

COUNTY OF MERCED
SINGLE AUDIT REPORTS
(OMB CIRCULAR A-133)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

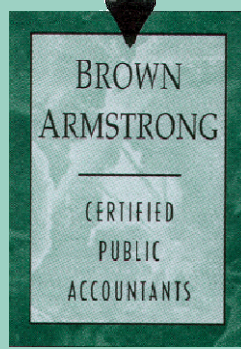
**COUNTY OF MERCED
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FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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REPORTS

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

Honorable Board of Supervisors
of the County of Merced

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Merced (the County), California, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 9, 2010. 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 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control. Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

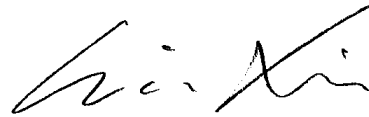
Compliance and Other Matters

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*.

We noted certain matters that we reported to management of the County in a separate letter dated March 9, 2010

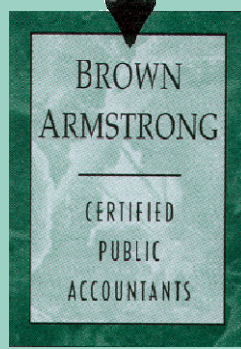
This report is intended solely for the information and use of management, Board of Supervisors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
March 9, 2010

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER
COMPLIANCE, AND THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Board of Supervisors
of the County of Merced

Compliance

We have audited the compliance of the County of Merced (the County), California, 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, 2009. 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 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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 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, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated March 9, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
March 9, 2010

FINANCIAL STATEMENTS

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR Passthrough Grantor Program Title	Federal C.F.D.A. Number	Contract Or Program Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through California Department of Food and Agriculture			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	07-0131/2000138	\$ 142,602
Plant and Animal Disease, Pest Control, and Animal Care	10.025	07-0503/2007246	9,672
Plant and Animal Disease, Pest Control, and Animal Care	10.025	07-0636/2004201	18,773
Plant and Animal Disease, Pest Control, and Animal Care	10.025	07-0840/2008012	3,974
Plant and Animal Disease, Pest Control, and Animal Care	10.025	08-0073/2002112	3,465
Plant and Animal Disease, Pest Control, and Animal Care	10.025	08-0161/2007129	4,067
Plant and Animal Disease, Pest Control, and Animal Care	10.025	08-0402/2007246	5,768
Plant and Animal Disease, Pest Control, and Animal Care	10.025	08-0527/2006217	2,283
Plant and Animal Disease, Pest Control, and Animal Care	10.025	08-0678/2004201	54,672
Plant and Animal Disease, Pest Control, and Animal Care	10.025	07-0391/2006187	13,770
Plant and Animal Disease, Pest Control, and Animal Care	10.025	08-0359/2006187	<u>16,641</u>
			275,687
Inspection Grading and Standardization	10.162	08-0094/2004260	3,491
Passed Through California Department of Education			
School Breakfast Program	10.553	6315	143,420
Passed Through California Department of Social Services			
State Administrative Matching Grants for Food Stamp Program	10.561	Merced (County 24)	2,897,855
Food Stamps	10.551	Merced (County 24)	<u>55,056,528</u>
Total Food Stamp Cluster			<u>57,954,383</u>
Passed Through California Department of Aging			
Special Program for the Aging - Title III/VII, Senior Farmers Market	10.576	AP-0809-31	<u>10,000</u>
<i>Total U.S. Department of Agriculture</i>			<u>58,386,981</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Programs			
Supportive Housing Program	14.235	CA5492	73,435
Passed Through California Department of Housing and Community Development			
Community Development Block Grants/State's Program	14.228	05-STBG-1409	404,234
Community Development Block Grants/State's Program	14.228	Program Income	<u>4,320</u>
			408,554
HOME Investment Partnerships Program	14.239	Program Income	20,313
HOME Investment Partnerships Program	14.239	06-HOME-2470	199,509
HOME Investment Partnerships Program	14.239	07-HOME-3104	<u>156,478</u>
			<u>376,300</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>858,289</u>

(Continued)

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR Passthrough Grantor Program Title	Federal C.F.D.A. Number	Contract Or Program Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Programs			
DEA Cannabis Eradication	16.XXX	2008-30	50,000
DEA Cannabis Eradication	16.XXX	2009-31	9,279
			59,279
Pass Through California Corrections Standards Authority Juvenile Accountability Block Grants	16.523	CSA 199-08	11,134
Passed Through Governor's Office of Emergency Services Crime Victim Assistance	16.575	AT 07 04 0240	41,169
Crime Victim Assistance	16.575	AT 08 05 0240	77,644
			118,813
Passed Through California Emergency Management Agency Crime Victim Assistance	16.575	VW08260240	78,040
Violence Against Women Formula Grants	16.588	PU07050240	23,827
Violence Against Women Formula Grants	16.588	PU08060240	58,673
			82,500
Community Prosecution and Project Safe Neighborhoods	16.609	US08010240	28,914
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC08190240	176,976
			176,976
<i>Total U.S. Department of Justice</i>			555,656
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct Programs			
Community Based Job Training Grants	17.269	CB-15963-07-60-A-6	715,293
Passed Through California Employment Development Department Employment Service	17.207	2008077	1,765
Employment Service	17.207	L659852	18,077
			19,842
WIA Adult Program	17.258	* R865468	267,161
WIA Adult Program	17.258	* R970546	1,034,471
ARRA WIA Adult Program	17.258	* Merced (County 24)	4,504
			4,504
			1,306,136
			(Continued)

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR Passthrough Grantor Program Title	Federal C.F.D.A. Number		Contract Or Program Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF LABOR (Continued)</u>				
WIA Youth Activities	17.259	*	R865468	778,001
WIA Youth Activities	17.259	*	R865468	195,237
WIA Youth Activities	17.259	*	R970546	686,353
ARRA WIA Youth Activities	17.259	*	Merced (County 24)	<u>433,678</u>
				2,093,269
WIA - Dislocated Worker	17.260	*	R865468	194,235
WIA - Dislocated Worker	17.260	*	R970546	156,472
WIA - Dislocated Worker	17.260	*	R970546	1,170,152
ARRA WIA - Dislocated Worker	17.260	*	Merced (County 24)	21,856
ARRA WIA - Dislocated Worker	17.260	*	Merced (County 24)	<u>3,457</u>
				1,546,172
Passed Through Stanislaus County WIA Adult Program	17.258	*	MOA 07-08-E	42,634
WIA - Dislocated Worker	17.260	*	MOA 08-04	9,209
Passed Through San Joaquin County WIA - Dislocated Worker	17.260	*	2007160	<u>52,068</u>
Total WIA Cluster				<u>5,049,488</u>
<i>Total U.S. Department of Labor</i>				<u>5,784,623</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Programs				
Airport Improvement Program	20.106		DTFA08-06-C-31698	26,939
Airport Improvement Program	20.106		03-06-0364-09	615,797
Airport Improvement Program	20.106		DTFA08-06-C-31699	<u>15,250</u>
				657,986
Federal Transit Formula Grants	20.507	*	CA95-X056	547,734
Federal Transit Formula Grants	20.507	*	CA 90-Y640	1,955,201
Federal Transit Formula Grants	20.507	*	CA95-X056	<u>1,630,599</u>
				4,133,534
Passed Through California Department of Transportation				
Highway Planning and Construction	20.205	*	10-4A0701	2,383,049
Highway Planning and Construction	20.205	*	10-955405	421,478
Highway Planning and Construction	20.205	*	10-955734	185
Highway Planning and Construction	20.205	*	10-956001	15,834
Highway Planning and Construction	20.205	*	10-956184	62,257
Highway Planning and Construction	20.205	*	10-956491	927,527
Highway Planning and Construction	20.205	*	10-956615	<u>218</u>
				3,810,548

* Major Program

(Continued)

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR Passthrough Grantor Program Title	Federal C.F.D.A. Number	Contract Or Program Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION (Continued)</u>			
Formula Grants For other than Urbanized Areas	20.509	CA-648144	392,385
Passed Through California Office of Traffic Safety State and Community Highway Safety	20.600	EM0905	216,545
Pass Through San Diego County State and Community Highway Safety	20.600	2006239	<u>2,088</u>
<i>Total U.S. Department of Transportation</i>			<u>9,213,086</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>			
Passed Through California Department of Rehabilitation Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	26832	34,714
Passed Through California Department of Alcohol and Drug Programs Safe and Drug-Free Schools and Communities_State Grants	84.186	Merced (County 24)	3,318
Safe and Drug-Free Schools and Communities_State Grants	84.186	Merced (County 24)	<u>23,256</u>
			<u>26,574</u>
<i>Total U.S. Department of Education</i>			<u>61,288</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through California Department of Aging			
Special Programs for the Aging - Title VII, Chapter 3 - Programs For Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-0809-31	3,651
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	AP-0809-31	25,886
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	AP-0809-31	12,116
Special Programs for the Aging - Title III, Part B - Grants and Supportive Services and Senior Centers	93.044	AP-0809-31	222,387
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	AP-0809-31	<u>375,295</u>
Total Aging Cluster			639,335
National Family Caregiver Support	93.052	AP-0809-31	109,490
Nutrition Services Incentive Program	93.053	AP-0809-31	50,102
Medical Assistance Program	93.778	2004211	771,300
Centers For Medicare and Medicaid Services	93.779	HI-0809-31	85,259

(Continued)

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR Passthrough Grantor Program Title	Federal C.F.D.A. Number	Contract Or Program Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>			
Passed Through California Department of Health Services			
Public Health Emergency Preparedness	93.069	EPO CDC 07-24	35,405
Children's Health Insurance Program	93.767	Merced (County 24)	81,338
Medical Assistance Program	93.778	Merced (County 24)	229,623
Medical Assistance Program	93.778	Merced (County 24)	402,522
Medical Assistance Program	93.778	Merced (County 24)	65,589
			<hr/> 697,734
National Bioterrorism Hospital Preparedness Program	93.889	EPO HPP 07-24	156,530
HIV Care Formula Grants	93.917	06-55759	56,267
Maternal and Child Health Services Block Grant	93.994	2007-24	180,698
Maternal and Child Health Services Block Grant	93.994	2007-24	218,758
			<hr/> 399,456
Passed Through California Department of Mental Health			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Merced (County 24)	75,841
Medical Assistance Program	93.778	07-77324-000	432,823
Block Grants For Community Mental Health Services	93.958	Merced (County 24)	920,550
Passed Through California Department of Child Support Services			
Child Support Enforcement	93.563 *	Merced (County 24)	4,947,180
ARRA Child Support Enforcement	93.563 *	Merced (County 24)	865,054
			<hr/> 5,812,234
Passed Through California Department of Social Services			
Promoting Safe and Stable Families	93.556	Merced (County 24)	281,558
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	372,285
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	3,270,922
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	10,101,577
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	46,334
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	2,757,189
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	1,204,772
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	17,108
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	12,099,061
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	9,455
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	34,057,846
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	101,851
			<hr/> 64,038,400
Refugee and Entrant Assistance - State Administered Programs	93.566	Merced (County 24)	195,578
Refugee and Entrant Assistance - State Administered Programs	93.566	Merced (County 24)	4
			<hr/> 195,582

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

(Continued)

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR Passthrough Grantor Program Title	Federal C.F.D.A. Number	Contract Or Program Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>			
Community - Based Child Abuse Prevention Grants	93.590	Merced (County 24)	32,066
Child Welfare Services - State Grants	93.645	Merced (County 24)	246,488
Foster Care - Title IV-E	93.658 *	Merced (County 24)	2,842,489
Foster Care - Title IV-E	93.658 *	Merced (County 24)	20,880
Foster Care - Title IV-E	93.658 *	Merced (County 24)	6,537
Foster Care - Title IV-E	93.658 *	Merced (County 24)	139,215
Foster Care - Title IV-E	93.658 *	Merced (County 24)	39,297
Foster Care - Title IV-E	93.658 *	Merced (County 24)	1,675,799
Foster Care - Title IV-E	93.658 *	Merced (County 24)	76,640
Foster Care - Title IV-E	93.658 *	Merced (County 24)	253,984
Foster Care - Title IV-E	93.658 *	Merced (County 24)	1,964
Foster Care - Title IV-E	93.658 *	Merced (County 24)	3,394,330
ARRA Foster Care - Title IV-E	93.658 *	Merced (County 24)	111,773
ARRA Foster Care - Title IV-E	93.658 *	Merced (County 24)	850
			<u>8,563,758</u>
Adoption Assistance	93.659 *	Merced (County 24)	271,695
Adoption Assistance	93.659 *	Merced (County 24)	47,083
Adoption Assistance	93.659 *	Merced (County 24)	1,418,109
ARRA - Adoption Assistance	93.659 *	Merced (County 24)	25,724
			<u>1,762,611</u>
Social Services Block Grant	93.667	Merced (County 24)	715,565
Chafee Foster Care Independent Living	93.674	Merced (County 24)	142,176
Medical Assistance Program	93.778	Merced (County 24)	1,108,351
Medical Assistance Program	93.778	Merced (County 24)	299,425
Medical Assistance Program	93.778	Merced (County 24)	70,080
Medical Assistance Program	93.778	Merced (County 24)	676
Medical Assistance Program	93.778	Merced (County 24)	692,678
Medical Assistance Program	93.778	Merced (County 24)	810,906
Medical Assistance Program	93.778	Merced (County 24)	11,760,670
Medical Assistance Program	93.778	Merced (County 24)	32,234
			<u>14,775,020</u>
			(Continued)

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR Passthrough Grantor Program Title	Federal C.F.D.A. Number	Contract Or Program Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>			
Passed Through California Department of Alcohol and Drug Programs			
Medical Assistance Program	93.778	Merced (County 24)	9,338
Medical Assistance Program	93.778	Merced (County 24)	3,405
			<u>12,743</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Merced (County 24)	944,532
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Merced (County 24)	352,010
			<u>1,296,542</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>102,386,173</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through State Governor's Office of Homeland Security			
State Homeland Security Program	97.073	2006-0071	165,771
State Homeland Security Program	97.073	2007-0008	167,246
State Homeland Security Program	97.073	2008-0006	8,125
			<u>341,142</u>
Buffer Zone Protection Program	97.078	2006-BZ-T6-0045	207,388
<i>Total U.S. Department of Homeland Security</i>			<u>548,530</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 177,794,626</u>

* Major Program

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**COUNTY OF MERCED
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 – GENERAL

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of all federal financial assistance programs of the County of Merced, California (County). The County reporting entity is defined in Note 1 to the County's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included in the SEFA.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA is presented using the cash basis of accounting with the exception of Department of Workforce Investment using accrual basis of accounting. The basic financial statements of the County were presented using the accrual basis of accounting for the government-wide and proprietary fund statements and the modified accrual basis of accounting for the governmental fund statements.

NOTE 3 – AMOUNT PROVIDED TO SUBRECIPIENTS

The County has provided federal awards to various organizations. The amounts provided to subrecipients from each Federal program are summarized as follows:

FEDERAL GRANTOR OR Pass Through Grantor	Federal Program	Federal C.F.D.A. #	Subrecipient	Contract or Program Number	Amount Provided to Subrecipients
State Employment Development Department	WIA Youth Activities	17.259	MCOE	R865468/R970546	\$ 549,978
State Employment Development Department	WIA Youth Activities	17.259	MCOE	R865468/R970546	549,142
State Employment Development Department	WIA Youth Activities	17.259	MCOE	R865468/R970546	69,346
State Employment Development Department	Community Base Job Training Grants	17.269	Madera County	CB-15963-07-60-A-6	67,752
U.S. Department of Labor	Community Base Job Training Grants	17.269	Stanislaus County	CB-15963-07-60-A-6	87,025
State Employment Development Department	ARRA - WIA Youth Activities	17.259	MCOE	R970546	36,512
State Employment Development Department	ARRA - WIA Youth Activities	17.259	MCOE	R970546	8,982
Governor's Office of Homeland Security	Homeland Security Program	97.073	City of Atwater	20050015	29,584
Governor's Office of Homeland Security	Homeland Security Program	97.073	City of Livingston	20050015	21,600
Governor's Office of Homeland Security	Homeland Security Program	97.073	City of Los Banos	20050015	33,411
					\$ 1,453,332

NOTE 4 – CALIFORNIA DEPARTMENT OF AGING GRANT PROGRAMS

The Schedule of Expenditures of Federal Awards (SEFA) is normally a presentation of Federal awards expended. However, the terms and conditions of agency contracts with California Department of Aging require agencies to display state-funded expenditures discretely along with the related federal expenditures in the SEFA. The following is a listing of the grant programs administered by California Department of Aging.

<u>LOCAL PROGRAM TITLE</u>	<u>Program</u>	<u>CFDA#</u>	<u>CONTRACT OR PROGRAM NUMBER</u>	<u>FEDERAL EXPENDITURE</u>	<u>STATE EXPENDITURE</u>
HICAP State Contract (08/09)	HICAP	93.779	HI-0809-31	\$ 85,259	\$ 164,438
Title III/VII State Contract (08/09)	Nutrition Services	93.045	AP-0809-31	375,295	39,474
Title III/VII State Contract (08/09)	NSIP	93.053	AP-0809-31	50,102	-
Title III/VII State Contract (08/09)	Family Caregiver Support IIIIE	93.052	AP-0809-31	109,490	-
Title III/VII State Contract (08/09)	Elder Abuse Title VII	93.041	AP-0809-31	3,651	-
Title III/VII State Contract (08/09)	Ombudsman Title VII	93.042	AP-0809-31	25,886	-
Title III/VII State Contract (08/09)	Disease Prev. & Promo. Svcs Title IIID	93.043	AP-0809-31	12,116	-
Title III/VII State Contract (08/09)	Supp Svcs & Sr. Ctrs Title IIIB	93.044	AP-0809-31	222,387	-
Title III/VII State Contract (08/09)	Brown Bag	State only	AP-0809-31	-	21,102
Title III/VII State Contract (08/09)	Sr Farmers Market	10.576	AP-0809-31	10,000	-
Title III/VII State Contract (08/09)	Senior Companion	State only	AP-0809-31	-	22,454
Title III/VII State Contract (08/09)	Linkages	State only	AP-0809-31	-	238,522
Title III/VII State Contract (08/09)	Alzheimers Day Care	State only	AP-0809-31	-	72,083
Title III/VII State Contract (08/09)	Ombudsman Volunteer Recruitment Initiative	State only	AP-0809-31	-	6,699
				<u>\$ 894,186</u>	<u>\$ 564,772</u>

NOTE 5 – LOANS OUTSTANDING

The County participates in certain federal award programs that sponsor revolving loan programs, which are administered by the County. These programs maintain servicing and trust arrangements with the County to collect loan repayments. The funds are returned to the programs upon repayment of the principal and interest. The federal government has imposed certain continuing compliance requirements with respect to the loans rendered under the programs. In accordance with Subpart B, Section 204 of the Office of Management and Budget Circular A-133, the County has reported the outstanding balance of loans from previous years that have continuing compliance requirements as of June 30, 2009 along with the value of total outstanding and new loans made during the current year.

The following is a summary of the loan programs maintained by the County and their balances at June 30, 2009:

	<u>CFDA Number</u>	<u>June 30, 2009 Amount Outstanding</u>	<u>June 30, 2009 Prior Year Loans With Continuing Compliance Requirements</u>	<u>New Loans Issued During FYE 6/30/09</u>
Economic Adjustment	11.307	\$ 443,031	\$ 419,907	\$ -
Community Development Block Grants/State's Programs	14.228	2,138,306	1,373,371	398,654
HOME Investment Partnership Program	14.239	4,279,521	3,774,973	419,116
		<u>\$ 6,860,858</u>	<u>\$ 5,568,251</u>	<u>\$ 817,770</u>

FINDINGS AND QUESTIONED COSTS

**COUNTY OF MERCED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
17.258/17.259/17.260	WIA Cluster (Including ARRA Grants)
20.205	Highway Planning and Construction
20.507	Federal Transit Formula Grants
93.558	Temporary Assistance for Needy Families
93.658	Foster Care – Title IV-E (Including ARRA Grant)
93.659	Adoption Assistance (Including ARRA Grant)
93.563	Child Support Enforcement (Including ARRA Grant)

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

**COUNTY OF MERCED
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR JUNE 30, 2009**

None.