

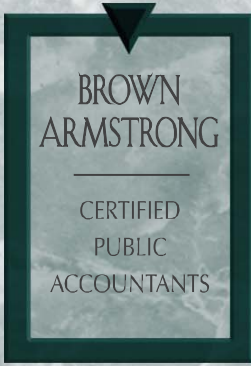
COUNTY OF MERCED
SINGLE AUDIT REPORTS
(OMB CIRCULAR A-133)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**COUNTY OF MERCED
SINGLE AUDIT REPORTS
(OMB CIRCULAR A-133)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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REPORTS



BROWN ARMSTRONG
Certified Public Accountants

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

Honorable Board of Supervisors
of the County of Merced

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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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 9, 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 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

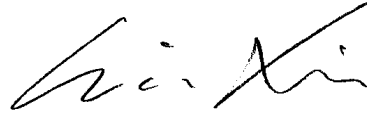
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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.



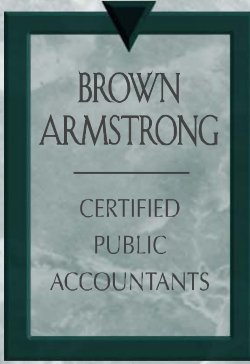
REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

This report is intended solely for the information and use of management, Board of Supervisors, 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

A handwritten signature in black ink, appearing to read "G. A. Armstrong", is positioned below the company name.

Bakersfield, California
February 9, 2012



BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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

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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 could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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 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.



REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

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

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, each major fund, and the aggregate remaining fund information of the County, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated February 9, 2012. 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 taken as a whole.

This report is intended solely for the information and use of the management, Board of Supervisors, 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
February 9, 2012

FINANCIAL STATEMENTS

**COUNTY OF MERCED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR Pass-through 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	09-0248	\$ 1,877
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0625	2,223
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-0627	3,571
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-0413	3,779
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-0103	7,741
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0577	10,374
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0028-SF	14,761
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0036	14,920
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-0801	19,529
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-0863	19,735
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0450	20,423
Plant and Animal Disease, Pest Control, and Animal Care	10.025	08-0678	34,453
Plant and Animal Disease, Pest Control, and Animal Care	10.025	09-0743	40,469
Plant and Animal Disease, Pest Control, and Animal Care	10.025	07-0131	54,255
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0226	66,488
Plant and Animal Disease, Pest Control, and Animal Care	10.025	10-0338	85,933
Subtotal			400,531
Inspection Grading and Standardization	10.162	10-0456	1,214
Inspection Grading and Standardization	10.162	09-0366	3,242
Subtotal			4,456
Senior Farmers Market Nutrition Program	10.576	AP-1011-31	10,000
Passed Through California Department of Education			
School Breakfast Program	10.553	6315	253,344
Passed Through California Department of Social Services			
State Administrative Matching Grants for Food Stamp Program	10.561 *	Merced (County 24)	4,586,315
ARRA-State Administrative Matching Grants for Food Stamp Program	10.561 *	Merced (County 24)	97,988
Subtotal			4,684,303
Passed Through California Department of Forestry and Fire Protection			
Cooperative Forestry Assistance	10.664	7FG90107	18,528
<i>Total U.S. Department of Agriculture</i>			5,371,162
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Programs			
Supportive Housing Program	14.235	CA 0780B9T200901	93,378
Passed Through California Department of Housing and Community Development			
Community Development Block Grants/State's Program	14.228	09-NSPI-6064	329,797
HOME Investment Partnerships Program	14.239	07-HOME-3104	482,430
<i>Total U.S. Department of Housing and Urban Development</i>			905,605

(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, 2011**

FEDERAL GRANTOR Pass-through 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	2011-35	8,164
DEA Cannabis Eradication	16.XXX	2010-34	<u>54,624</u>
Subtotal			<u>62,788</u>
State Criminal Alien Assistance Program	16.606	2010-H4552-CA-AP	<u>174,115</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0633	36,109
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DC10210240	220,251
ARRA-Edward Byrne Memorial Justice Assistance Grant	16.804	ZA09010240	187,067
ARRA-Edward Byrne Memorial Justice Assistance Grant	16.804	2009-SB-B9-2679	<u>28,860</u>
Subtotal - JAG Program Cluster			<u>472,287</u>
Passed Through California Corrections Standards Authority Juvenile Accountability Block Grants	16.523	CSA 199-09	<u>16,440</u>
Passed Through California Emergency Management Agency			
Crime Victim Assistance	16.575	AT09 06 0240	39,802
Crime Victim Assistance	16.575	UV10010240	80,099
Crime Victim Assistance	16.575	AT10 07 0240	88,401
Crime Victim Assistance	16.575	VW10280240	<u>95,591</u>
Subtotal			<u>303,893</u>
Violence Against Women Formula Grants	16.588	PU09-07-0240	28,828
ARRA-Violence Against Women Formula Grants	16.588	VP09010240	<u>108,461</u>
Subtotal			<u>137,289</u>
Project Safe Neighborhoods	16.609	US09020240	<u>12,542</u>
Subtotal			<u>12,542</u>
<i>Total U.S. Department of Justice</i>			<u>1,179,354</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, 2011**

FEDERAL GRANTOR Pass-through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct Programs			
Community Based Job Training Grants	17.269	CB-15963-07-60-A-6	17,921
Passed Through California Employment Development Department			
Employment Service	17.207	L659852	9,039
ARRA-Employment Service	17.207	K078503	428,516
Subtotal			437,555
WIA Adult Program	17.258 *	K074150	560,878
WIA Adult Program	17.258 *	K178669	653,161
ARRA-WIA Adult Program	17.258 *	K074150	23,049
ARRA-WIA Adult Program	17.258 *	R970546	600,528
ARRA-WIA Adult Program	17.258 *	2010070	133,724
Subtotal			1,971,340
WIA Youth Activities	17.259 *	K074150	340,240
WIA Youth Activities	17.259 *	K178669	1,275,915
ARRA-WIA Youth Activities	17.259 *	R970546	135,131
ARRA-WIA Youth Activities	17.259 *	K074150	499,515
Subtotal			2,250,801
WIA Dislocated Worker	17.260 *	K074150	287,770
ARRA-WIA Dislocated Worker	17.260 *	R970546	666,880
ARRA-WIA Dislocated Worker	17.260 *	R970546	161,968
ARRA-WIA Dislocated Worker	17.260 *	2010199	263,780
ARRA-WIA Dislocated Worker	17.260 *	K074150	420,619
Subtotal			1,801,017
WIA Dislocated Worker Formula Grants	17.278 *	K178669	876,103
ARRA-WIA Dislocated Worker Formula Grants	17.278 *	M181474	5,000
Subtotal			881,103
Passed Through Tulare County			
WIA Dislocated Worker	17.260 *	2011162	9,705
Subtotal			9,705
Subtotal - WIA Cluster			6,913,966
<i>Total U.S. Department of Labor</i>			7,369,442
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Programs			
Airport Improvement Program	20.106	3-06-0364-12	940,949
Subtotal			940,949

(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, 2011

FEDERAL GRANTOR Pass-through Grantor Program Title	Federal C.F.D.A. Number	Contract or Program Number	Total Federal Expenditures
<i>Passed Through California Department of Transportation</i>			
Highway Planning and Construction	20.205 *	BRLS-5939 (078)	5,260
Highway Planning and Construction	20.205 *	BRLO-5939 (077)	7,179
Highway Planning and Construction	20.205 *	HPLU-0484 004	18,471
Highway Planning and Construction	20.205 *	HRRRL-5939 (067)	30,821
Highway Planning and Construction	20.205 *	HRRRL-5939 (068)	31,399
Highway Planning and Construction	20.205 *	BRLOZB-5939 (048)	54,649
Highway Planning and Construction	20.205 *	BRLS-5939 (070)	66,743
Highway Planning and Construction	20.205 *	HPLU-0484 003	92,664
Highway Planning and Construction	20.205 *	SPOA-5939 (074)	166,876
Highway Planning and Construction	20.205 *	CML-5939 (075)	490,527
Highway Planning and Construction	20.205 *	RPHP21L-0484 (001)	866,559
ARRA-Highway Planning and Construction	20.205 *	ESPL-5939 (073)	351,638
ARRA-Highway Planning and Construction	20.205 *	ESPL-5939 (066)	767,902
ARRA-Highway Planning and Construction	20.205 *	ESPL-5939 (069)	1,310,548
Subtotal			4,261,236
<i>Total U.S. Department of Transportation</i>			5,202,185
<u>U. S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through California Department of Rehabilitation</i>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	26832	47,949
ARRA-Rehabilitation Services - Vocational Rehabilitation Grants to States	84.390	27706A	16,815
Subtotal - Vocational Rehabilitation Cluster			64,764
<i>Passed Through Tulare County</i>			
Safe and Drug-Free Schools and Communities - National Programs	84.186	2008168	16,969
<i>Total U.S. Department of Education</i>			81,733
<u>U. S. Election Assistance Commission</u>			
<i>Passed Through California Secretary of State</i>			
Help America Vote Act Requirements Payments	90.401	09G30319	89,615
<i>Total U.S. Election Assistance Commission</i>			89,615
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through California Department of Public Health</i>			
Maternal and Child Health Federal Consolidated Programs	93.110	201024	173,532
Adolescent Family Life Research Grants	93.111	201024	106,777
<i>Passed Through California Department of Aging</i>			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	AP-1011-31	227,247
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	AP-1011-31	444,714
Nutrition Services Incentive Program	93.053	AP-1011-31	71,416
Subtotal - Aging Cluster			743,377
<i>Passed Through California Department of Aging</i>			
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	2M-1011-31	2,909
			(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, 2011

FEDERAL GRANTOR Pass-through 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>			
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	AP-1011-31	<u>3,329</u>
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals	93.042	AP-1011-31	<u>24,865</u>
Special Programs for the Aging - Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AP-1011-31	<u>13,208</u>
National Family Caregiver Support - Title III, Part E	93.052	AP-1011-31	<u>103,262</u>
Centers For Medicare and Medicaid Services	93.779	2M-1011-31	4,715
Centers For Medicare and Medicaid Services	93.779	MI-0910-31	5,441
Centers For Medicare and Medicaid Services	93.779	HI-1011-31	<u>91,458</u>
Subtotal			<u>101,614</u>
Medicare Enrollment Assistant Program	93.071	MI-0910-31	<u>1,994</u>
Passed Through California Department of Public Health Project Grants and Cooperative Agreements for Tuberculosis	93.116	Merced (County 24)	<u>2,361</u>
Passed Through California Department of Public Health Immunization Grants	93.268	10-95384	88,530
Passed Through San Joaquin County Immunization Grants	93.268	A-11-96	<u>12,660</u>
Subtotal			<u>101,190</u>
Passed Through California Department of Public Health Public Health Emergency Preparedness	93.069	EPO P3-24	59,894
Public Health Emergency Preparedness	93.069	EPO P4-24	<u>128,574</u>
Subtotal			<u>188,468</u>
HIV Care Formula Grants	93.917	10-95272	<u>66,914</u>
Preventive Health Services - Sexually Transmitted Diseases Control	93.977	09-11133	<u>100</u>
Passed Through California Department of Health Care Services Children's Health Insurance Program	93.767	Merced (County 24)	101,358
Children's Health Insurance Program	93.767	Merced (County 24)	<u>886,879</u>
Subtotal			<u>988,237</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, 2011**

FEDERAL GRANTOR Pass-through 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 Mental Health Projects for Assistance in Transition from Homelessness (PATH)	93.150	Merced (County 24)	<u>97,782</u>
Block Grants For Community Mental Health Services	93.958	Merced (County 24)	<u>703,448</u>
Passed Through California Department of Child Support Services Child Support Enforcement	93.563 *	Merced (County 24)	5,971,850
ARRA-Child Support Enforcement	93.563 *	Merced (County 24)	<u>242,976</u>
Subtotal			<u>6,214,826</u>
Passed Through California Department of Social Services Promoting Safe and Stable Families	93.556	Merced (County 24)	<u>316,471</u>
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	2,508
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	40,567
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	94,599
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	597,714
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	713,451
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	1,082,040
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	1,759,010
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	6,172,933
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	10,847,319
Temporary Assistance for Needy Families	93.558 *	Merced (County 24)	42,808,444
ARRA-Emergency Contingency Fund for TANF State Program	93.714 *	Merced (County 24)	<u>1,340,762</u>
Subtotal - Temporary Assistance for Needy Families Cluster			<u>65,459,347</u>
Refugee and Entrant Assistance - State Administered Programs	93.566	Merced (County 24)	386
Refugee and Entrant Assistance - State Administered Programs	93.566	Merced (County 24)	3,344
Refugee and Entrant Assistance - State Administered Programs	93.566	Merced (County 24)	74,771
Refugee and Entrant Assistance - Discretionary Grants	93.576	Merced (County 24)	<u>725</u>
Subtotal			<u>79,226</u>
Community - Based Child Abuse Prevention Grants	93.590	Merced (County 24)	<u>20,781</u>
Child Welfare Services - State Grants	93.645	Merced (County 24)	<u>274,948</u>
Foster Care - Title IV-E	93.658 *	Merced (County 24)	4,702
Foster Care - Title IV-E	93.658 *	Merced (County 24)	13,600
Foster Care - Title IV-E	93.658 *	Merced (County 24)	41,556
Foster Care - Title IV-E	93.658 *	Merced (County 24)	50,886
Foster Care - Title IV-E	93.658 *	Merced (County 24)	61,232
Foster Care - Title IV-E	93.658 *	Merced (County 24)	155,652
Foster Care - Title IV-E	93.658 *	Merced (County 24)	194,334
Foster Care - Title IV-E	93.658 *	Merced (County 24)	2,813,555
Foster Care - Title IV-E	93.658 *	Merced (County 24)	3,290,583
Foster Care - Title IV-E	93.658 *	Merced (County 24)	3,537,011
ARRA - Foster Care - Title IV-E	93.658 *	Merced (County 24)	<u>276,123</u>
Subtotal			<u>10,439,234</u>
Pass-through California Department of Secretary of State Voting Access for Individuals with Disabilities-Grants to States	93.617	09G26157	<u>5,000</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, 2011

FEDERAL GRANTOR Pass-through 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 Social Services			
Adoption Assistance	93.659 *	Merced (County 24)	23,060
Adoption Assistance	93.659 *	Merced (County 24)	332,887
Adoption Assistance	93.659 *	Merced (County 24)	1,254,581
ARRA-Adoption Assistance	93.659 *	Merced (County 24)	<u>148,040</u>
Subtotal			<u>1,758,568</u>
Social Services Block Grant	93.667	Merced (County 24)	<u>584,700</u>
Chafee Foster Care Independent Living	93.674	Merced (County 24)	<u>134,855</u>
Medical Assistance Program	93.778	Merced (County 24)	20,920
Medical Assistance Program	93.778	Merced (County 24)	56,777
Medical Assistance Program	93.778	Merced (County 24)	556,133
Medical Assistance Program	93.778	Merced (County 24)	1,410,187
Medical Assistance Program	93.778	Merced (County 24)	1,478,156
Medical Assistance Program	93.778	Merced (County 24)	10,542,776
Medical Assistance Program	93.778	Merced (County 24)	<u>306,764</u>
Subtotal			<u>14,371,713</u>
Passed Through California Department of Alcohol and Drug Programs			
Medical Assistance Program	93.778	07-NNA24	6,932
Medical Assistance Program	93.778	10-NNA24	312,833
ARRA-Medical Assistance Program	93.778	07-NNA24	<u>66,850</u>
Subtotal			<u>386,615</u>
Passed Through California Department of Aging			
Medical Assistance Program	93.778	2004211	<u>769,662</u>
Passed Through California Department of Health Care Services			
Medical Assistance Program	93.778	Merced (County 24)	102,981
Medical Assistance Program	93.778	Merced (County 24)	279,192
Medical Assistance Program	93.778	Merced (County 24)	<u>532,437</u>
Subtotal			<u>914,610</u>
Passed Through California Department of Mental Health			
Medical Assistance Program	93.778	Merced (County 24)	627,658
ARRA-Medical Assistance Program	93.778	Merced (County 24)	<u>754,858</u>
Subtotal			<u>1,382,516</u>
Subtotal - Medical Assistance Program			<u>17,825,116</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, 2011

FEDERAL GRANTOR Pass-through 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			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	07-NNA24	328,025
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10-NNA24	749,335
Subtotal			<u>1,077,360</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>107,613,799</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through California Emergency Management Agency			
Emergency Management Performance Grants	97.042	2010-EP-EP-0044	298,335
ARRA-Emergency Management Performance Grants	97.042	20-09-01-0240	299,333
Subtotal			<u>597,668</u>
Buffer Zone Protection Program	97.078	2007-BZ-T7-0006	392,080
Homeland Security Grant Program	97.067	2008-2006	351,656
Homeland Security Grant Program	97.067	2007-2008	132,945
Homeland Security Grant Program	97.067	2009-0019	243,765
Homeland Security Grant Program	97.067	2010-0085	88,108
Subtotal			<u>816,474</u>
<i>Total U.S. Department of Homeland Security</i>			<u>1,806,222</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 129,619,117</u></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, 2011**

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 (County), California. 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
CA Department of Alcohol and Drug	Drug Medi-Cal	93.778	Aegis Medical Systems Inc.	10-NNA24	\$ 275,407
CA Department of Alcohol and Drug	ARRA - Drug Medi-Cal	93.778	Aegis Medical Systems Inc.	10-NNA24	66,850
State Employment Development Department	WIA Youth Activities	17.259	MCOE	K074150/K178669 - I	590,264
State Employment Development Department	WIA Youth Activities	17.259	MCOE	K074150/K176889 - II	590,264
State Employment Development Department	WIA Youth Activities	17.259	MCOE	K074150	383,043
State Employment Development Department	CA Green Jobs Corps	17.258	MCOE	R970546/K074150	33,447
State Employment Development Department	ARRA - CA Green Jobs Corps	17.258	Fresno County	R970546	75,091
State Employment Development Department	ARRA - CA Green Jobs Corps	17.258	Kern, Inyo, Mono	R970546	99,734
State Employment Development Department	ARRA - CA Green Jobs Corps	17.258	Kings County	R970546	12,736
State Employment Development Department	ARRA - CA Green Jobs Corps	17.258	Madera County	R970546	29,571
State Employment Development Department	ARRA - CA Green Jobs Corps	17.258	MCOE	R970546	112,601
State Employment Development Department	ARRA - CA Green Jobs Corps	17.258	Mother Lode	R970546	8,562
State Employment Development Department	ARRA - CA Green Jobs Corps	17.258	San Joaquin	R970546	25,628
State Employment Development Department	ARRA - CA Green Jobs Corps	17.258	Stanislaus	R970546	2,014
State Employment Development Department	ARRA - CA Green Jobs Corps	14.258	Tulare County	R970546	27,559
US Department of Labor	Licensed Vocational Nursing 2007108	17.269	Madera County	CB-15963-07-60-A-6	330
					<u>\$ 2,333,101</u>

NOTE 4 – CALIFORNIA DEPARTMENT OF AGING GRANT PROGRAMS

The 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>C.F.D.A. #</u>	<u>CONTRACT OR PROGRAM NUMBER</u>	<u>FEDERAL EXPENDITURE</u>	<u>STATE EXPENDITURE</u>
HICAP State Contract (10/11)	HICAP	93.779	HI-1011-31	\$ 91,458	\$ 165,399
HICAP State Contract (8/1/09-5/31/11)	HICAP - MIPPA 1 (AAA) AoA	93.779	MI-0910-31	5,441	-
HICAP State Contract (8/1/09-5/31/11)	HICAP - MIPPA 1 (AAA) AoA	93.071	MI-0910-31	1,994	-
HICAP State Contract (1/1/11-6/30/12)	HICAP - MIPPA 2 (AAA) AoA	93.779	2M-1011-31	4,715	-
HICAP State Contract (1/1/11-6/30/12)	HICAP - MIPPA 2 (AAA) AoA	93.518	2M-1011-31	2,909	-
Title III/VII State Contract (10/11)	Nutrition Services	93.045	AP-1011-31	444,714	42,314
Title III/VII State Contract (10/11)	NSIP	93.053	AP-1011-31	71,416	-
Title III/VII State Contract (10/11)	Family Caregiver Support IIIIE	93.052	AP-1011-31	103,262	-
Title III/VII State Contract (10/11)	Elder Abuse Title VII	93.041	AP-1011-31	3,329	-
Title III/VII State Contract (10/11)	Imbudsman Title VII	93.042	AP-1011-31	24,865	-
Title III/VII State Contract (10/11)	Disease Prev. and Promo. Svcs Title IIID	93.043	AP-1011-31	13,208	-
Title III/VII State Contract (10/11)	Supp Svcs and Sr, Ctrs Title IIIB	93.044	AP-1011-31	227,247	-
Title III/VII State Contract (10/11)	Senior, Farmers Market	10.576	AP-1011-31	10,000	-
Title III/VII State Contract (10/11)	Ombudsman Volunteer Recruitment Initiative	State only	AP-1011-31	-	16,468
				<u>\$ 1,004,558</u>	<u>\$ 224,181</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, 2011, 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, 2011:

	<u>C.F.D.A. Number</u>	<u>June 30, 2011 Amount Outstanding</u>	<u>June 30, 2011 Prior Year Loans With Continuing Compliance Requirements</u>	<u>New Loans Issued During Fiscal Year Ended June 30, 2011</u>
Economic Adjustment	11.307	\$ 214,868	\$ 182,909	\$ -
Community Development Block Grants/State's Programs	14.228	2,395,528	1,905,514	203,079
HOME Investment Partnership Program	14.239	4,174,890	4,174,890	-
		<u>\$ 6,785,286</u>	<u>\$ 6,263,313</u>	<u>\$ 203,079</u>

FINDINGS AND QUESTIONED COSTS

**COUNTY OF MERCED
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 OMB Circular A-133? Yes No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
10.561	Food Stamps (Including ARRA Grants)
17.258/17.259/17.260/17.278	WIA Cluster (Including ARRA Grants)
20.205	Highway Planning and Construction (Including ARRA Grants)
93.558/93.714	Temporary Assistance for Needy Families Cluster (Including ARRA Grants)
93.563	Child Support (Including ARRA Grants)
93.658	Foster Care (Including ARRA Grants)
93.659	Adoption Assistance (Including ARRA Grants)

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 ENDED JUNE 30, 2011**

None.