Homeland Security	97.067	2011-0048	4,154	4,154
Homeland Security	97.067	2010-0085	7,000	7,000
Homeland Security - Prior Year Adjustment	97.067	2010-0085	(701)	(701)
Homeland Security	97.067	2010-0085	3,791	3,791
Homeland Security	97.067	2010-0085	34,142	34,142
Homeland Security - Prior Year Adjustment	97.067	2008-006	6,320	6,320
Homeland Security - Prior Year Adjustment	97.067	2011-0077	7,022	7,022
Homeland Security - Prior Year Adjustment	97.067	2008-006	(438)	(438)
Homeland Security	97.067	2008-006	18,882	18,882
Homeland Security - Prior Year Adjustment	97.067	2008-006	<u>(18,882)</u>	<u>(18,882)</u>
Subtotal CFDA 97.067			<u>177,411</u>	<u>176,704</u>
Bufferzone Grant	97.078	2009-0026	<u>196,751</u>	<u>196,751</u>
Subtotal CFDA 97.036			<u>196,751</u>	<u>196,751</u>
Subtotal Passed-through California Emergency Management Agency			<u>422,186</u>	<u>416,643</u>
Subtotal Pass-throughs			<u>422,851</u>	<u>417,308</u>
Total Department of Homeland Security			<u>602,303</u>	<u>596,760</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 80,764,496</u>	<u>\$ 96,315,172</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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COUNTY OF SAN LUIS OBISPO

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

NOTE 1: REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal awards programs of the County of San Luis Obispo (County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule. Expenditures funded by the American Recovery and Reinvestment Act of 2009 are denoted by the prefix "ARRA" in the federal program title.

NOTE 2: BASIS OF ACCOUNTING

The accompanying SEFA is presented using the modified accrual basis of accounting for program expenditures accounted for in governmental funds and the accrual basis of accounting for expenditures accounted for in proprietary funds, as described in Note 1 of the County's basic financial statements.

NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

NOTE 4: SUBRECIPIENTS

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

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount</u>
14.218	Low Income Housing Assistance Community Development Block Grants	\$ 1,757,221
14.231	Emergency Solutions Grant	91,683
14.253	Community Development Block Grant - ARRA	68,948
14.257	Homelessness Prevention and Rapid Re-housing	224,037
17.258	Workforce Investment Act-Adult	558,887
17.278	Workforce Investment Act-Dislocated Worker/Rapid Response	622,822
93.778	First Five	45,595
93.778	Medi-CAL Administration-Lucia Mar Unified School District	477,462
93.778	Medi-CAL Administration-San Luis Coastal Unified School District	329,475
	Total	<u>\$ 4,176,130</u>

COUNTY OF SAN LUIS OBISPO

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

NOTE 5: LOANS WITH CONTINUING COMPLIANCE REQUIREMENT

Outstanding federally-funded program loans with a continuing compliance requirement had the following balances during the year:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount Outstanding</u>	
		<u>July 1, 2011</u>	<u>June 30, 2012</u>
14.218	Community Development Block Grants/Entitlement Grants	\$2,493,886	\$2,493,886
14.239	HOME Investment Partnerships Program	14,289,892	14,289,892

NOTE 6: PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards are received from a pass-through entity, the SEFA 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 7: TOTAL FEDERAL AWARDS EXPENDED BY CFDA NUMBER

When there is more than one program under a single CFDA number, the SEFA totals all programs under the one CFDA number. Occasionally, however, this total could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the Schedule, but instead is provided below:

<u>CFDA No.</u>	<u>Total Federal Expenditures</u>	<u>CFDA No.</u>	<u>Total Federal Expenditures</u>
10.561	\$ 3,623,729	93.276	\$ 185,610
14.218	4,997,898	93.645	207,449
14.235	913,843	93.659	3,549,368
14.239	14,495,560	93.667	384,193
14.253	86,972	93.674	126,776
16.607	22,501	93.778	7,601,428
16.710	64,348	93.887	192,299
16.582	34,203	97.036	(103,015)
16.738	20,704		
16.803	408,358		
17.207	2,289		
93.243	859,773		

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No |
| 4. Identification of major programs: | |

CFDA Number

Name of Federal Program

- | | |
|----------------|--|
| 10.561 | State Administrative Matching Grants
For the Supplemental Nutrition
Assistance Program |
| 14.218, 14.253 | CDBG – Entitlement Grants Cluster |
| 14.239 | Home Investment Partnership Program |
| 81.128 | ARRA – Energy Efficiency and
Conservation Block Grant |
| 93.558 | Temporary Assistance for Needy Families |
| 93.658 | Foster Care – Title IV-E |
| 93.659 | Adoption Assistance |
| 93.778 | Medical Assistance Program |

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section 1 (continued)

Federal Awards (continued)

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 2,889,455 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

Section 2

Financial Statement Findings

None Reported

Section 3

Federal Award Findings and Questioned Costs

None Reported

COUNTY OF SAN LUIS OBISPO

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

None reported

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COUNTY OF SAN LUIS OBISPO

Summary Schedule of Prior Audit Findings
Federal Awards
For the Year Ended June 30, 2012

Reference Number 11-SA-1
Federal Program Title Community Development Block Grants/Entitlement Grants
Community Development Block Grant ARRA Entitlement Grants
(CDBG-R – Recovery Act Funded)
CFDA Number 14.218, 14.253

Recommendation

We recommend that the County develop a monitoring plan which is in accordance with the requirements of the HUD’s CDBG Grantee Handbook and that each subrecipient is monitored at least once every two years. Some of the steps in the monitoring process include:

- Develop a monitoring plan at the beginning of each program year in order to match available resources with the needs and capacity of funded subrecipients.
- Standardize monitoring procedures designed to ensure consistency and thoroughness in monitoring reviews. Grantees should use standardized monitoring checklists or guidebooks. Monitoring procedures should also specify the steps to be followed for monitoring visits. You may want to refer to the State CDBG Program’s monitoring checklists located in Chapter 12 of the Grant Management Manual.

Status

During our audit we examined appropriate and sufficient documentation to determine that the above finding has been implemented.

Reference Number 11-SA-2
Federal Program Title Temporary Assistance For Needy Families
ARRA – Emergency Contingency Fund for Temporary Assistance for
Need Families (TANF) State Programs
Adoption Assistance Program
ARRA – Adoption Assistance Program
Medical Assistance Program
ARRA – Medical Assistance Program
CFDA Number 93.558, 93.714, 93.659, 93.778

Recommendation

Without appropriate usage of the internal control checklist, the eligibility staff is making decisions without a paper case file likely could act on incomplete or inaccurate information, which could lead to erroneous eligibility decisions.

Status

During our audit we examined appropriate and sufficient documentation to determine that the above finding has been implemented.

COUNTY OF SAN LUIS OBISPO

Summary Schedule of Prior Audit Findings
Federal Awards
For the Year Ended June 30, 2012

Reference Number	11-SA-3
Federal Program Title	Temporary Assistance for Needy Families ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs Adoption Assistance Program ARRA – Adoption Assistance Program Medical Assistance Program ARRA – Medical Assistance Program
CFDA Number	93.558, 93.714, 93.659, 93.778

Recommendation

Internal controls are designed to safeguard assets and help or detect losses from employee dishonesty or error. A fundamental concept in a good system of internal control is the segregation of duties. Although the size of the County's accounting staff prohibits complete adherence to this concept, we believe that the following practices could be implemented to improve existing internal control without impairing efficiency:

- The management should clearly communicate the lines of authority for determining eligibility.
- Management should take timely appropriate action for known departures from approved policies and procedures and compliance requirements.
- Management should periodically review authorized signatures on eligibility documents.
- Periodic internal audits of detailed transactions should be conducted.

Status

During our audit we examined appropriate and sufficient documentation to determine that the above finding has been implemented.

Reference Number	11-SA-4
Federal Program Title	Adoption Assistance Program ARRA – Adoption Assistance Program
CFDA Number	93.659

Recommendation

We recommend that County staff ensure a properly-executed Adoption Assistance Agreement is contained in the case file before approving eligibility for Federal Adoption Assistance.

Status

During our audit we examined appropriate and sufficient documentation to determine that the above finding has been implemented.

COUNTY OF SAN LUIS OBISPO

Summary Schedule of Prior Audit Findings
Federal Awards
For the Year Ended June 30, 2012

Reference Number 11-SA-5
Federal Program Title Medical Assistance Program
ARRA – Medical Assistance Program
CFDA Number 93.778

Recommendation

We recommend that the Department strictly adhere to the established policies and procedures with regards to ongoing eligibility verification.

Status

During our audit we examined appropriate and sufficient documentation to determine that the above finding has been implemented.

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**SUPPLEMENTARY SCHEDULE
OF GRANT EXPENDITURES**

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COUNTY OF SAN LUIS OBISPO

Schedule of the California Emergency Management Agency
and the Department of Corrections and Rehabilitation Grants Expenditures
For the Year Ended June 30, 2012

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2011	For the Year Ended June 30, 2012	Cumulative As of June 30, 2012	Federal Share	State Share	County Share
Gang Task Force - DC11 22 0400						
Personal services	\$ --	\$ 74,138	\$ 74,138	\$ 74,138	\$ --	\$ --
Operating expenses	--	82,106	82,106	82,106	--	--
Totals	<u>\$ --</u>	<u>\$ 156,244</u>	<u>\$ 156,244</u>	<u>\$ 156,244</u>	<u>\$ --</u>	<u>\$ --</u>
Victim/Witness Assistance - VW10290400 - VW11300400						
Personal services	\$ 191,666	\$ 191,666	\$ 383,332	\$ 87,120	\$ 104,546	\$ --
Totals	<u>\$ 191,666</u>	<u>\$ 191,666</u>	<u>\$ 383,332</u>	<u>\$ 87,120</u>	<u>\$ 104,546</u>	<u>\$ --</u>
Victim (Elder) Advocacy Outreach - UV10010400 - UV100200400						
	UV10010400	UV100200400				
Personal services	\$ 125,000	\$ 161,160	\$ 286,160	\$ 125,000	\$ --	\$ 36,160
Totals	<u>\$ 125,000</u>	<u>\$ 161,160</u>	<u>\$ 286,160</u>	<u>\$ 125,000</u>	<u>\$ --</u>	<u>\$ 36,160</u>
ARRA - Project Safe Neighborhoods - US10010400						
Operating expenses	10,000	3,615	13,615	3,615	--	--
Totals	<u>\$ 10,000</u>	<u>\$ 3,615</u>	<u>\$ 13,615</u>	<u>\$ 3,615</u>	<u>\$ --</u>	<u>\$ --</u>
ARRA - Justice Assistance Grant: Evidence Based Practices Supervision - ZP09910400						
Personal services	\$ 150,238	\$ 206,808	\$ 357,046	\$ 206,808	\$ --	\$ --
Operating expenses	16,200	32,110	48,310	20,107	12,003	--
Totals	<u>\$ 166,438</u>	<u>\$ 238,918</u>	<u>\$ 405,356</u>	<u>\$ 226,915</u>	<u>\$ 12,003</u>	<u>\$ --</u>

NOTE: Grant UV11020400 calendar year is 10/1/11-9/30/12

COUNTY OF SAN LUIS OBISPO

Schedule of the California Emergency Management Agency
and the Department of Corrections and Rehabilitation Grants Expenditures
For the Year Ended June 30, 2012

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2011	For the Year Ended June 30, 2012	Cumulative As of June 30, 2012	Federal Share	State Share	County Share
ARRA - Justice Assistance Grant: Comprehensive Drug Court Initiative - DI 10 01 0400						
Personal services	--	133,408	\$ 133,408	133,408	\$ --	--
Operating expenses	--	4,674	4,674	4,674	--	--
Totals	<u>\$ --</u>	<u>\$ 138,082</u>	<u>\$ 138,082</u>	<u>\$ 138,082</u>	<u>\$ --</u>	<u>\$ --</u>
ARRA - Justice Assistance Program: Offender Treatment Program - ZO09010400						
Personal services	\$ 200,464	\$ 43,361	\$ 243,825	\$ 43,361	\$ --	\$ --
Operating expenses	184,000	--	184,000	--	--	--
Totals	<u>\$ 384,464</u>	<u>\$ 43,361</u>	<u>\$ 427,825</u>	<u>\$ 43,361</u>	<u>\$ --</u>	<u>\$ --</u>
Juvenile Accountability Block Grant - CSA 166-11						
Personal services	\$ 17,580	\$ 26,330	\$ 43,910	\$ 23,936	\$ --	\$ 2,394
Totals	<u>\$ 17,580</u>	<u>\$ 26,330</u>	<u>\$ 43,910</u>	<u>\$ 23,936</u>	<u>\$ --</u>	<u>\$ 2,394</u>

AVIATION PASSENGER FACILITIES CHARGES

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**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF
PASSENGER FACILITY CHARGES, REVENUES, AND EXPENSES**

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

We have audited the accompanying Schedule of Passenger Facility Charges (PFC), Revenues, and Expenses (Schedule) of the County of San Luis Obispo (County), for the annual period and each quarterly period from July 1, 2011 to June 30, 2012. The Schedule is the responsibility of the County's management. Our responsibility is to express an opinion the Schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the passenger facility charges received, held, and used by the County for the period and each quarter during the period from July 1, 2011 to June 30, 2012, as defined by the Federal Aviation Administration of the U.S. Department of Transportation.

In accordance with *Government Auditing Standards* we have also issued our report dated December 28, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Gallina LLP

Roseville, California
December 28, 2012

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO THE PASSENGER FACILITY CHARGES PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE**

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

Compliance

We have audited the compliance of the County of San Luis Obispo (County) with the compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (Guide), for its Passenger Facility Charge program for the period and each quarter during the period from July 1, 2011 to June 30, 2012. Compliance with the requirements of laws and regulations applicable to its Passenger Facility Charge program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its Passenger Facility Charge program for the period and each quarter during the period from July 1, 2011 to June 30, 2012.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the Passenger Facility Charge program. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on the Passenger Facility Charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 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 the passenger facility charge program on a timely basis.

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 of management, the Board of Supervisors, the U.S. Federal Aviation Administration, and the airline parties operating at the Airport and it is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
December 28, 2012



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF
PASSENGER FACILITY CHARGES, REVENUES AND EXPENSES PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

We have audited the Schedule of Passenger Facility Charges, Revenues and Expenses (Schedule) of the County of San Luis Obispo (County) for the period and each quarter during the period from July 1, 2011 to June 30, 2012, and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Schedule but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Schedule will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schedule of the Airport is 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 the Schedule's 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*.

Board of Supervisors
County of San Luis Obispo
San Luis Obispo, California

This report is intended solely for the information of management, the Board of Supervisors, the U.S. Federal Aviation Administration, and the airline parties operating at the Airport and it is not intended to be and should not be used by anyone other than these specified parties.

Gallina LLP

Roseville, California
December 28, 2012

COUNTY OF SAN LUIS OBISPO, CALIFORNIA

**SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2012**

Approved Federal Application Number/ Project Description	Approved Project Allocation	Current Year			Project to Date			Unliquidated Balance in PFC Trust
		Receipts or Revenues Recognized	Interest Earned	Expenditures	Receipts or Revenues Recognized	Interest Earned	Expenditures	
<u>AWP-97-04-I-00-SBP, 99-06-C-00-SBP</u>								
Revenues	\$	\$ 314,411	\$ 2,651		\$ 3,469,597	\$ 153,601	\$	\$ -
Expenditures:								
Terminal development and construction	6,820,830			54,557			3,040,549	
Airport staff and administration				4,750			99,286	
Transfers (to) from other PFCs								
Total passenger facility charges - PFC 04 and 06	<u>6,820,830</u>	<u>314,411</u>	<u>2,651</u>	<u>59,307</u>	<u>3,469,597</u>	<u>153,601</u>	<u>3,139,835</u>	483,363
<u>AWP-95-05-C-00-SBP</u>								
Revenues					1,032,729	24,947		
Expenditures:								
SLO Master Plan, Environ. Impact Report	278,422						278,422	
Land Acquisition	779,254						768,107	
Airport staff and administration							11,147	
Transfers (to) from other PFCs								
Total passenger facility charges - PFC 05	<u>1,057,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,032,729</u>	<u>24,947</u>	<u>1,057,676</u>	-
<u>AWP-02-07-C-00-SBP</u>								
Revenues			-	-	1,652,880	77,392		
Expenditures:								
Runway extension	814,222						722,723	
Taxiway construction	376,499						468,864	
Airfield improvements	214,940						27,190	
Acquisition runway sweeping equipment	22,000						-	
Airfield lighting improvements	27,500						-	
Relocate threshold runway 25	82,500						168,772	
Construction ARFF facilities	154,660			-			154,661	
Airport master plan	37,950			-			79,247	
Airport staff and administration							108,815	
Transfers to other PFCs								
Total passenger facility charges - PFC 07	<u>1,730,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,652,880</u>	<u>77,392</u>	<u>1,730,272</u>	-
<u>AWP-07-08-C-00-SBP</u>								
Revenues					1,427,539	45,537		
Expenditures:								
Environmental assessment	110,000						110,000	
Runway extension	908,025					21,011	475,663	
Property acquisition	287,028						30,387	
EMAS	605,262						602,120	
Update layout plan	2,875							
ARFF mass casualty vehicle	115,000			107,726			107,726	
Transfers to other PFCs								
Total passenger facility charges - PFC 08	<u>2,028,190</u>	<u>-</u>	<u>-</u>	<u>107,726</u>	<u>1,427,539</u>	<u>66,548</u>	<u>1,325,896</u>	168,191
Total passenger facility charges	<u>\$ 11,636,967</u>	<u>\$ 314,411</u>	<u>\$ 2,651</u>	<u>\$ 167,033</u>	<u>\$ 7,582,745</u>	<u>\$ 322,488</u>	<u>\$ 7,253,679</u>	<u>\$ 651,554</u>